

Bill of Materials (BOM)

Outsourcing

Based on Philips' strategic focus on growth markets, we are consolidating our outsourcing in mature markets, while growing our business in emerging regions, especially Asia Pacific. Our focus on 'local for local' and 'regional for regional' solutions also means we are developing our supply base in e.g. Eastern Europe and countries such as Brazil, Russia, India and China.

We increasingly use ODM and OEM suppliers in product development and creation.

Outsourcing Council

Philips' Outsourcing Council manages our EMS/ODM strategy and implementation, and aligns the company's requirements at a corporate level. It defines common ways of working, enabling us to present a 'single face' to our suppliers. It reduces complexity through by deployment of Philips-wide tools such as a single Supplier Audit Certification, Global Supplier Rating System, standard GPA, etc.

Cross-sector synergy (XSS)

Traditionally, our BOM suppliers provided us with products in the form of raw materials, components and systems. However, today they are increasingly supplying us with services such as assembly or even product creation.

This trend means our relationships are also becoming increasingly complex. To handle this complexity and leverage our combined purchasing power effectively, Philips Supply Management has created Philips-wide commodity teams across the sectors.

These teams are headed by a Commodity Manager, who is authorized to negotiate on behalf of the whole Philips community.

The commodities handled by these teams are:

- Batteries
- eComponents
- Mainscords, Cables and Connectors
- Metals
- Motors
- Packaging
- PCB's
- Plastics
- Power Supply Units/Wire-Wound Components