



Services Spend: Your Value Powerhouse

6th Annual ISM Services Group

December 1-2, 2005
Scottsdale, Arizona

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CORPORATE OVERVIEW

SBC Procurement Vision: Enhance SBC's supply chain performance in order to generate customer revenue, reduce total cost of ownership and cycle times and meet the needs of our business partner organizations.

SBC Procurement Priorities:

- Business Partnerships
- Financial Management
- Operational Excellence
- Innovative Teams

SBC Spend Data:

	2004 Total	2005 ytd August
Total Spend	\$10.9B	\$7.8B
Total "Labor" related Spend	\$1.5B	\$1.7B
% "Labor" related spend of Total Spend	14%	22%

SBC Supplier Diversity: SBC is committed to providing at least 21.5% of our business to Minority owned business enterprises, Women owned business enterprises and Disabled Veteran Business Enterprises (MWBE/DVBE), regardless of the product or service category. All of SBC contracted vendors are asked to support this commitment.

In order to achieve our results, we provide MWBE/DVBE suppliers the maximum practical opportunity to compete for our business (directly or by subcontracting through our prime suppliers).

At the end of 2004, SBC spent 17.2% of all dollars with diverse suppliers.

While SBC does not publicly report on supplier diversity results in the "services" area, our commitment still remains.





QuEST

Tier one suppliers are held accountable for registering to TL 9000.



That industry standard was developed by the **Quality Excellence for Suppliers of Telecommunications (QuEST)** Forum – a telecom industry quality organization.

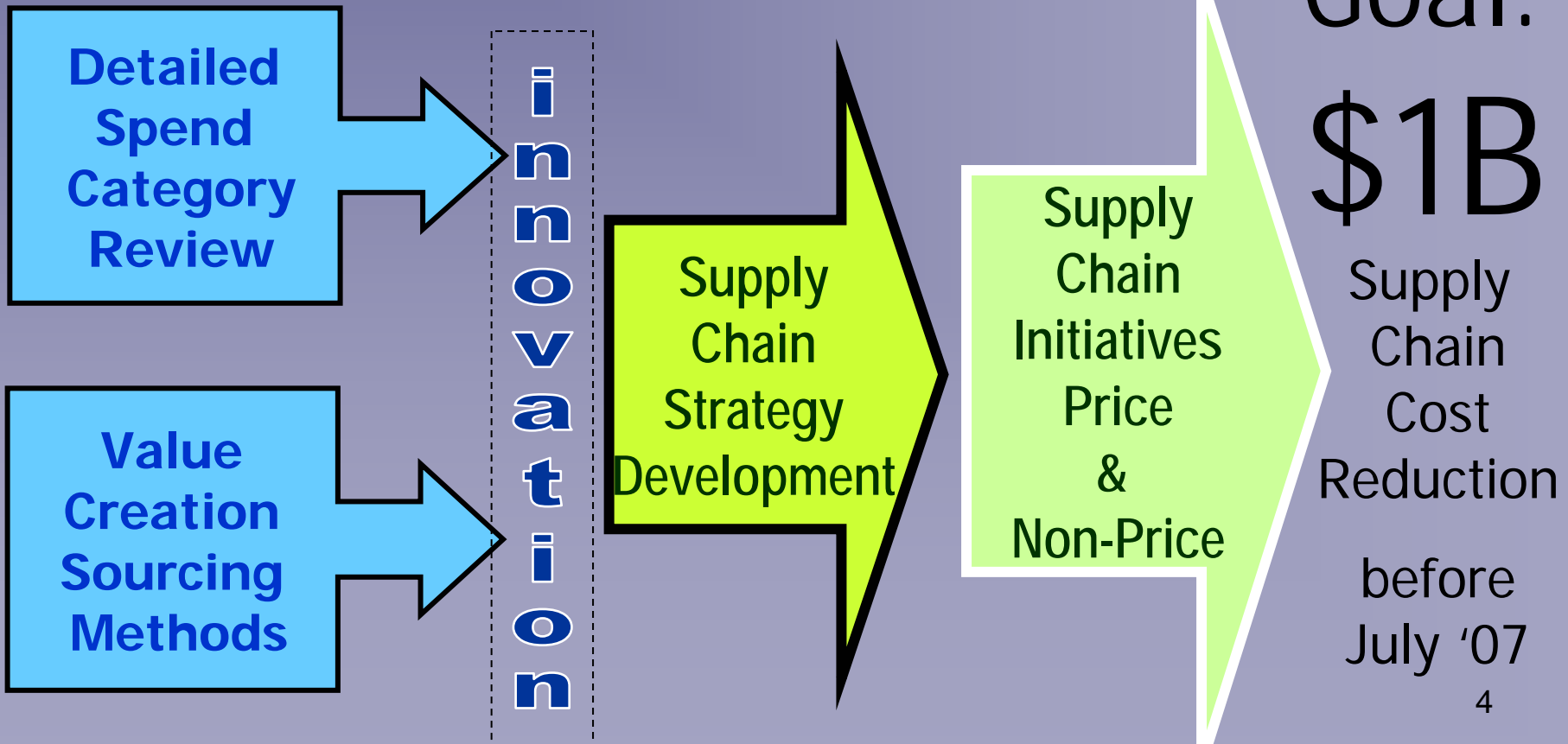
- Collaborate with suppliers and service providers to enhance the Telecom Quality Standard – TL 9000
- Promote the sharing of Best Practices within the industry
- Foster the use of TL 9000 performance data for benchmarking



Project SCORE

Sourcing **CO**st **RE**duction Initiative

Strategy development aimed at generating savings by repetitive purchases, replacement purchases, produce or service substitution, contract re-negotiation or re-sourcing purchases.

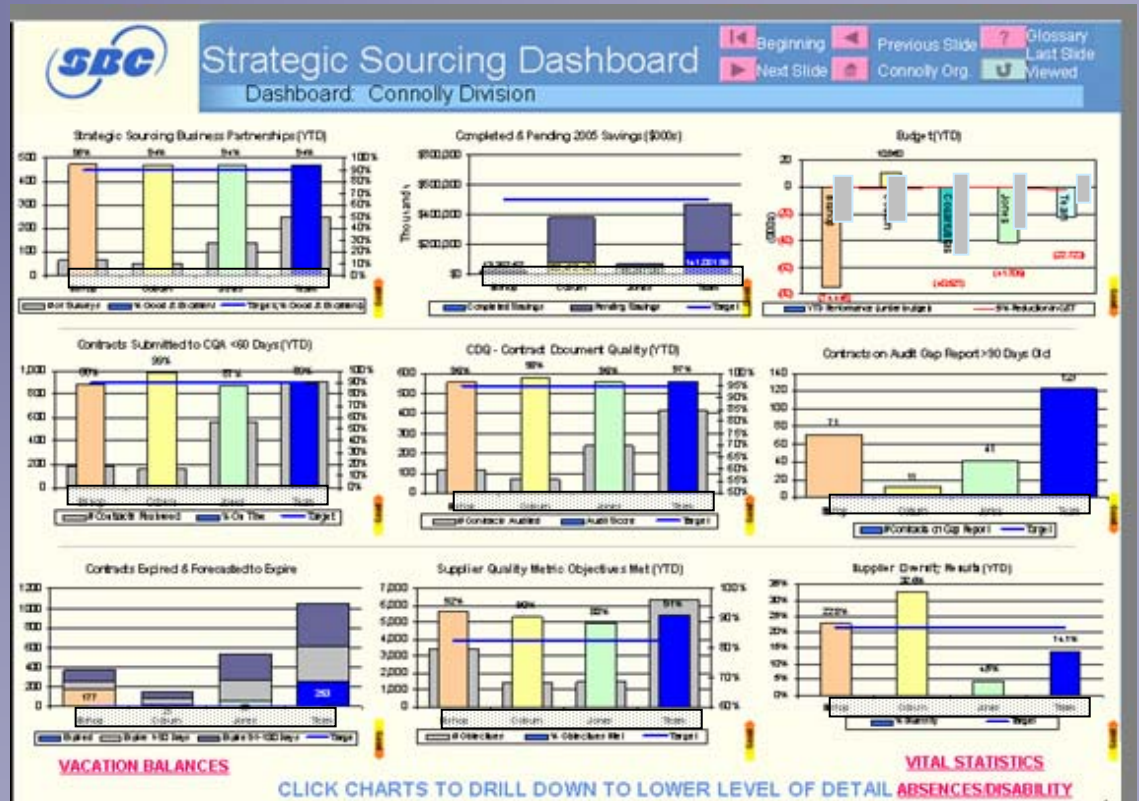




Measuring Internal Performance

The Strategic Sourcing Dashboard is our way of creating The Golden Thread.

The Golden Thread refers to the way all team members are connected to and understand our key business objectives throughout the organization.





Measuring External Performance

www.sbcscsuppliers.com

A central Web repository for measuring supply chain quality and performance. This website contains:

- Supplier Registration
 - Supplier Diversity Tools
 - Performance Reporting
 - Supplier Quality Program

The screenshot shows the SBC Suppliers website. The address bar displays 'http://www.sbcscsuppliers.com/'. The page features a navigation menu on the left with links for 'SBC Suppliers Home', 'Prospective Suppliers', 'Supplier Diversity', 'Downloads', 'Member Suppliers', 'FAQs', and 'Contact Us'. The main content area is divided into several sections: 'Announcements' with news about SBC purchasing system changes and a newly released SBC sponsored study; 'Prospective Suppliers' with links for 'Doing Business with SBC', 'Qualification Requirements', and 'Register as a prospective supplier'; 'Supplier Diversity' with information about SBC's commitment to diversity and links to 'SBC Supplier Diversity Programs', 'Recognized Certification Agencies', and 'Calendar of Events'. A quote from the Department of Commerce Secretary Donald L. Evans is displayed in a green box. The 'Links' section includes 'SBC Communications, Inc.' and 'Quality Excellence for Suppliers of Telecommunications'. A sidebar on the right contains 'Registered Suppliers' and 'Member Suppliers' sections with links for 'Update Prospective Supplier Profile' and 'Secured Login'. The page footer includes copyright information for SBC Services, Inc. and a note about browser optimization.

TL9000 establishes measurements that apply to the telecom industry. SBC and the supplier jointly decide which measurements apply to the supplier...which measurements will be used to evaluate the supplier. Once a month, the supplier provides data regarding their performance via the web. The data is validated by SBC and a type of report card is issued. The data is, of course, made available to the supplier.