



## Success story

### ON Semiconductor

#### Industry

- Semiconductors

#### Solution

- OpenText™ B2B Managed Services

# Semiconductor supplier sharpens competitive edge

**ON Semiconductor reduces supply chain costs, meets customer need for seamless exchange with OpenText B2B Managed Services**

#### Results



**Reduce** supply chain transaction costs



**Increase capacity** to successfully address fluctuating transaction volumes



**Cost-effectively and quickly** adopt new industry-standard technologies



**Increase the company's share** of customers' purchases

*"Many customers are looking to take out complexity and cost, and speed up their supply chain. OpenText helps us to be responsive to their desires and requirements to increase the amount of electronic data interchange, thus enabling frictionless business transactions. That's a big part of our plan to earn a greater share of our customers' semiconductor wallet."*

**David Wagner**  
CIO  
ON Semiconductor



**With its global logistics network and strong portfolio of power semiconductor devices, ON Semiconductor is a preferred supplier of power solutions. The company's development and manufacturing centers span the globe and employ more than 22,000 people worldwide.**

### **Competitive market, disparate protocols**

Many customers think of power semiconductor devices as commodities. Although ON Semiconductor strongly disagrees with that view, it is frequently the perception under which the company must operate. Consequently, to win a larger share of the market while avoiding a pricing race to the bottom, ON Semiconductor must find other ways to differentiate itself. ON Semiconductor believes that it can achieve a competitive advantage by improving the ease, quality, speed and processing costs of the transactions—purchase orders, shipping notices, acknowledgements, invoices, etc.—that it exchanges with its customers. Enhanced electronic data interchange was an obvious path to achieving these objectives.

With most of ON Semiconductor customers already using electronic communications of some sort to interact with their suppliers, there was no consistency or standardization. Different customers used different technologies and protocols such as electronic data interchange (EDI) and application-to-application interfaces.

In fact, an ON Semiconductor survey conducted found that each customer employs an average of 2.9 different connectivity options. The survey showed EDI as the most used business-to-business connectivity standard today, with 73 percent of respondents employing it. Moreover, the use of the RosettaNet protocol is particularly strong in Europe, which requires further support to gain market share in those regions.

In addition to supporting that one protocol, the company wanted to be able to offer customers a portfolio of EDI options that would support not only the technologies in use today, but also those that would come on stream in the future.

Developing numerous protocol capabilities in-house would require a very large upfront investment in hardware, software and skills. Because of this, ON Semiconductor opted to use OpenText™ B2B Managed Services instead of building out the protocol capabilities inhouse.

### **Seamless data exchange**

With B2B Managed Services, an experienced team of specialists using best-in-class methodologies has access to a state-of-the-art network and hosting infrastructure. The result is seamless data exchange and transformation between business partners of all sizes and technological sophistication.

OpenText acts as the intermediary between ON Semiconductor and its trading partners in both EDI and RosettaNet environments, running over a variety of communications infrastructures, including transmitting data over the EDI network. In addition, the platform automatically matches related transactions and monitors transaction traffic, automatically alerting ON Semiconductor in the event of any errors or exception conditions and helping customers to join the trading network.

While owning, managing and maintaining all of the hardware and software necessary to run the VAN, OpenText also monitors the infrastructure and protects it with a comprehensive high availability solution to provide near 100 percent uptime.

Once ON Semiconductor and one of its customers come to an agreement on what data they are going to exchange and how they are going

***“OpenText helps us stay current with our trading partners' technologies, which is important to us.”***

**Todd Johnson**

IT Applications Director  
ON Semiconductor

to exchange it, the company uses B2B Managed Services to ensure protocols and standards set up in the EDI or RosettaNet environments are harmonious, allowing the companies to successfully interact.

After the setup is complete, the parties on both sides of the supply chain—ON Semiconductor and its customers—interact through a single hub. Each company can use a protocol and communication technology of their choosing as the VAN takes care of all of the transmission and translation necessary to exchange data and transactions between the parties. Consequently, ON Semiconductor manages only one interface, rather than having to connect individually to 500 different customers.

Because OpenText maintains sufficient excess capacity to serve its large customer base, ON Semiconductor can immediately scale up or down its traffic through the VAN as required. Furthermore, the company pays for usage rather than incurring a large up-front cost and ongoing fixed expenses to build and maintain the infrastructure and staff that would be required to facilitate peak transaction flows across a growing customer base.

OpenText provides around-the-clock monitoring and service for the VAN, ensuring that ON Semiconductor and its customers can get support whenever they need it. This support capability would have been costly to maintain in-house, as ON Semiconductor's diverse customers operate in time zones spanning the globe and some of them run 24/7 operations.

### Frictionless transactions, competitive edge

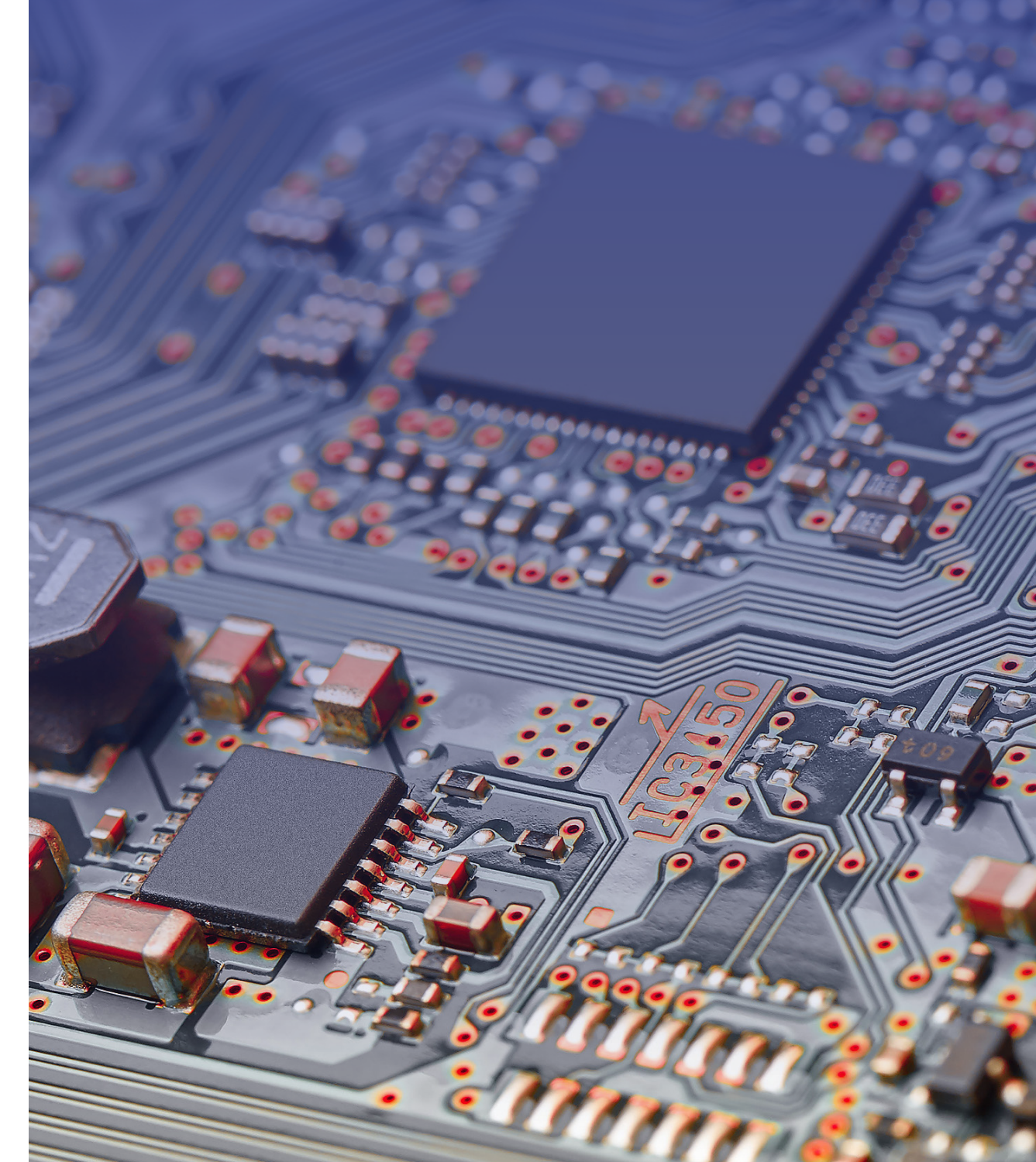
According to David Wagner, CIO at ON Semiconductor, customers are their key area of focus. ***"Many customers are looking to take out complexity and cost and speed up their supply chain. OpenText helps us to be responsive to their desires and requirements to increase the***

***amount of electronic data interchange, thus enabling frictionless business transactions. That's a big part of our plan to earn a greater share of our customers' semiconductor wallet,"*** he explained.

***"What we're getting as a result of our relationship with OpenText is the ability to scale our costs more appropriately as we go rather than having to make a large investment to build our own infrastructure to handle the new standards,"*** added Wagner. ***"We've come up with a plan that allows us to look at RosettaNet and address these costs in a much more incremental and palatable way."***

Ready-made, on-demand expertise is another major benefit that ON Semiconductor receives from B2B Managed Services. According to Todd Johnson, IT applications director at ON Semiconductor, ***"OpenText helps us stay current with our trading partner's technologies, which is important to us. It helps us migrate quickly into the leading-edge technologies such as RosettaNet. Having OpenText as a managed services partner makes it very easy to deal with those scenarios."***

***"The team from OpenText has worked with us in a creative and solution-oriented fashion to help us deliver better solutions to our key customers. This allows us to differentiate ourselves from our competitors and position ourselves to earn a bigger component of our customers' semiconductor business. We look forward to continuing to drive this capability. The thing that is very positive for us is that we are working with a partner who is helping us to meet our goals, while allowing us to scale our costs appropriately,"*** concluded Wagner.



### About OpenText

OpenText, The Information Company, enables organizations to gain insight through market leading information management solutions, on-premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTEX) visit [opentext.com](https://www.opentext.com).

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