

SONY®

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Innovations in Partner Management

Dan P. Wiersma
SVP Service Platform

Sony Service Strategy

SONY

Our Look Today – Partner Management Innovations

◆ How has Sony?

- Selected vendors
- Leveraged partners' strength
- Minimized partner's weaknesses
- Set up Performance Measurement Systems
- Managed the relationships
- Established a management structure
- Reduced Costs
- Improved Customer Satisfaction

Service Platform

Sony Corporation

SONY

- ◆ Established 1946; Tokyo, Japan as Tokyo Tsushin Kogyo, Tokyo Telecommunications Engineering Company, Ltd. by Masaru Ibuka and Akio Morita
- ◆ Changed to Sony in 1955
- ◆ Today the company consists of
 - Electronics
 - Games
 - Pictures
 - Sony BMG Music
 - Sony Financial Services
 - Sony Insurance
 - Sony Ericsson
- ◆ FY 2005 Sales; ~\$70B USD
- ◆ Electronics is the largest segment at ~\$50B
 - SEL (Electronics US Operation) is the largest of the regions in terms of sales

Service Platform

Sony in the US (SEL)

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- ◆ #1 Brand in America (2005 Harris Poll)
 - ◆ Sales, Marketing, Manufacturing, Engineering, Service and Support Operations
 - ◆ >15,000 employees
 - ◆ >10,000 products in TV, Digital Imaging, Home Audio, Home Video, Personal Audio, General Audio, eVehicle, Broadcast & Business, Storage and Components
 - ◆ HQ facilities located in San Diego
 - ◆ Multiple facilities located in the US and Mexico
- Service Platform

Sony Service Platform

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- ◆ Cost & Profit Center Structure
- ◆ ~1400 Employees internally and 1000's with our partners
- ◆ Support over 10,000 active products and more than 20,000 total (inactive and active)
- ◆ Manage ~2M returns and repairs per year
- ◆ Manage 3-4M total parts in inventory; 800K orders/1.7M lines per year
- ◆ Receive & respond to ~40M contacts per year (Voice, Web, email, Chat)
- ◆ Integrated Service for SEL Consumer Products
 - Contact Center Management
 - Consumer & Vaio Repair/Refurb Service (In Home & Depot)
 - Repair Parts and Accessories
 - Product Regulatory Compliance
 - Customer Satisfaction & Quality Reporting

Service Platform

Service Platform Organization

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Dan Wiersma
Senior Vice President



CE Service

V.P.

- Repair & Escalation Support
- Refurb
- ASC/Field Ops

Call Center

V.P.

- 10 WW centers
- 800-1200 agents
- 3+ million contacts/month
- Web, email, chat, and phone

CS21 & Quality

V.P.

- Customer Satisfaction
- Quality

Repair Parts

V.P.

- Centralized parts warehouse
- Forecast, Plan & Procure

IT Service

V.P.

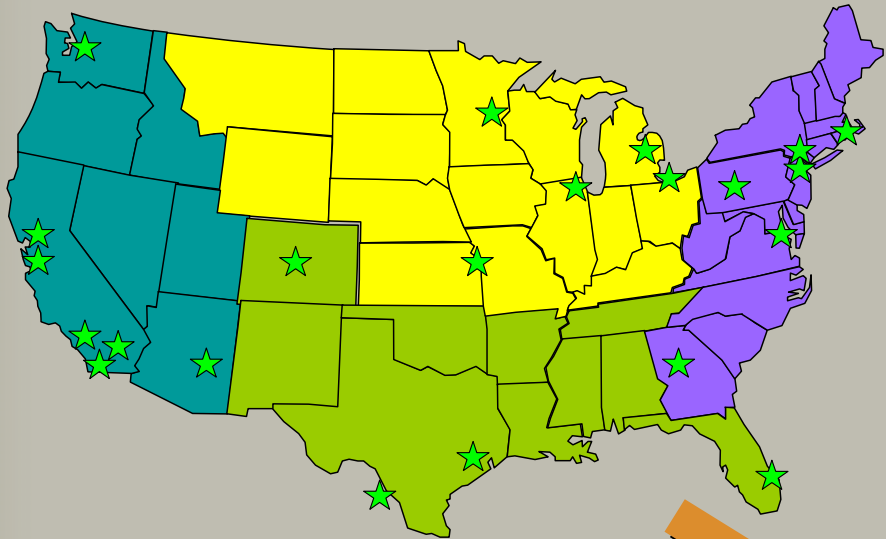
- Repair & Escalation Support
- Refurb
- ASC/Field Ops

Service Platform

Sony Service Strategy

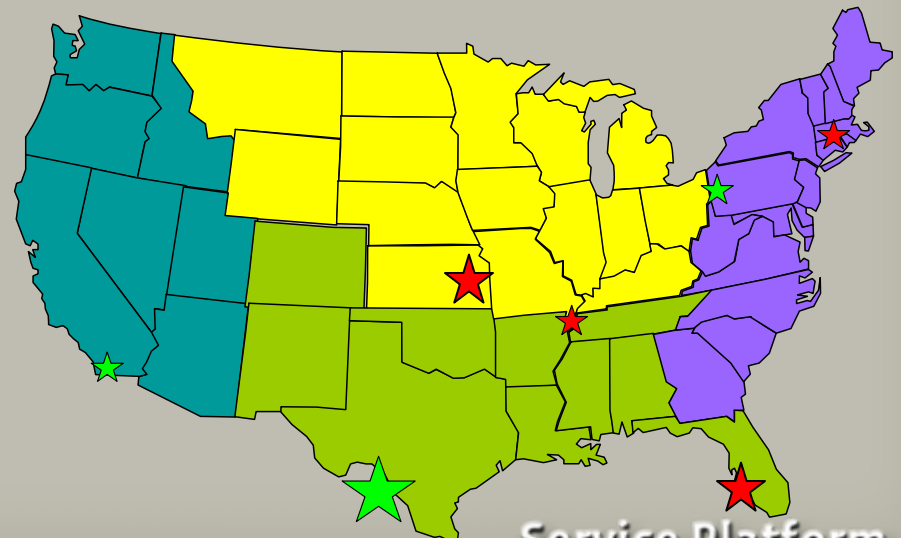
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Strategic Re-Engineering of Internal Service Network



Before - Large number of Internal Service Operations
High cost
Poor CS
Little specialization

Now - Insourced and Outsourced Solutions
Much lower cost
Much better CSAT
Product experts



Service Platform

Sony Service Strategy

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Sony Service Platform set up new
Partner Management System to meet goals

**Excellent
Customer
Satisfaction**

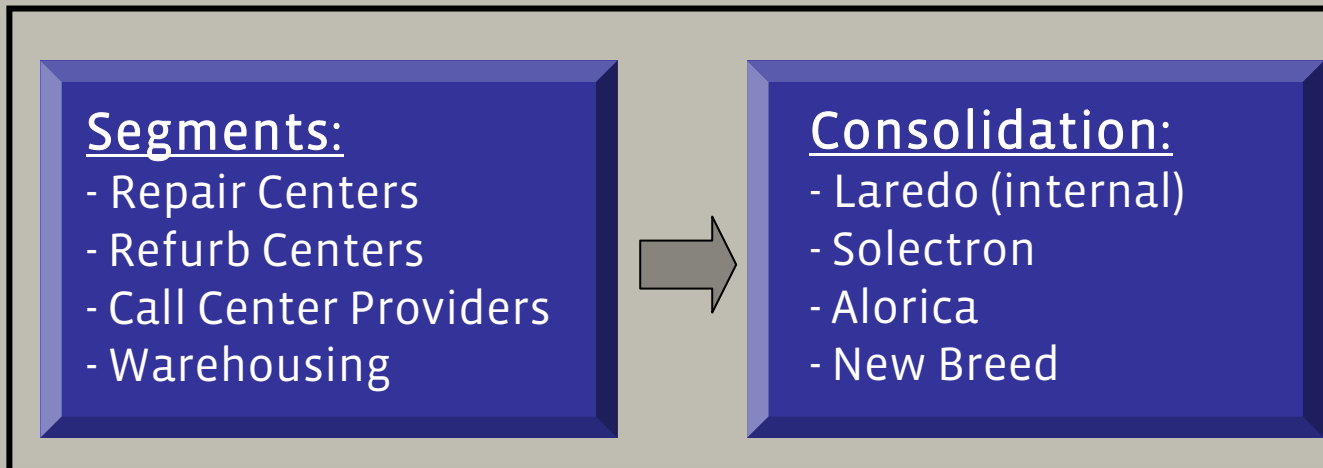
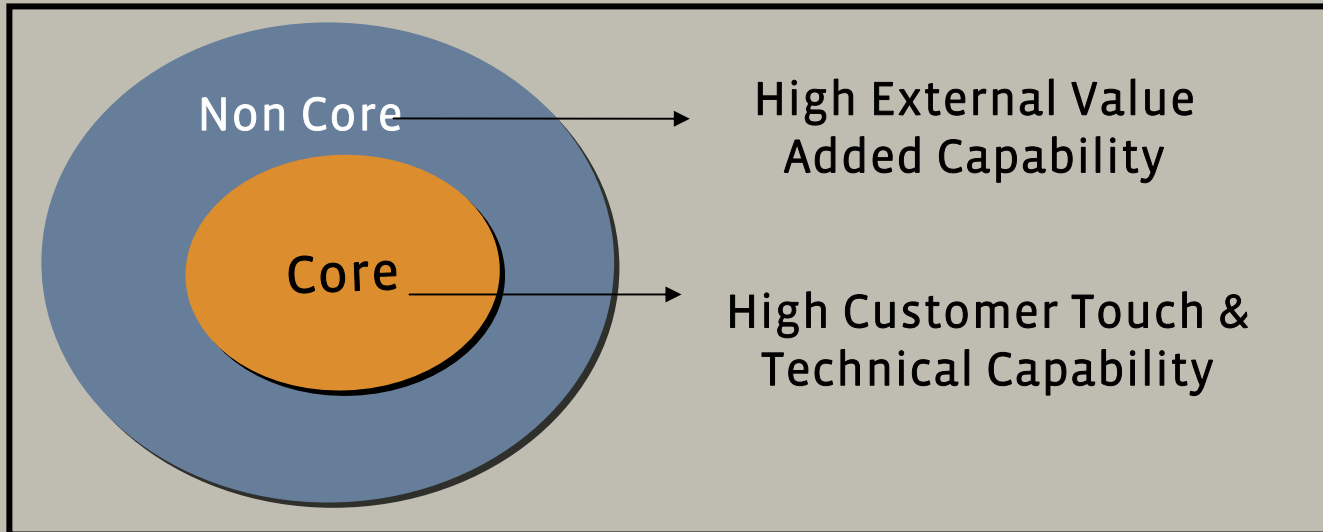
**Strong
Financial
Results**

**Growth & Expansion
of the Business**

Service Platform

Innovation- Determine Core & Non-Core

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Innovation - Determine What You Do Best

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- ◆ Lesson learned – we had a very clear guide as to comparable metrics between internal and external servicers.
- ◆ Advantage of an insourced solution.
- ◆ Allowed us to determine what is best internally and what is best externally.

<u>GA/ HA/ HV/ ME</u>	<u>DI</u>	<u>TV</u> "Sweet spot"

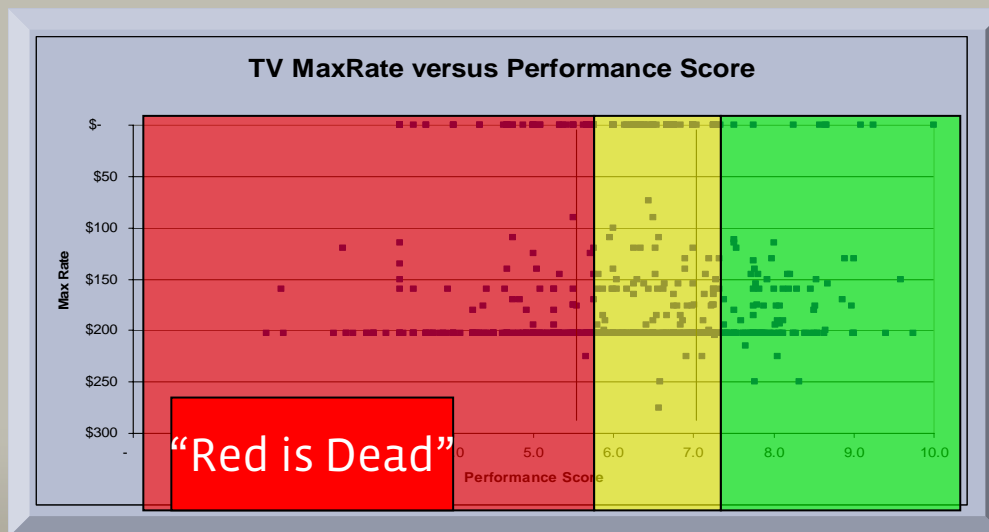
Action - De-authorize categories

Service Platform

Innovation -Select Best in Class Partners

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- ◆ Lesson learned – once we had clear metrics, we could determine a clear ranking system to pick good versus bad providers
- ◆ Developed a complex algorithm to rank servicers by our 6 metrics – TAT, TAT>12, CR, CS, Cost and Fraud.
- ◆ We ranked our servicers on the two metrics – Customer Satisfaction and Cost / Fraud
- ◆ Each servicer received a scorecard where they fell compared to their peer group
- ◆ Based on our metrics, we reduced over 600 servicers

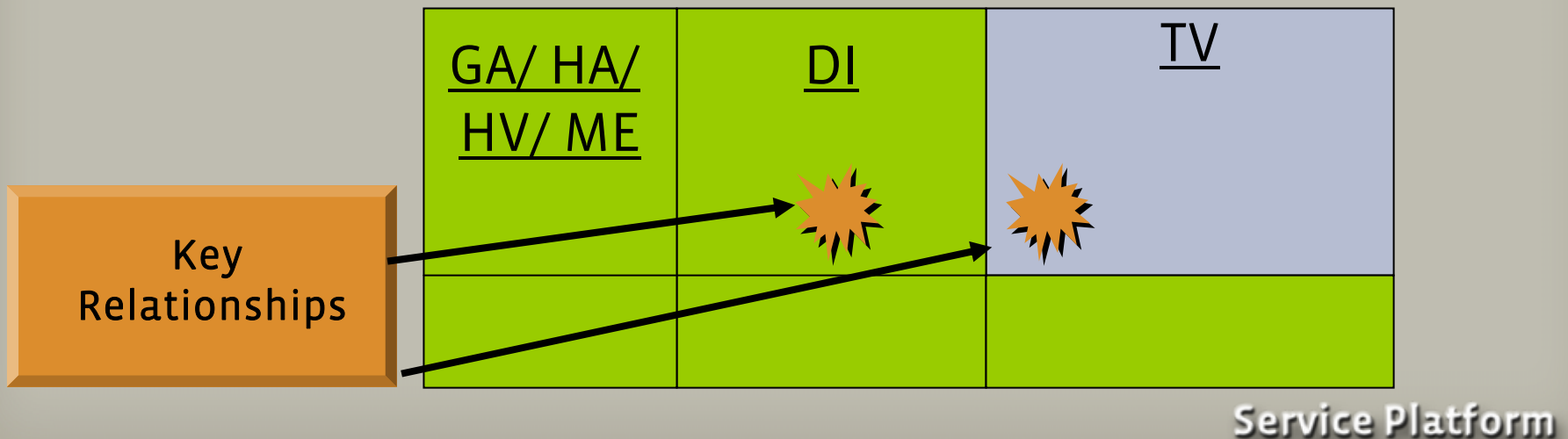


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Innovation -Partner with Good Servicers

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- ◆ Leveraged ability of key GOOD servicers..
- ◆ Select key partners in Digital Imaging (Precision Camera), Computers (Solectron) and TV (QualxServ).
- ◆ Sony and key servicers became true partners
 - Sony drives business to them – phone, web, some exclusivity
 - In return, high levels of performance and commitment
 - Better rate / cost structure for both partners



Innovation-Partner with Good Servicers

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- ◆ Depot Repair
 - 3-day target TAT (Turn-Around-Time)
 - Both Sony-internal & 3rd party
- ◆ Customer Self Repair (CRU)
 - 1-day target TAT
 - HDD, ODD, Memory, Keyboards
- ◆ Onsite Repair
 - 2-day target TAT
 - Standard on Desktops
 - Optional/upgrade on Notebooks


ITD-Service-
San Diego, CA


Memphis, TN




TECHNOLOGY SERVICE. SOLVED.

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Innovation-Extend Our Reach Virtually

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Sony Offers Customers the Right Solution



Electronic Dispatch



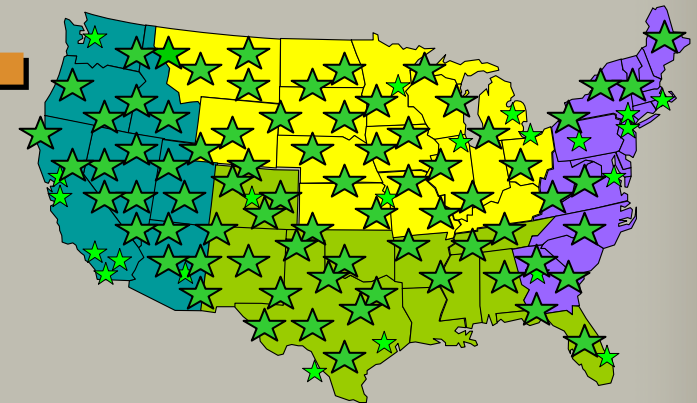
Service Self Help

Result

- Sony Controls User Experience
- Better Customer Satisfaction
- More touch points for customers



UPS Stores



Expanded Networks

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Innovation -Train and Support

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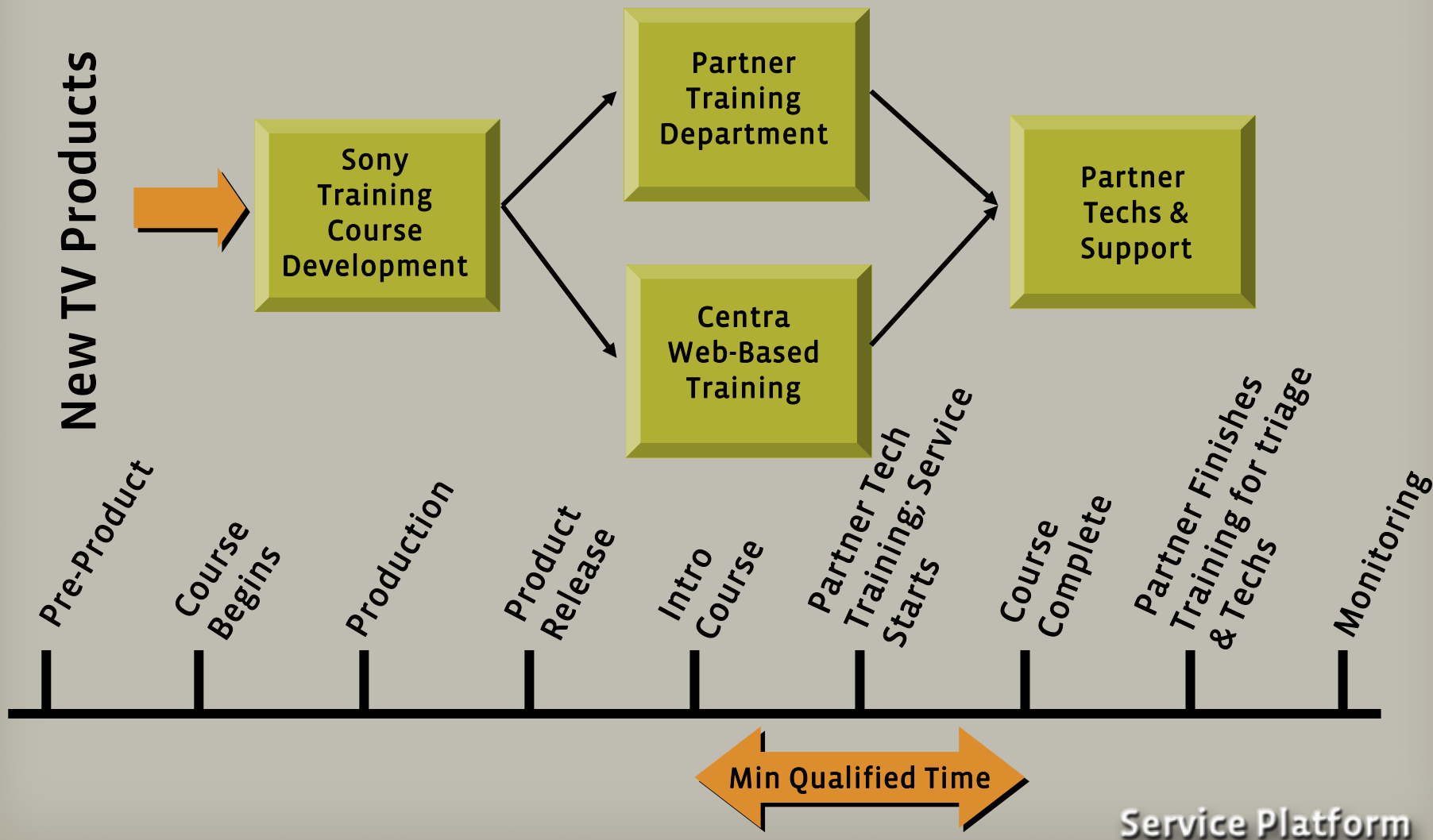
- ◆ Previously, we neglected our training and support functions
- ◆ Sony took the savings from our program and invested in “best in class” support:
 - Technical Phone Support – hired seasoned ex-repair techs to man phone support lines to talk servicers through problems
 - Technical Web Support – service manuals, FAQ’s, service bulletins and key tips on the web – servicers bring them on calls
 - Comprehensive Training Program – utilizing live trainers; “train the trainers” at major dealers and web training
 - Technical Call Support-training of our partner agents in products & technologies
 - Soft Skills Support-working with our partners to insure non-technical training is offered and supported by their operations



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Innovation-Train & Support (New Product)

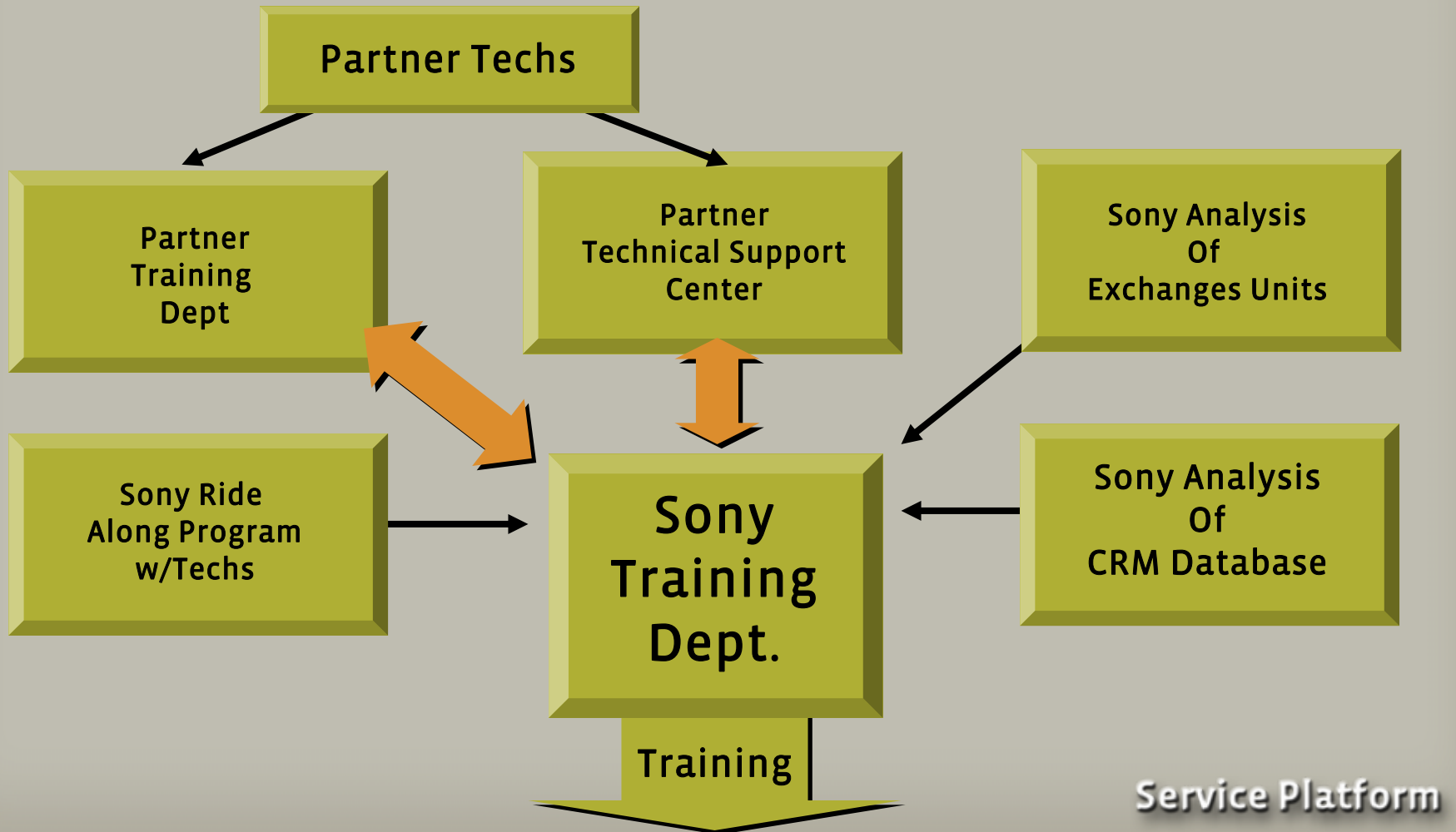
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Innovation -Train & Support (In Home)



Demand & Performance Training Process



Innovation-Performance Management

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- ◆ Establish clear performance level requirements linked to the business
- ◆ Review regularly; operational requirements dictate hourly, daily or weekly reviews of performance (e.g. Contact Center, Repair/Refurb partners)
- ◆ Establish minimum quarterly review meetings with senior management and operations management of both companies
- ◆ Partners should share in the benefits of improved performance above targets



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Innovation-Performance Management

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KPI	Target
<p>ACD Metrics Service Level</p> <p style="text-align: right;">ASA</p> <p style="text-align: right;">Abandon</p> <p style="text-align: right;">ATT</p>	<p>80% or above</p> <p>< 60 secs</p> <p>< 5%</p> <p>Trends and comparisons</p>
<p>Handled vs. Forecast and Staffing</p> <p style="text-align: right;">General overview</p> <p style="text-align: right;">Detail/issues discussed in separate forecast meeting</p>	<p>100% (+/- 5 to 10%)</p>
<p>Voice of the customer</p> <p style="text-align: right;">FCR</p> <p style="text-align: right;">Agent Knowledge</p> <p style="text-align: right;">Agent Courtesy</p> <p style="text-align: right;">Agent Responsiveness</p>	<p>80% or above; focus on improvement</p> <p>> 3.25 avg</p> <p>> 3.25 avg</p> <p>> 3.25 avg</p>
<p>Escalation/transfer rate</p>	<p>CE < 8%</p> <p>VAIO < 12%</p>

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Innovation-Performance Management

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Month	HPD			PMID			Desktop			Notebook			Weighted Avg.	
	# Surveys Received	# Surveys YES	%	# Surveys Received	# Surveys YES	%	# Surveys Received	# Surveys YES	%	# Surveys Received	# Surveys YES	%	# Surveys Received	%
Apr-06	1405	973		714	454		536	313		864	524		3519	
May-06	839	579		587	360		379	216		593	366		2398	
Jun-06	791	550		644	385		343	198		626	359		2404	
Jul-06	890	588		657	402		342	197		795	472		2684	
Aug-06	994	664		771	467		332	173		888	552		2985	

Threshold – X% / Target – Y% / Maximum – Z%

FY'06 YTD -----

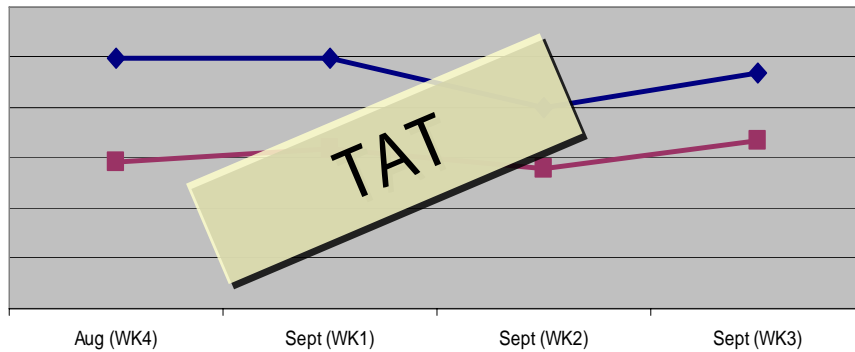


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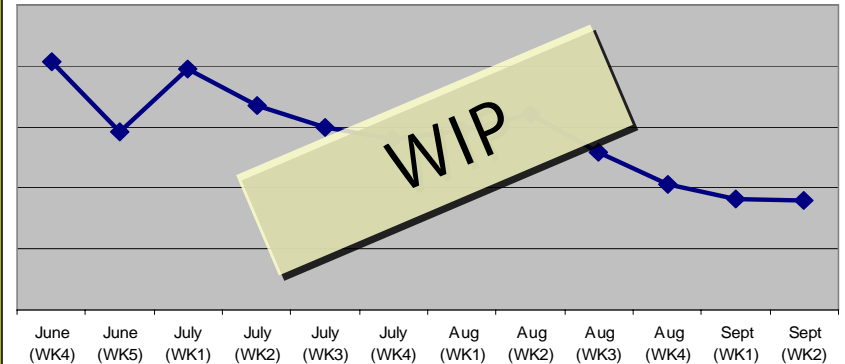
Innovation-Performance Management

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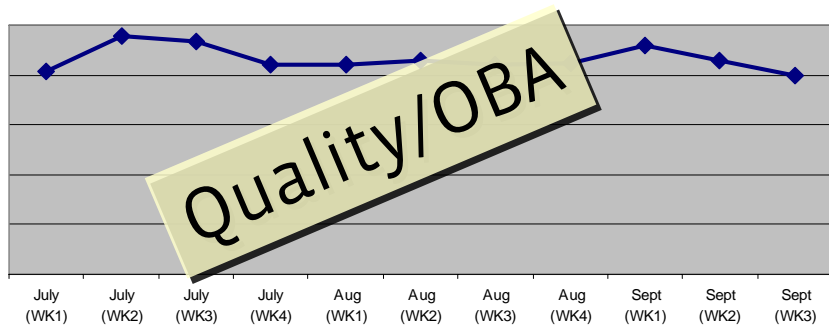
TAT



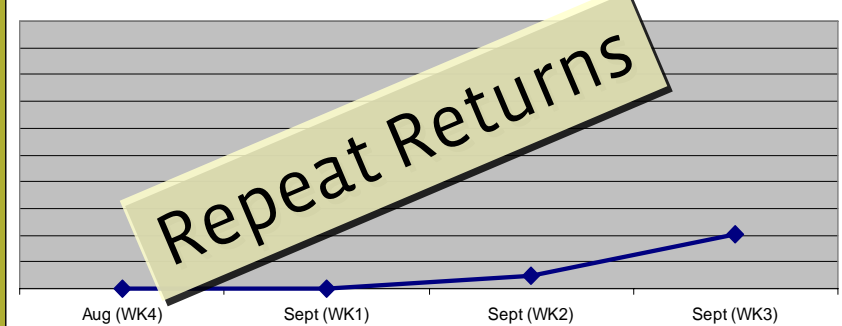
WIP - Sony



OBA Results



Repeat Repair Percentage

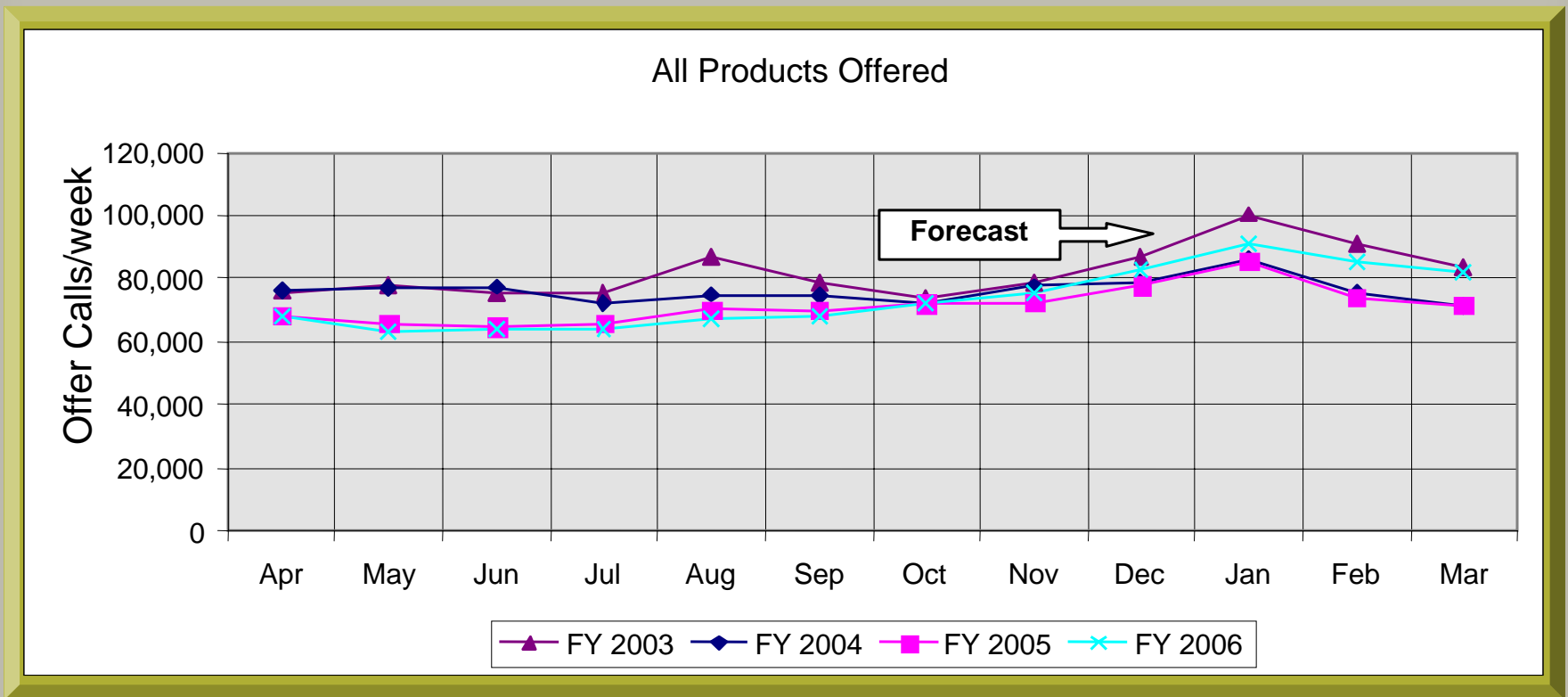


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Innovation-Performance Management

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Call Center Workforce Forecasting Model



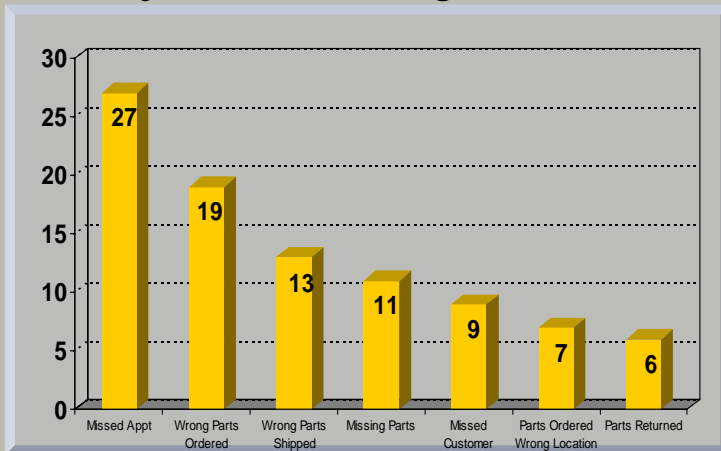
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Innovation-Performance Management

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Issue: Missed On-Site Appointments

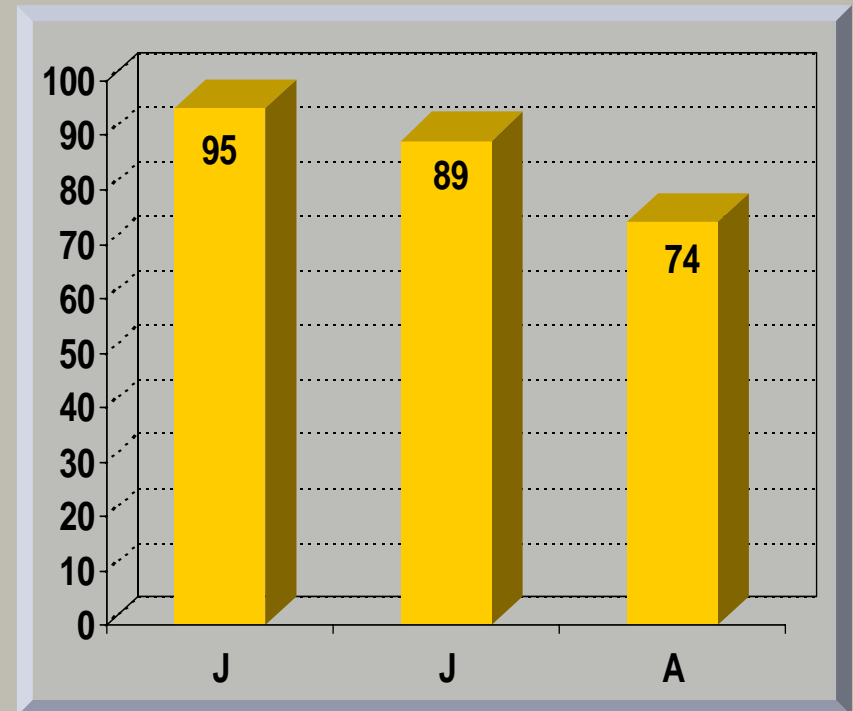
• Working with In Home Service Partners to identify issues creating missed service calls



• Constant Feedback to all Touch Points

- Tier II
- Service and Delivery
- Partner 1
- Partner 2
- WRPC

• 22% Improvement



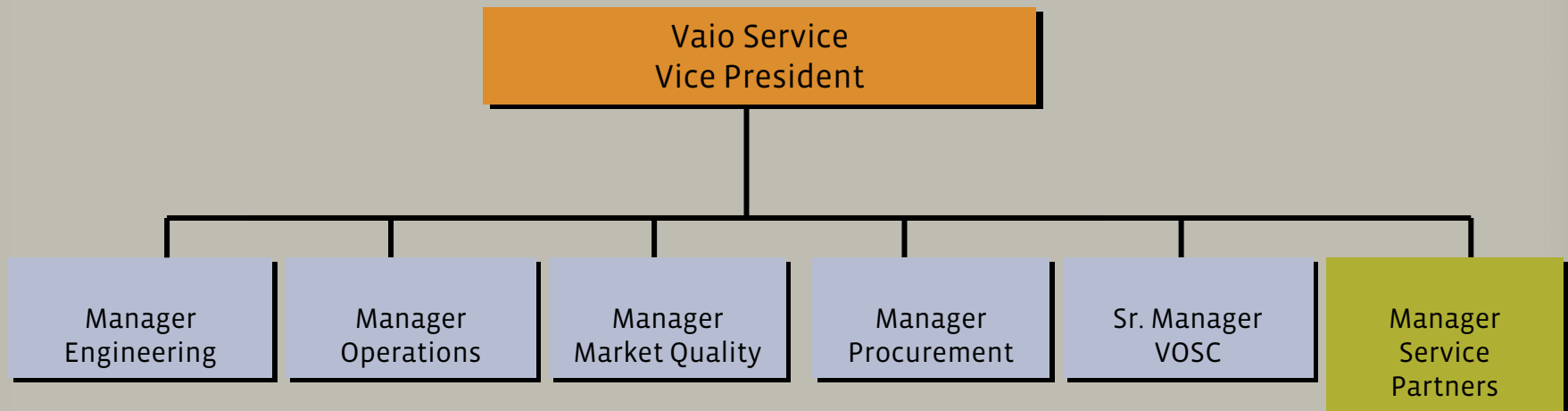
FIRST CALL RESOLUTION – VAIO Three Point Plan

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Innovation-Partner Management Structure

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- ◆ Lessons learned; establish key management resources to manage the partner relationships
- ◆ Each functional partner relationship in Sony Service Platform has a partner management team (e.g. Contact Center, In Home Service, Warehouse and Refurb)



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Innovative Partner Benefit Examples

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◆ Consumer Service-In Home

- Outsourced our internal In-Home solution
- Clear Communication Path
- Innovated a new in-home service solution
- Used the web to drive customer inquiries and scheduling

QualxServ-Sony's In-Home Service Partner

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Before:

- ◆ In-home TV service a part of Sony Service
 - Limited coverage
 - High costs
 - Average customer satisfaction

Now:

- ◆ Sony In-home techs a part of QualxServ

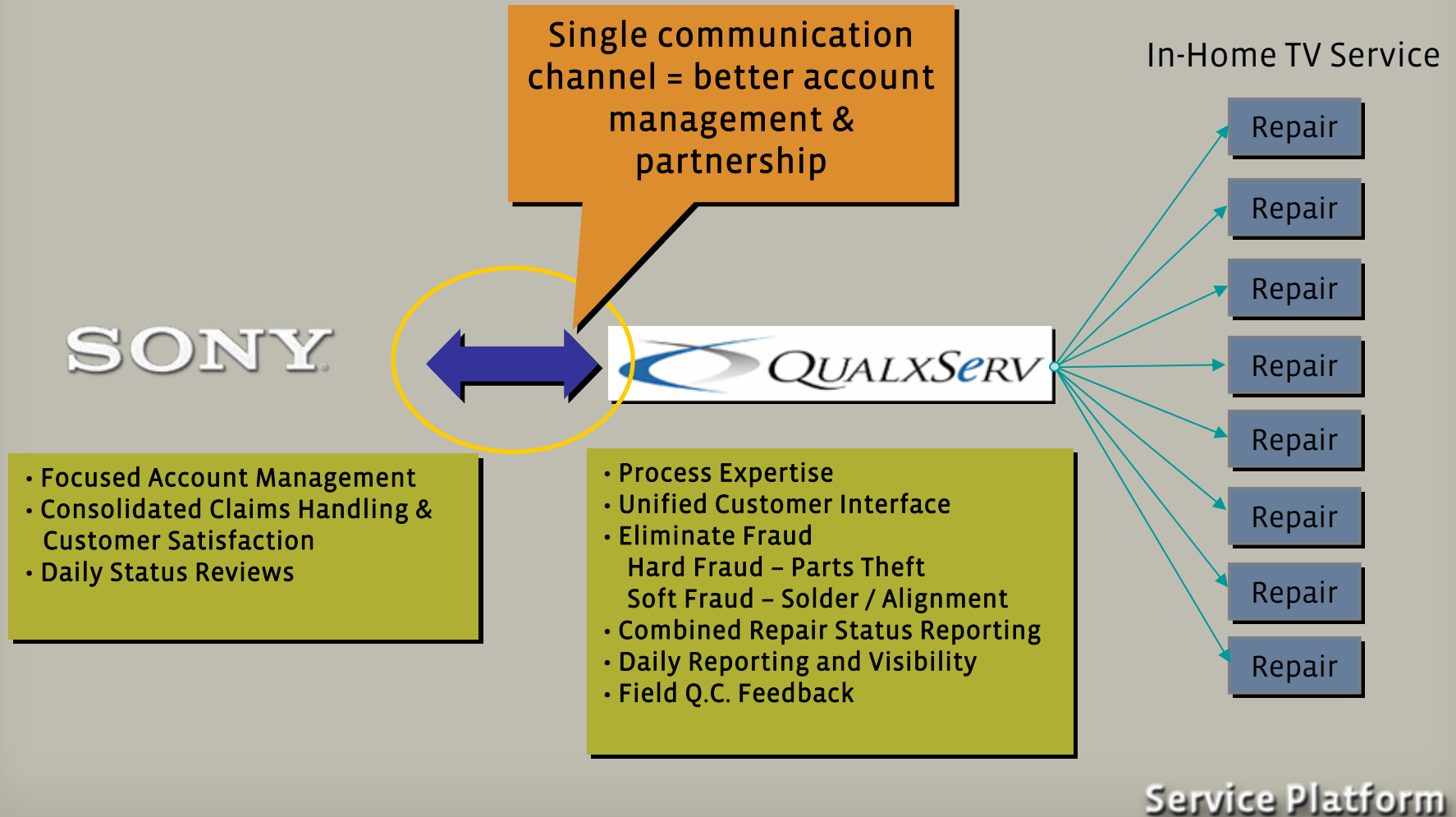
Pros:

- Product expertise transferred
- Internal In-Home service cost eliminated
- Cross-training opportunity
- Increased national coverage at lower cost
- Improved Customer Satisfaction



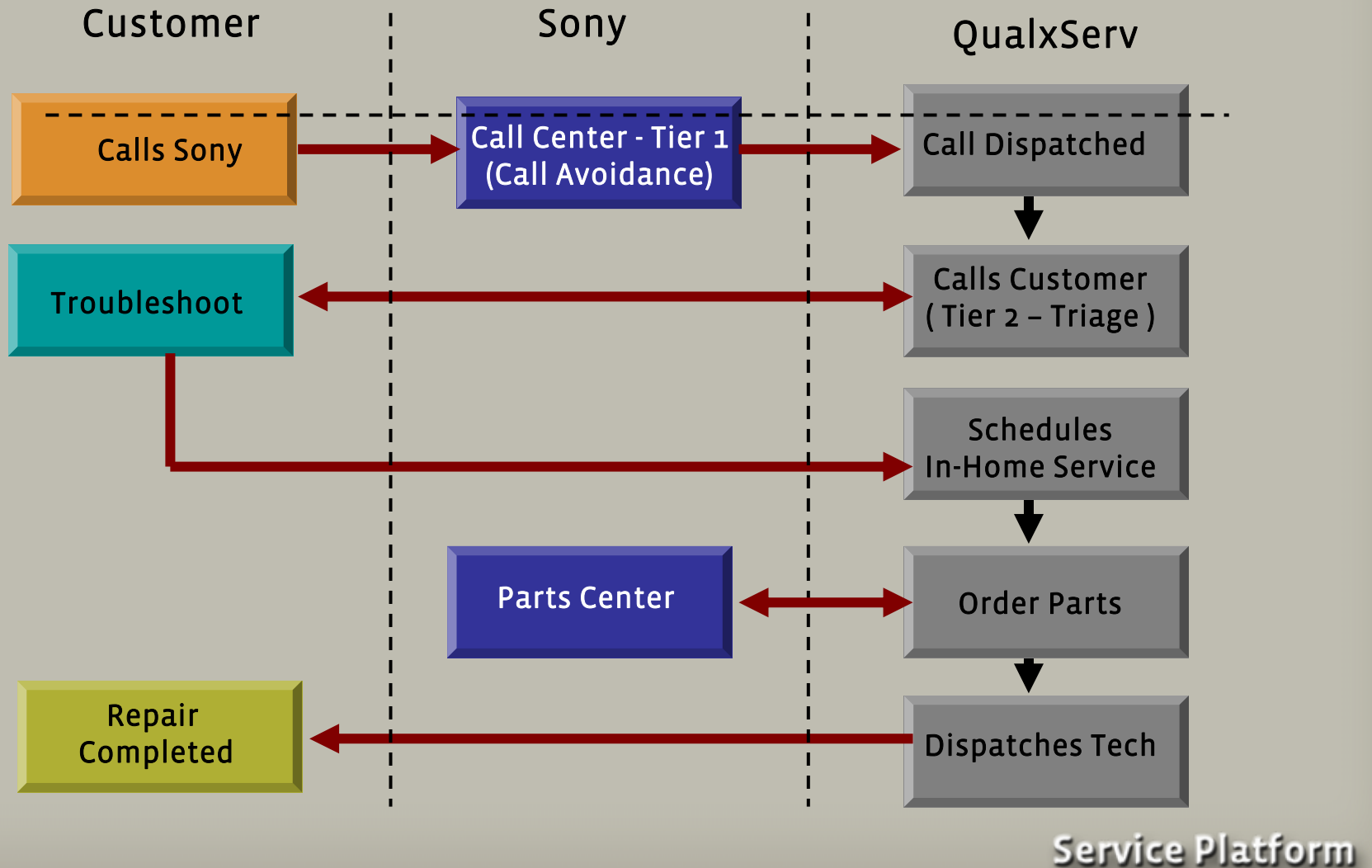
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QualxServ-Clear Communication/Escalation Path SONY



QualxServ-Joint Triage Increases CSAT

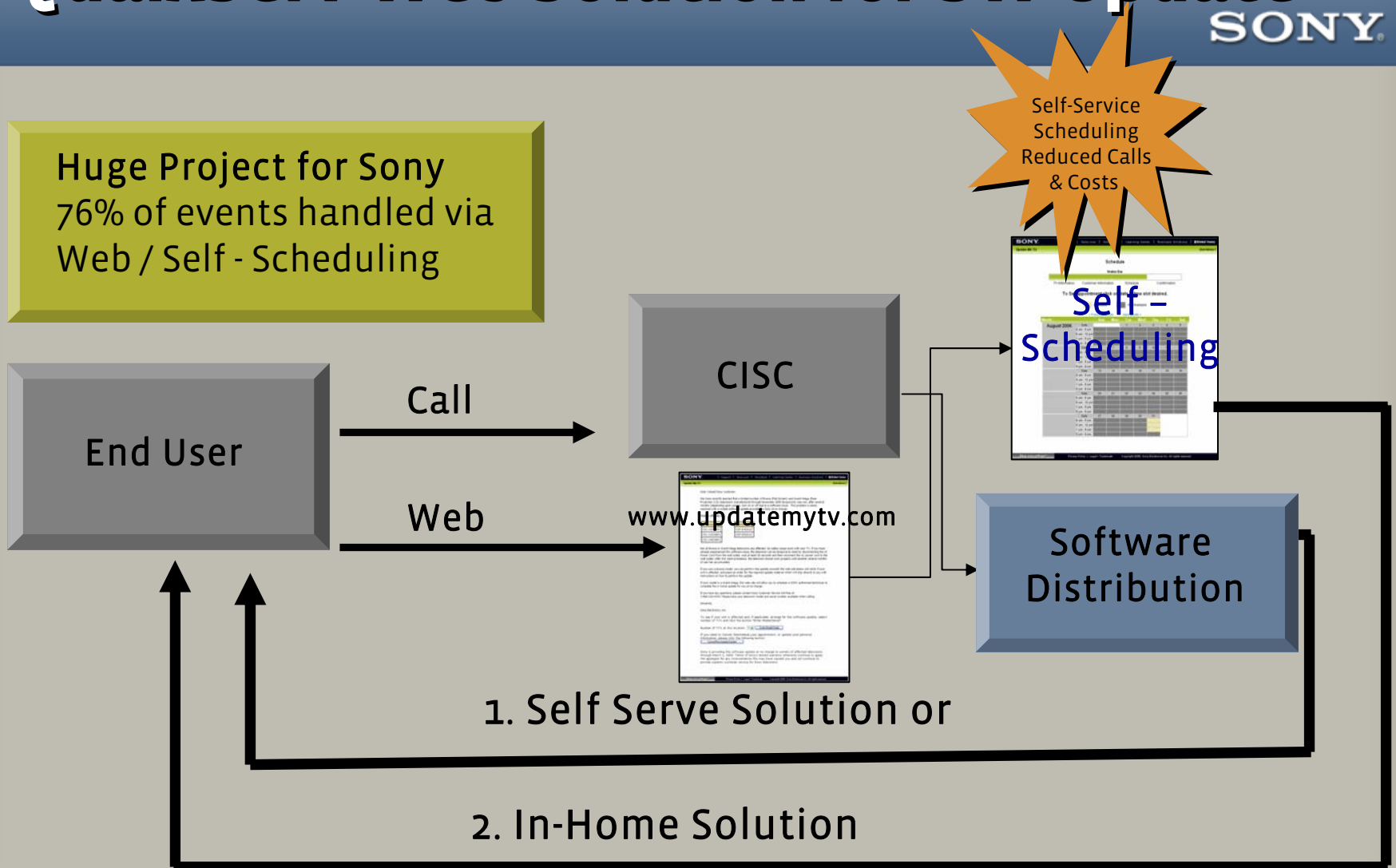
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QualxServ-Web Solution for SW Update

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Huge Project for Sony
76% of events handled via
Web / Self - Scheduling



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Success Factors in Partner Management

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- ◆ Business strategy
- ◆ Select Best in Class Partners
- ◆ Solid Service Level Agreement (SLA)
- ◆ Train & Support the Partners
- ◆ Provide regular performance management process
- ◆ Create a Partner Management Structure
- ◆ Create an environment of open communication and partnership; not just a vendor

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