

D-Link European Distribution - Maximizing Accuracy and Efficiency with JDE & RF-Smart

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Agenda

- The Company
- What did we set out to do?
- How did we do it?
 - Defining Solutions
 - Solution Selection
 - Timeline Summary
 - Execution
- What did we achieve?
 - Cost Reduction
 - Efficiency & Accuracy
 - Return on Investment
- Reduced labour cost
- Ongoing improvement
- Q&A

Company Mission:

Produce, market and support world class networking and communication solutions through our belief in quality, service and cost competitiveness

Founded 1986 in Hsinchu, Taiwan, publicly listed in Taiwan and India

Network solutions provider for all markets: consumer to business

A way of doing business that mirrors our solutions: flexible, reliable and accessible

2005 annual revenues – \$1.135 billion following 20 years consistent annual growth

90 sales offices in 48 countries & 10 regional warehouses serving 100 countries

Versatile indirect channel model adding expert service to our solutions

Independent Recognition

CORPORATE



D-Link is Selected to the Prestigious
"Top 100 Information Technology
Companies"

MARKET



CHANNEL



PRODUCT



DXS-3350SR



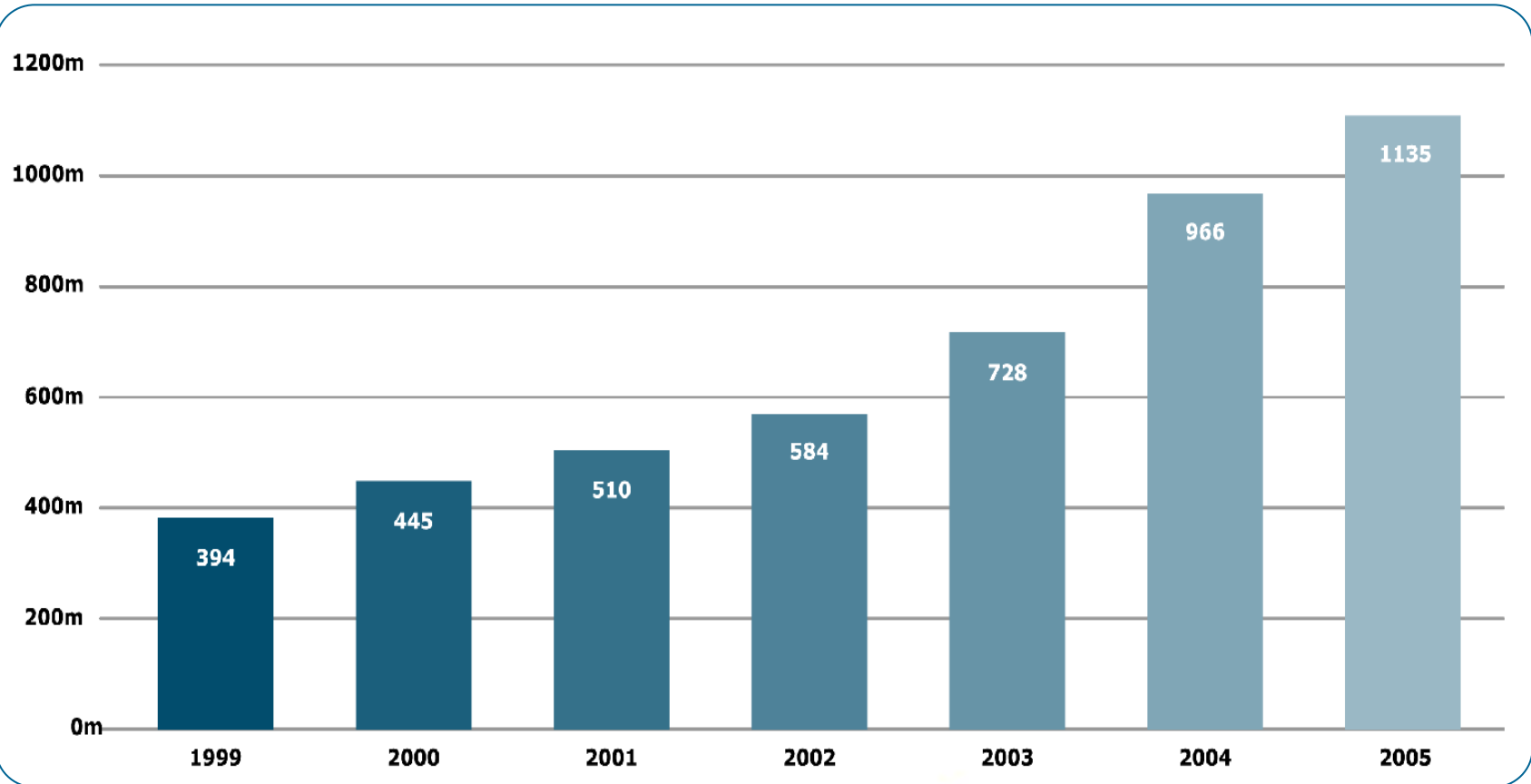
D-Link is Selected to the Top 100
Most Influential Companies
Worldwide from PC Magazine.



Global Organization

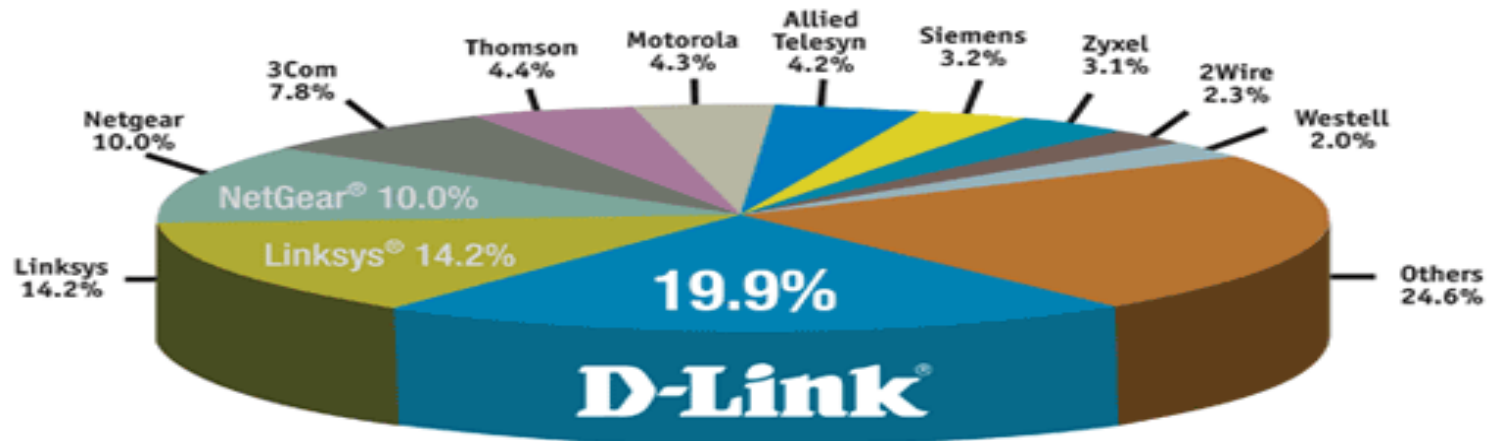


20 Years of Consistent Growth



#1 in Global Connectivity

D-Link #1 Market Share Leader in Global Small to Medium Business Connectivity



In-Stat

Compiled from:

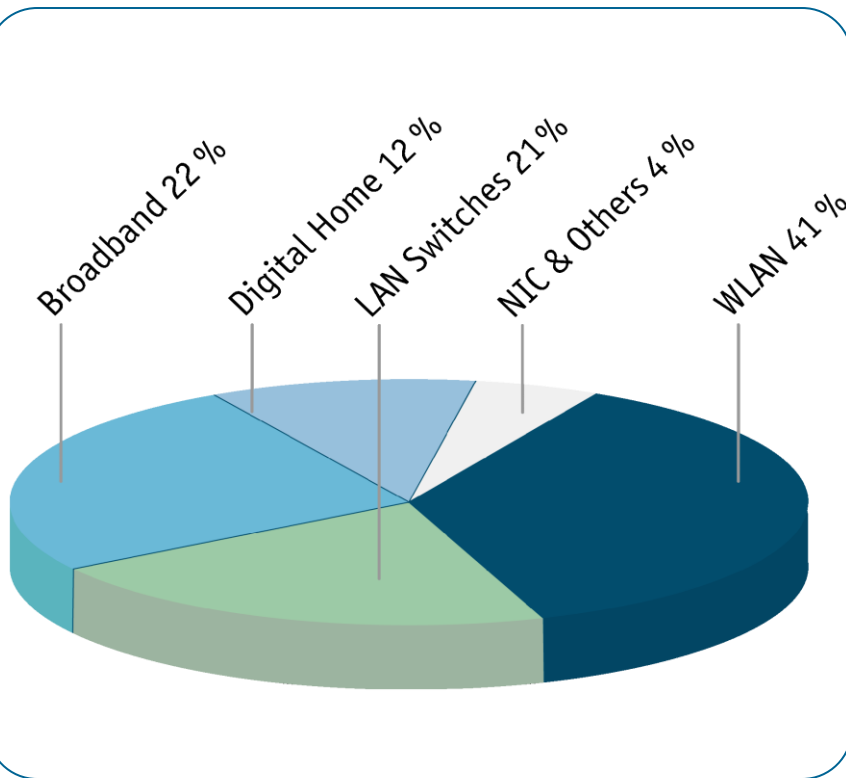
In-Stat Q2 2005 Wireless LAN Equipment Market Shares Report

In-Stat Q2 2005 Ethernet LAN Switch Market Shares Report

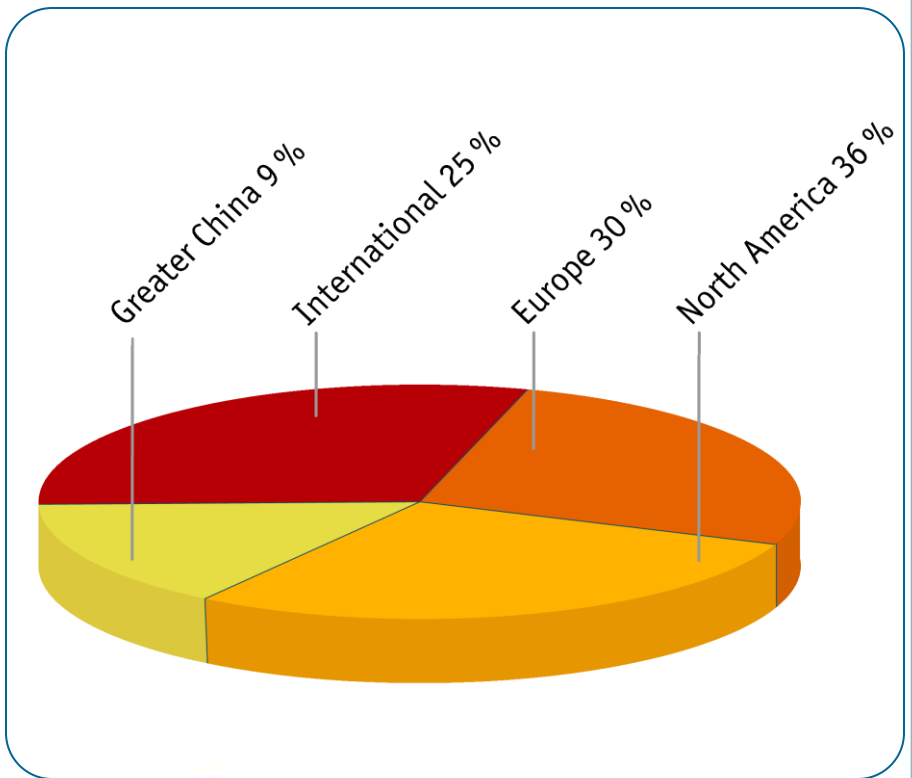
In-Stat Q2 2005 Broadband Equipment Market Shares Report

2005 Revenue Breakdown

BY PRODUCT

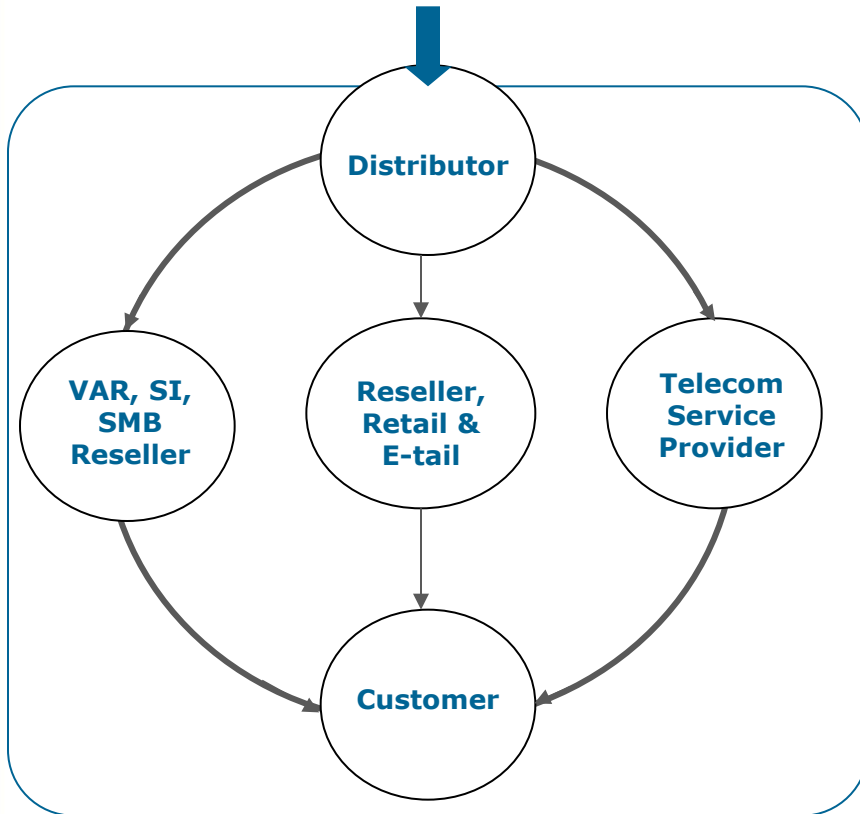


BY REGION



Channel & Alliance Partners

D-LINK ROUTE TO MARKET



MARKET DRIVEN ALLIANCES



Customer Service & Support

Local help desk

RMA and online tracking

Online support

Knowledge database

European wide logistics service

Business class warranty offering

European Customers



What did we set out to do?

Targets

- Increased Customer satisfaction
- Cost reduction and cost control
- Maximize Efficiency & Accuracy
- Introduction of accurate performance indicators
- Achieve industry minimum standard
- Development of in-house JDE skill base
- Increase accountability & reliability of the supply chain
- Build a solution that would allow us to scale up our operation as we continue to achieve high sales growth

How did we do it?

Defining Solutions

- #1 – Integrated Solution
 - JDEdwards Advanced Warehouse Management Module
 - RF-Smart data collection solution
 - Create!Form Enterprise Output Management Solution
 - TeamCain – System Integration
- #2 – Integrated Solution
 - JDEdwards AWM Module
 - Alternative RF Middleware Solution
 - Alternative Enterprise Output Management Solution
 - Swiss System Integrator

How did we do it?

Solution Selection

Site visits and reference checking

- Solution #1 – Integrated Solution
 - JDEdwards Advanced Warehouse Management Module
 - RF-Smart data collection solution
 - Create!Form Enterprise Output Management Solution
 - TeamCain – System Integration

How did we do it?

Timeline Summary

- Signed contracts – Feb 2004
- Project kick-off – March 2004
- ‘Go-live’ with basic rf data collection – June, 2004
- ‘Go-live’ with full solution – August 2004
- Post ‘go-live’ support – September 2004

How did we do it?

Execution

- Detailed implementation schedule
- Purchase of RF hardware and software
- Installation of hardware and software
- Implementation
 - Process Definition
 - Modelling of processes in testing environment
 - Full Data Load
 - RF 'go-live'
 - Full integration testing and end user sign-off
 - End User Training & 'go live' preparation
 - Process documentation
 - AWM 'Go Live'

What did we achieve?

Cost Reduction

- Warehouse personnel bill reduced by average 29%
- Control of temporary personnel to fit business needs (reduction of temporary labour bill to 2003 levels when D-Link Europe shipped 40% less)
- Reduction of one (1) clerk in logistics department
- Reduction of one (1) clerk in sales order department
- Year-round stock variance reduction to below 0.25%

What did we achieve?

Efficiency & Accuracy

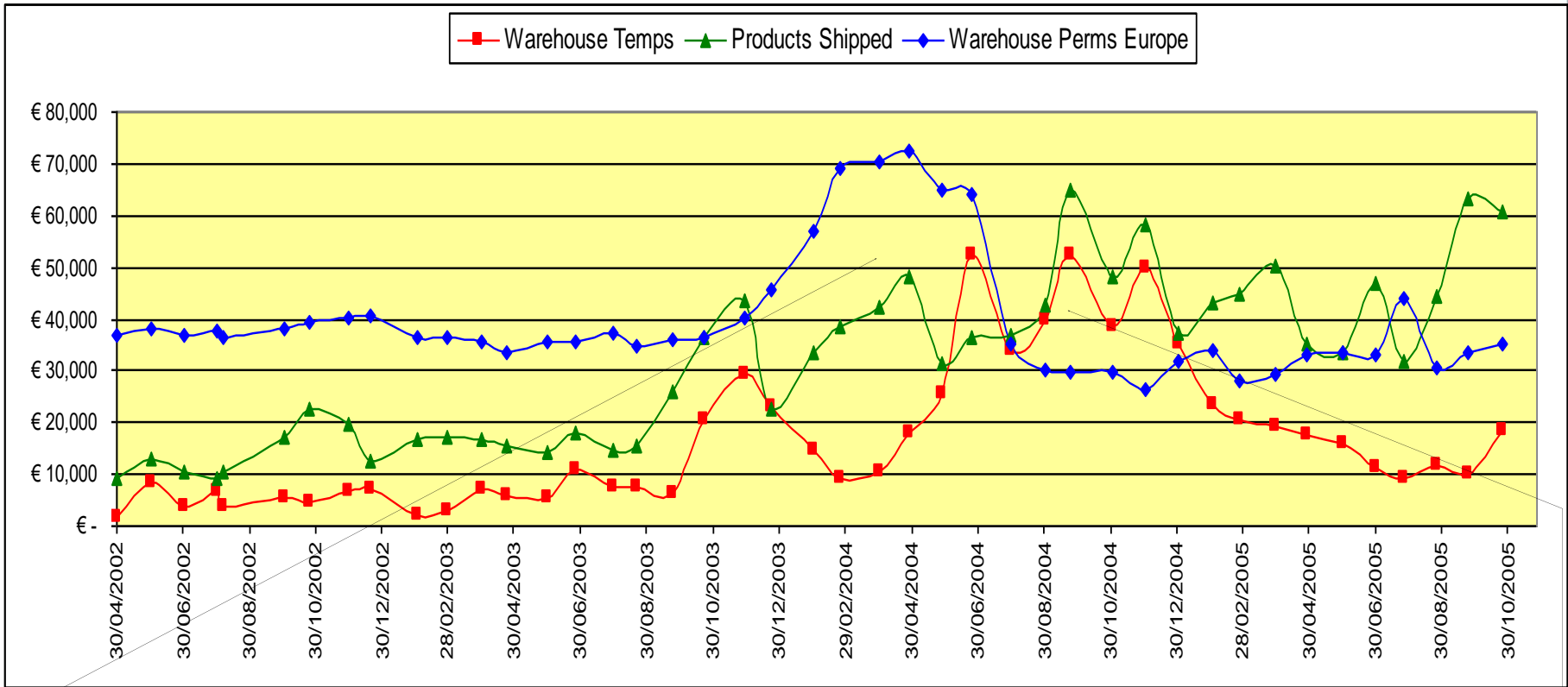
- Average JDE receipt time reduced to 40 minutes/container from 120 minutes/container
- Average pick time reduced by 100%
- Maximum sales order Turn Around Time of 4 hours
- Record mixed pallet output in one day (10 working hours): 176 pallets
- Regular cycle count system in place which is more relevant as it is based on real time data collection
- Drastically reduced exception handling with our customers
- Stock Variance reduction of 83% based on double the stock value levels
- Predictable and controlled warehouse operation
- Virtually error free receiving
- Scalable operation able to handle business volume increase

What did we achieve?

Return On Investment

- Investment in AWM 2004-05 YTD = €459,708
- Estimated total warehouse personnel spend without AWM for 2005: €960,000 (based on 2004 figures)
- Total warehouse personnel bill 2005: €592,861
- R.O.I. for this project was 18 months based on labour savings alone
- Two (2) Senior JDE Technicians
- One (1) Senior AWM Power User
- Two (2) Junior AWM Power Users

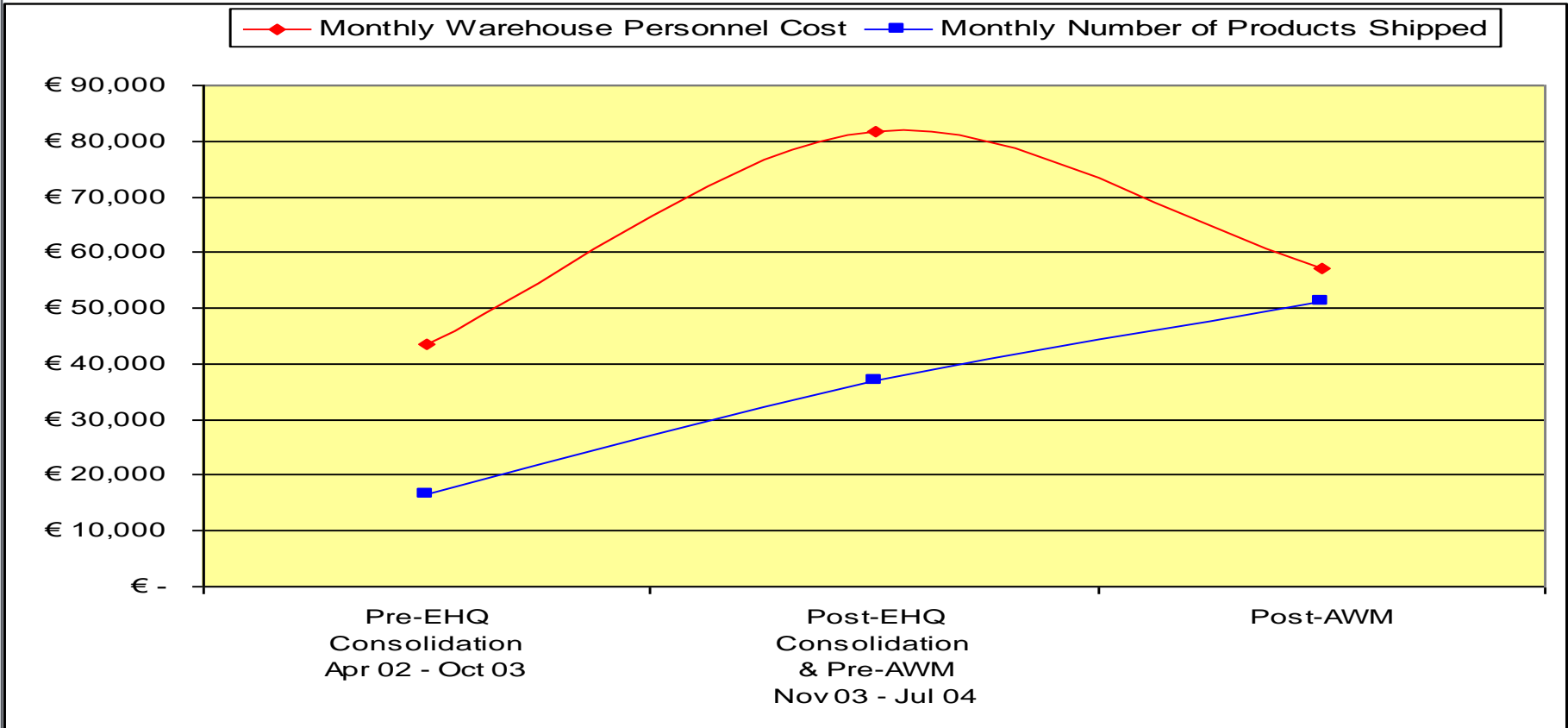
Reduced Labour Costs



Period Sep 2003 to Jun 2004
Consolidation of German and French warehouses at ESC

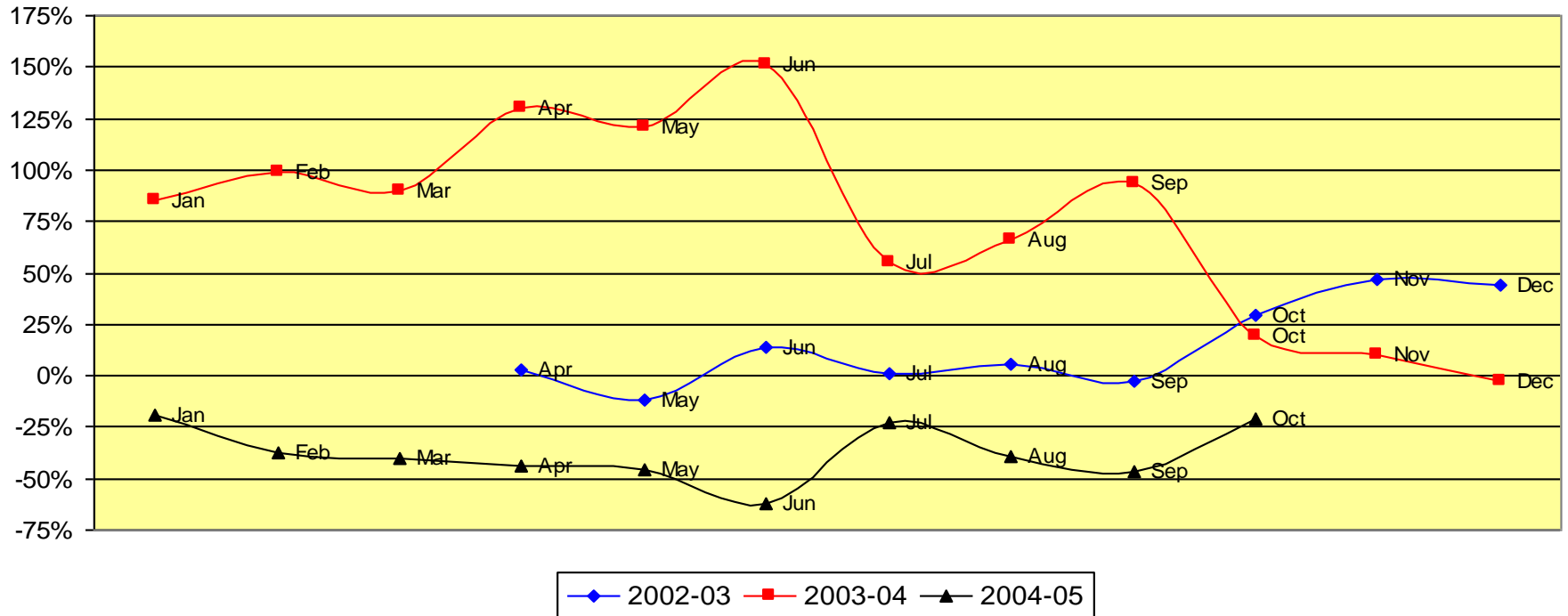
Period Jul 2004 to Dec 2004
Implementation of AWM

Personnel Cost versus Production



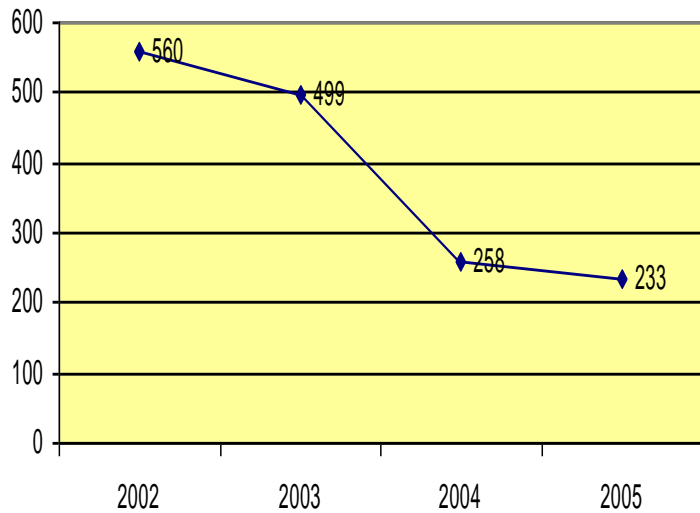
Warehouse Personnel Cost YoY

Percentage Variation in Warehouse Personnel Costs YoY

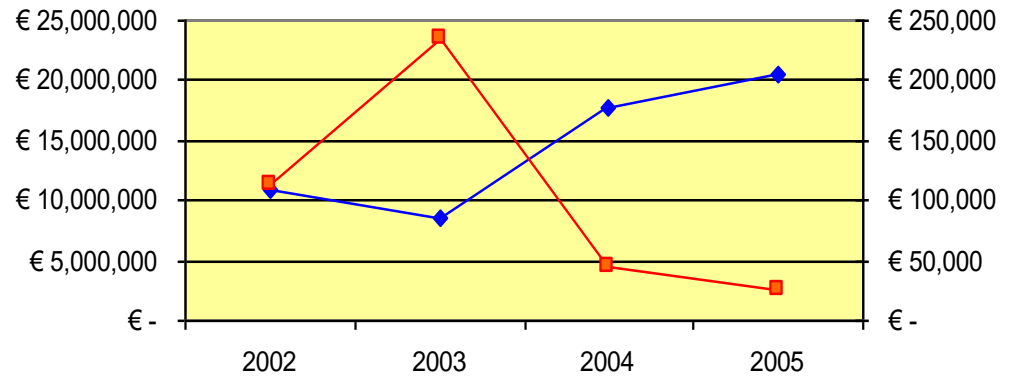


Accuracy

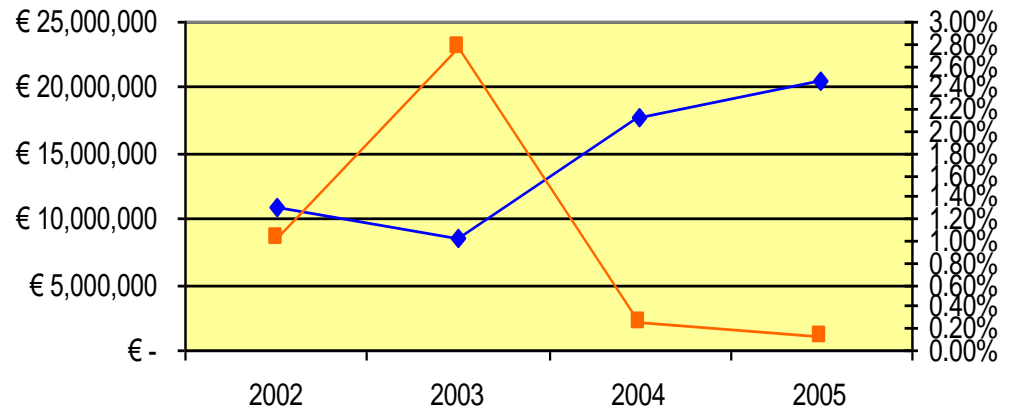
Number of Products Showing Variance



Stock Valuation Value of Variance



Stock Valuation Percentage Variance



Ongoing Improvement

| Concept | 2005 | 2006 | % Increase |
|--|------------|------------|------------|
| Number of Products Shipped | 1,448,866 | 1,548,602 | 6.88% |
| Total Number of Pick-Slips | 2,022 | 2,596 | 28.39% |
| Pallets Completed | 3,590 | 3,497 | -2.59% |
| Errors Notified by Customer | 132 | 73 | -44.70% |
| Number of Man Hours Picking / Packing Checking | 4,584 | 4,424 | -3.48% |
| Number of D-Link Employees (Man Days) | 893 | 840 | -5.94% |
| Numer of D-Link Employees (Man Hours) | 6,930 | 6,470 | -6.64% |
| Number of Agency Staff (Man Hours) | 2,812 | 2,213 | -21.30% |
| Agency Labour Cost | £27,887.90 | £17,667.79 | -36.65% |
| Number of Holiday day taken (Man Days) | 55 | 122 | 121.82% |
| Number of Absences due ot Sickness (Man Days) | 135 | 22 | -83.70% |

Safe Harbour Statement

Except for statements in respect to historical matters, the statements contained in this release are "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of D-Link Corporation to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.