



## Semiconductor Strategic Supply Chain Assessment

### The Challenge:

A leading Fortune 500 semiconductor company found that while their product offering had transformed through a series of acquisitions from a low-mix, high-volume commodity business, to a much more complex and configured set of products, many of their operating processes had not kept pace with the pivot in go-to-market. Legacy supply chain planning and execution approaches focused on maximizing throughput but were not able to deal efficiently with responsiveness and were susceptible to waste through an overreliance on unreliable demand forecasts.

### The Solution:

The client hired Spinnaker to conduct a rapid supply chain diagnostic. Spinnaker lead them through a structured and thorough examination of their current supply chain management practices in “back end” (post-fab) semiconductor assembly, test, and module manufacturing supply chain operations to identify improvement opportunities. The diagnostic reviewed supply chain and inventory strategy, demand planning, master planning & factory scheduling, and order promising & fulfillment using Spinnaker’s Five Lenses methodology to review Process, Organization, Metrics, Technology, and Policies improvement opportunities. In addition, prompted by some early findings, Spinnaker conducted an examination of the product data management and production management strategy and processes. A small team of expert consultants, with over 50 combined years of expertise in this semiconductor supply chain management, executed our proven methodology and delivered a comprehensive examination of the client’s current state supply chain practices in less than 8 weeks.

### The Recommendations:

The Spinnaker team concluded the engagement by delivering a set of actionable recommendations in response to observations and conclusions drawn from data analysis, workshops, interviews, and investigations conducted with functional experts drawn from across the company. Spinnaker helped the client compare its practices and performance relative to other leading players in its space and formulate a clear improvement roadmap. Finally, Spinnaker worked with the client to quantify the opportunity for fiscal impact – which was estimated at hundreds of millions of dollars – and secure executive management approval for a major transformation initiative to implement the recommendations.

Key recommendations distilled to the following:

- Adopt best-in-class front-end push with a segmented back-end planning and execution model supporting a mix of push and pull-based models based on customer and product segmentation
- Transform processes, roles & responsibilities and metrics consistent with a back-end-pull model and away from a commodity “keep the factory full” legacy in the back end
- Improve logic in legacy planning and execution systems to enable the management of segmented build-to-order, build-to-target, and build-to-forecast supply chain models and over time select and implement a new planning system to more fully enable the required capabilities
- Restructure product data to serve planning needs

## The Results:

Senior executives chartered and resourced an initiative to transform supply chain and manufacturing operations in line with Spinnaker’s recommended roadmap. The company expects to improve its responsiveness and predictability of delivery to its largest customers by over 20% and increase net income by several hundred million dollars. Though a transformation of this scale will take time, Spinnaker and the client have been diligent to find opportunities for scale-model pilots that will deliver benefits quickly and accelerate cycles of learning ahead of broader roll out of key changes.

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**About Spinnaker:** Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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