

Focus on customers

Innovative solutions produced for demanding customers

- Infineon’s sales specialists guarantee reliability and competence
- Original design manufacturers, the new market players
- Close customer contact and service from one source

First-class customer focus and its consistent implementation are fundamental to profitable growth, as sustainable growth and positive business results are only possible when our customers are satisfied. Our customers tend to purchase not only individual products but complete solutions that provide them with the respective added value. Infineon’s customer focus begins with the sales organization, and is a priority for each division, whether Marketing, Research & Development, Logistics or Production. After all, our success depends on our customers’ confidence that we can fulfill our commitments reliably.

We derive approximately 70 percent of the revenues – generated by our about 380 direct customers – from companies that do business on more than one continent. Nearly 52 percent of these revenues were generated by 20 major customers. Over the past few years, many market players have adapted their organizations to cope with the pricing pressure that prevails throughout the semiconductor industry. They have increasingly outsourced production and developmental services to third parties or entered partnerships that allow customers to grow at lower cost. All these trends lead to increasingly complex networks worldwide. At the same time, we know that, despite this global scale, we must not lose sight of the individual goals and needs of our customers. It is only by focussing on these that we can take our customers’ systems expertise into account when working on new product developments and thus provide optimal solutions. Continuous development and integration of products will doubtlessly lead to increasingly complex systems, yet the ability to incorporate our customers’ expertise into these developments will be crucial for our mutual growth and increased market share.

We have recognized these changes and taken the initiative on matters affecting our markets and customers at an early stage. We focus on growth segments and their respective applications, looking especially for customers

whose strategies coincide with our product and service portfolio so that we can work together towards mutual, long-term business success. A clear-cut customer segmentation enables us to provide each customer with truly individual service.

Sales partners at work

Our worldwide sales organization maintains close relationships with all of our customers. At Infineon, we make every effort to support them in the best way possible, as is reflected in our interest in their ideas and needs. Dedicated sales teams are able to give advice to our customers, across regions and all of our business groups. Each team is composed of sales and application engineers who offer products, solutions and services on site, all building on the qualification and expertise of our sales employees. The systematic, practical, and project-oriented education and training of each sales team member is therefore of great importance.

Local service creates trust

An important link to our customers is provided by distributors. These external sales partners help us to stay abreast of the needs of thousands of our customers by providing them with comprehensive, ongoing support.

Our distributors’ core competence in this endeavour is the provision of customized solutions, to ensure that each delivery matches our customers’ needs and is synchronized to their production. They also provide versatile technical support, ranging from simple product advice through to specific assistance with the application development. This type of competent, on-site support is of particular benefit to our indirect customers.

Our customer service partners provide a broad and sophisticated range of support. The carefully coordinated partnership we maintain with our distributors, based on a

relationship of mutual trust, is a prerequisite to successfully realizing our market potential.

The continuous improvement of our procedures, the right choice of distribution partners, and our competitive product portfolio have all contributed to an increase in our share of the distribution market over the past financial year. The percentage of revenues accounted for by our distribution partners increased to nearly 20 percent of Infineon's revenues in the logic segment.

Original design manufacturers – new customers for Infineon

A shift in the value chain over the past few years has strongly influenced our customer relations. Traditionally, Original Equipment Manufacturers (OEM) have been the main purchasers of our products. To reduce costs and concentrate on their end customers, OEMs, however, are outsourcing an increasing number of tasks to contract manufacturers. As a result, specialized contract manufacturers have begun to take on design work for OEMs, thus evolving into Original Design Manufacturers (ODM), thereby constituting new market players. These ODMs no longer provide only efficient production, but also implement the technological specifications of the OEMs, making use of their own developmental know-how.

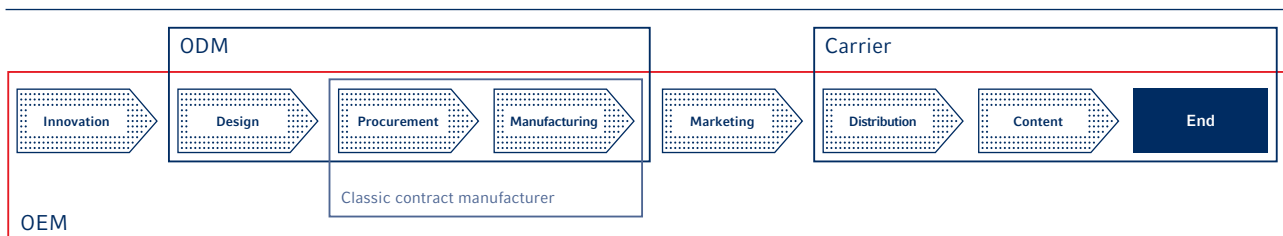
We have therefore begun to systematically include the ODMs in our customer base, and share our experience in integrating and developing complete systems.

To address the important computing ODMs in Asia, we have established a local technical Power Management & Supply competency team. In sharing our technological know-how in power semiconductors and by working closely together in the field of concept and system manufacturing, Infineon and major ODMs have jointly developed the most cost-effective solution currently available on the market. One successful example is the Infineon power management solution for motherboards, developed with major Taiwanese ODMs, another is a most efficient server power supply, which resulted from collaboration with Asia's leading ODMs in the switch mode power supply (SMPS) market.

Direct line to end customers

In order to maintain a comprehensive picture of the market as a whole, we remain focused on all the levels of the value chain, while, at the same time, actively expanding the exchange of information with our customers' customers. In our Secure Mobile Solutions business group, for example, we not only seek dialog with the manufac-

Specialization of market players along the value-added chain based on the example of mobile phone devices



The large **Original Equipment Manufacturers (OEM)** have traditionally performed all tasks in the value-added chain: from product innovation to design, procurement and manufacturing, right through to marketing and distribution to the end customer. To reduce costs, OEMs are increasingly outsourcing tasks to contract manufacturers. The **classic contract manufacturers** focus on procurement and manufacturing, while the new players, so called **Original Design Manufacturers (ODM)** additionally take on design and developmental tasks. Network operators or **Carriers**, on the other hand, concentrate on distribution to end customers and offer services such as the provision of a mobile phone network with all the associated services as well as the sale of mobile phones.

