

ABB S.p.A. ABB SACE Division - LVB, 2009-04-03

ABB SACE LVB Products Life Cycle Management

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Definition:

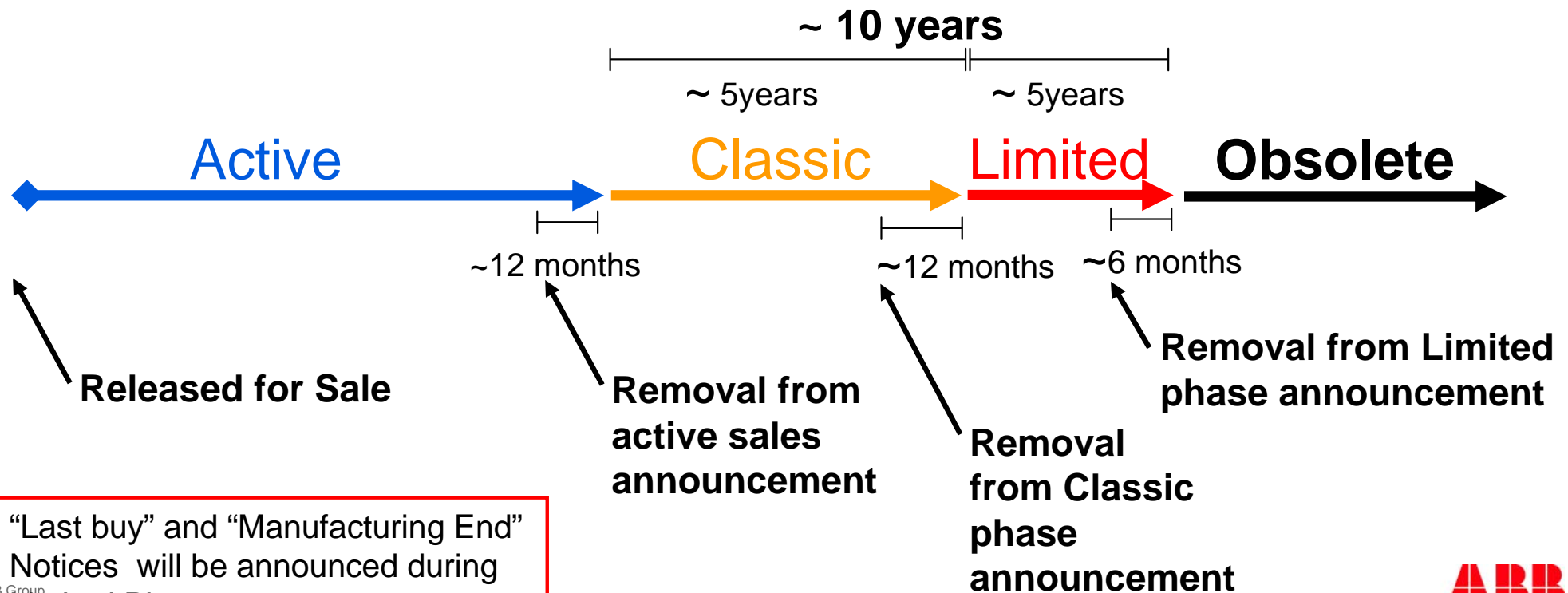
- **Product Life Cycle Management** or **LCM** is a term used for the process of managing the entire lifecycle of a product from its conception, through design and manufacture to service. LCM is a set of capabilities that enable an enterprise to effectively and efficiently innovate and manage its products and related services throughout the entire business lifecycle.
- All companies need to manage communications and information with its customers and its suppliers and the resources within the enterprise.
- In addition, manufacturing engineering companies must also develop, describe, manage and communicate information about their products LCM.

Reference: en.wikipedia.org/wiki/Product_Lifecycle_Management

LCM phase definition:

ABB SACE has divided the manufactured products into four phases

- **Active** (normal production, sales and development phase)
- **Classic** (product maintenance phase)
- **Limited** (service organization responsibility)
- **Obsolete** (service organization responsibility)



“Last buy” and “Manufacturing End” Notices will be announced during Limited Phase.

Policy:

according to ABB policy in LCM

ABB's products are designed for continuous evolution. It is ABB's goal to protect our customers' investment beyond the life-cycles of the platform products.

ABB will not "Remove from Active Sale" any product or "family" of products until an equivalent replacement to those products is available. Exceptions to this may occur if components or technologies needed are no longer available to ABB. Once a product has been removed from active sale it is in the "Classic" phase.

Products will continue to be supported by ABB for about 10 years from the start of the Classic phase, although exceptions to this may occur according to market request or if components or technologies needed are no longer available.

At least 6 months prior to any "Manufacturing End" declaration, ABB will announce a "Last Buy" opportunity (except in cases where there is a direct form, fit and function replacement). It is ABB's intention to provide support for as long as there are significant customer needs after the "Manufacturing End" through field service, repair and by making replacement spares or refurbished apparatus available.

Phases summary:



Active
Example: **Emax**

**Classic
Megamax**

**Limited
Novomax**

**Obsolete
Otomax**

Active development and promotion phase

- Product has been released for sale
- Actively promoted
- Product is actively sold
- Product is actively maintained with enhanced through R&D or product improvements
- Fully supported of after sales network

Product maintenance phase

- No further enhancements
- Product is no longer actively Promoted, =>12month advance notice through sales channel
- Product will be phase out
- It is still available for sale - mainly for spares and expansions of existing systems, supply under frame agreements, in case of space constrains, required functionality not yet covered by the new product, license agreements
- Price may increase (e.g. due to lower volume, vendor component costs, etc.)

Primarily service support

- The manufacture of spare parts and accessories is guaranteed
- new apparatus availability may continue, but is not guaranteed
- increasing use of refurbished apparatus or retrofitting kits
- no new development to replace obsolete components
- Technical support (field service, phone support, etc) continues, but may diminish over time with decreasing installed base

Obsolete phase

- ABB cannot guarantee availability of product support for technical reasons or within reasonable costs.
- No longer manufactured as a complete product; only component spares, refurbished apparatus, retrofit and/or revamping solutions available

Guaranteed product support

Limited product support



“Standard Product” PM

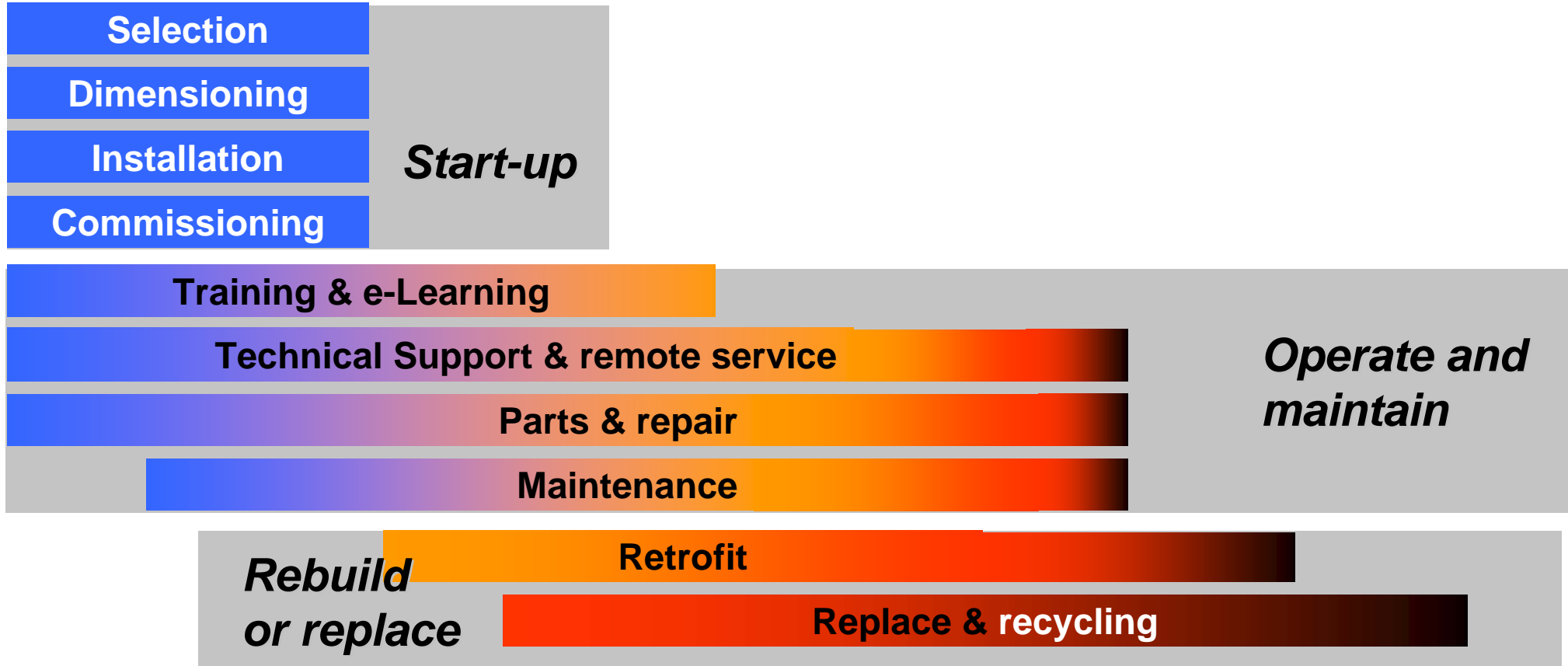
Service PM

Customer support over the lifecycle and beyond

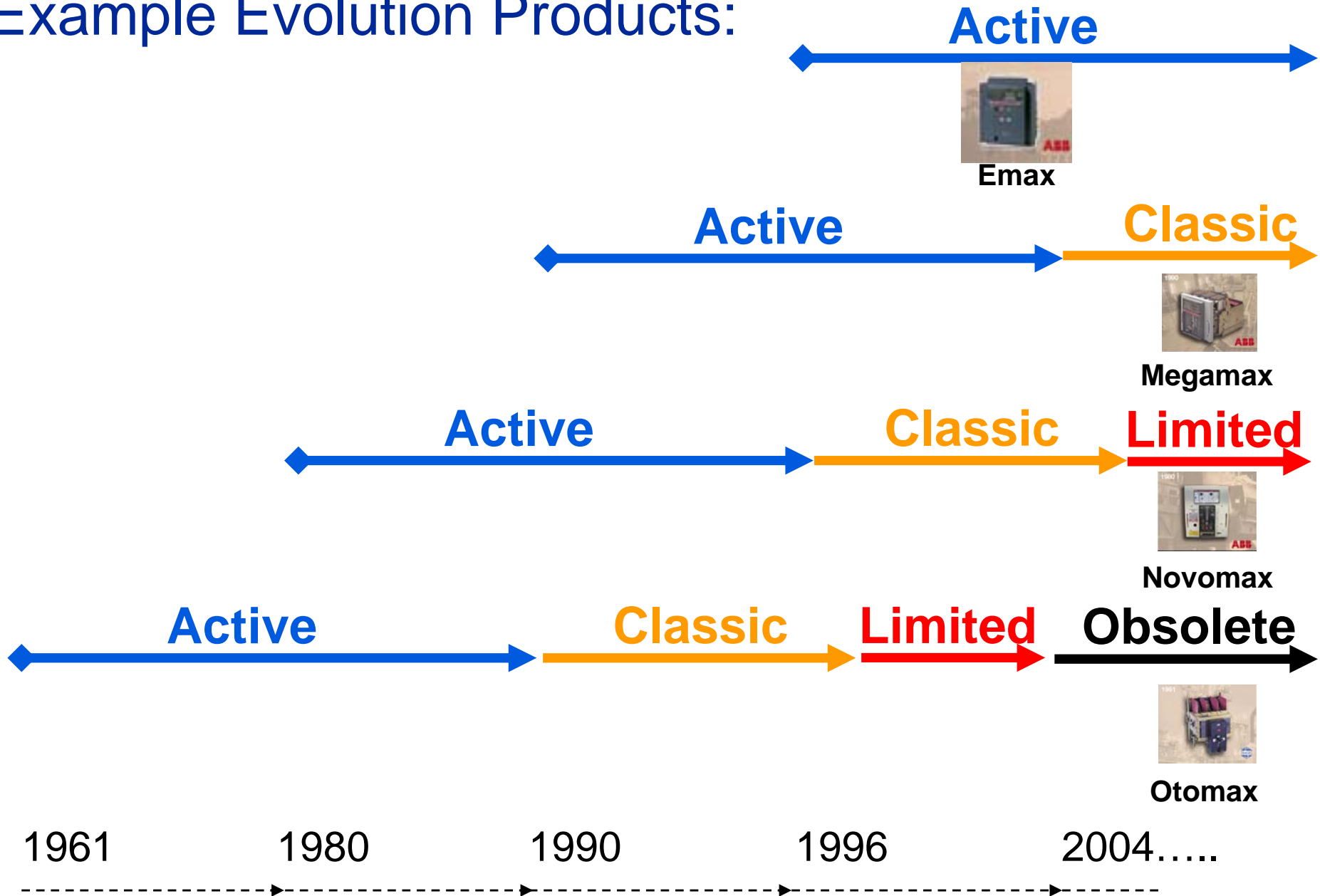


Availability of service offerings is subject to local market conditions.

..... **Lifecycle Services**



Example Evolution Products:



Benefits:

- Total transparency of products life cycle
 - Commercial offer optimized management (warranty, pricing, deliveries...)
 - Product residual life visibility (long term supply agreement, declarations...)
- Product management optimization:
 - Product transition
 - Availability of finished products, spare parts and retrofitting kits
 - Production layout and material planning
- Communication to the customer by Technical Information:
 - Transition phase
 - Residual life
 - Alternative solutions
- Better customer care/service

General Rules:

- Life-cycle status review will be periodically issued via TI
- Life-cycle phase transition may be managed on country basis
- Database available on intranet and internet ABB sites
- PM is responsible of phase transition
- The “Classic” and “Limited” products will have dedicated price list and delivery table
- The Commercial Return will be limited to the Active products

Special Performances Apparatuses:

- Products having a proper life cycle
- Products having peculiar characteristics required by special (niche) market
 - e.g.: Emax ML for Navy application
- Products typically derived by previous series. No replacement available on the current series of products
 - e.g. : Modul SH630/M for mining application is an active product

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