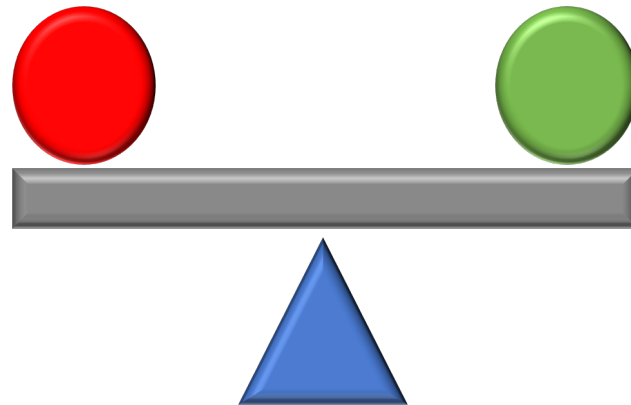
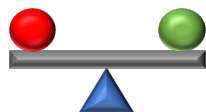


Design Registration Tune Up



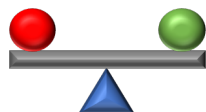
Today's Objective

- Quickly Review the Evolution of Design Registration (DR) Programs
- Outline Current Challenges
- Discuss “Things To Consider” to Make Programs More Effective and Efficient



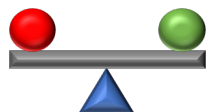
History / Background

- 1970-80s. SC Manufacturers Seeking More Distribution Technical Demand Creation
- Distributors See Their Role As Demand Fulfillment. Few Technical Resources
- Legal Issues Around Price Differentiation



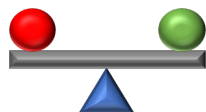
Legacy Program Attributes

- Legally-Defendable Program with Ship-and-Debit and Squeeze Margin for Protection
- Big Distribution Investment In FAEs
- Target DR Margin: 25%
- Defined Set of DR Products – Usually Sole-Sourced



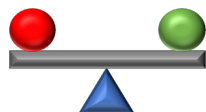
Legacy Program Attributes

- Manufacturers...
 - Defined Set Of DR Products – Usually Sole-Sourced
 - Established Global Price Book and Processes
 - Defined Approval Criteria and Process
 - Give DR Distributor a Uniquely-Lower Cost. No Guarantee That DR Distributor Wins Business.



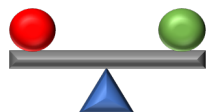
Legacy Program Attributes

- Distributors...
 - Deploy Technical Resources (FAEs) to Support Demand Creation
 - Follow Design from Conception to Fulfillment



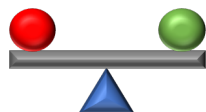
Legacy Program Attributes

- Representatives...
 - Implement Manufacturers' Programs Locally Based on Defined Rules
 - Engage Local Distributors in DR Support



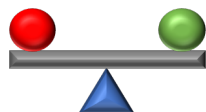
Legacy Program Attributes

- Bottom Line
 - Legacy Program Drove Activity Around DR Products
 - Provided Protection and Margin for DR Distributor



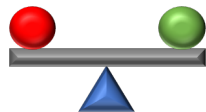
Current Challenges

- Globalization
- Customer Specialization (Design, EMS, 3rd Party)
- ROI Difficult to Measure
- Device List Includes Broad List of Products
- Other Options – Direct Sales, On-line, Other
- Distribution Pay Plans



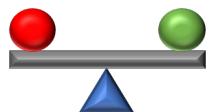
Things To Consider

The Next Slides Outline “Suggestions” That Might Improve the Efficiency and Effectiveness of a DR Program.



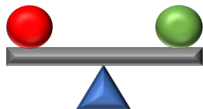
Things To Consider (1)

- Do Nothing. If Your Program Works for You and Your Partners, Don't Change for the Sake of Change.



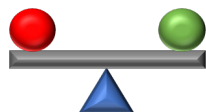
Things To Consider (2)

- Add Clarity To Registration Process
 - Requirements For A DR
 - Discovery? Technical Design? Both?
 - Basic Registration Level
 - Customer? Socket? Project? Territory? Other?
 - Approval Process



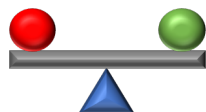
Things To Consider (3)

- Add Clarity To Registration Process (Cont.)
 - Length Of Registrations and Conditions to Renew
 - Metrics of Success
 - Inventory Expectations
 - Distribution FAE Requirements and Role
 - On-Line Distributor DRs?



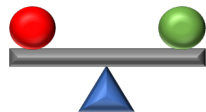
Things To Consider (4)

- In Order to Maximize Protection, Refocus Program on Sole-Sourced Products
 - Product Types
 - Sole-Sourced
 - Technology-Differentiated, Multi-Sourced
 - Very Large TAM
 - Profitable
 - Difficult / Impossible to Protect DR
 - Commodity



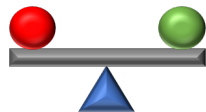
Things To Consider (5)

- Consider This Checklist For DR Devices
 - Device Is Sole-Sourced
 - Manufacturer Seeking Reasonably-Broad Customer Base
 - Manufacturer Can Provide Support to Distributors and Reps
 - Manufacturer Can Afford Target DR Margins and Use DR-Friendly Pricing Practices



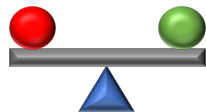
Things To Consider (6)

- For Any Technology-Differentiated, Multi-Sourced Products Taken Off the DR Program
 - Distributors Should Develop New Support Models
 - Distributors Should Collaborate with Manufacturers on Profitability / ROI Models for this Business
 - Much More Freedom for Innovation than Sole-Sourced Products



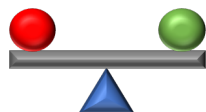
Things To Consider (7)

- Consider Abandoning the “One-Size-Fits-All” DR Program and Negotiate a Tailored Program that Better Meets Your Needs.
 - Need to be Mindful of any Legal Limitations / Requirements



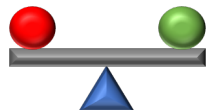
Things To Consider (8)

- “Protection” is a Cornerstone of any DR Program. Protection Should Be Bi-directional. No Multiple DRs for the Same Opportunity.



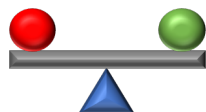
Things To Consider (9)

- Due to the Growing Complexity of Today's Design- and Supply-Chains, It is Difficult to Reward DRs Via Transactional Margin. Manufacturers and Distributors Should Explore Non-Transactional Reward Processes.



Summary

- Legacy DR Programs Have Served the Industry Very Well for a Long Time
- The Current Business Environment Has Put Pressure on Legacy Programs
- It's Time to Consider Changes that will Extend the Life of this Transformational Tool



Thank You

