



August 12th, 2020

Samtec's Evolving Sudden Service

We have some very exciting news to share about where we're headed with the future state of "Sudden Service". This will be a journey, not necessarily a destination, that will evolve over several phases with the goal of providing "Instant Availability" for our most common items and "Design Flexibility" for our differentiated products with industry leading lead-times.

Samtec's current Sudden Service model utilizes build-to-order manufacturing for over 90% of our orders. This has been very successful model in offering the shortest lead times in the industry, high OTD rates, expedite flexibility and solid risk mitigation due to redundant capabilities at multiple manufacturing sites across the globe. We will continue to utilize this model where it's best applied, with our differentiated products that aren't typically made available by our competitors and for large scheduled orders.

Going forward, our most common items will have "Instant Availability" and next day starting lead times. They will ship from an inventory location that best serves each customer/customer location. Our goal is that 50% or more of our order lines will ship "next day" from inventory. This evolution of Sudden Service will allow for significant lead time reductions, order consolidations, freight cost reductions as well as reduce exposure to tariff surcharges.

There are a few trade-offs needed to allow us to evolve to this model:

1. Samtec starting lead times for build-to-order manufacturing will move to 15 working days, pre-pandemic starting lead times were 5 days. With the exception of a few product lines, starting lead times are now positioned at 15 working days.
2. In some cases, Samtec will align with the industry on standard packaging quantities, packaging multiples, packaging minimums and **effective 8/17/2020 leader/trailer will only be included with full Tape and Reel increments**. This will greatly simplify our packaging quantities, avoid efficiency losses currently experienced with partial real orders and enable stocking for next day availability.
3. In some cases, minimum order requirements will be removed (no longer a 125 piece MOQ for T&R) while full package (T&R or Tray) increments may be recommended as a means of improving delivery from build-to order with lead time to next day availability.

As we position inventory to support Next Day deliveries you'll notice that we will remove the T&R Minimum Order Quantities. For our most common items, all less than full reel quantities and orders not placed in full reel increments will utilize "cut-tape" which is standard in the industry and does not include a leader/trailer.

For a more details related to packaging please refer to the follow link:

<http://suddendocs.samtec.com/articles/samtec-packaging-policies.pdf>

To further simplify the ordering process we will be releasing new pricing at the beginning of October that aligns price breaks with standard package quantities. The new pricing will include more price breaks in smaller quantities that match the industry as well as provides better visibility of more competitive pricing for production volumes.

As a reminder, we have an incredible partnership with our franchised distributors and as we position our "Instant Availability" inventory, that inventory will also be accessible through our channel partners. Meaning, orders placed with our distributors can be drop shipped so that our next day lead times can be utilized.

Sincerely,

Scott Lamb
Director of Global Sales Operations
Samtec, Inc.