

Global Source Management and Engineering
Supplier Part Quality Data Reporting Requirements

A supplier is expected to provide their parts quality report on a monthly basis. It is an indicator of the supplier's process quality, the outgoing product quality of the product being shipped to IBM and corrective actions. The purpose of this document is to define what measurements are to be reported, how they are to be determined and when they are to be reported.

I. Second Time Return Rate Reporting Requirements

- A. The **second time return rate** may indicate how well the reutilized parts are performing during its functional lifetime.
- B. A **second time return** is a part returned for quality reasons within a second time return period measured from the time the part was shipped by the supplier.
- C. The **second time return period** is 1 year unless it is defined otherwise by Global SM&E for the specific p/n.
- D. The **2 nd time return rate** is calculated by:
Units returned during a measurement period (X) divided by the total number of shipped units in the same period.

$$\text{Second time return rate} = \frac{\text{Units returned during period (X)}}{\text{Total shipments during period (X)}}$$

To assess the short term and long term trends of a supplier's part quality, there will be two required second time return rates. The first one will be based on a rolling 3 months measurements period and the second one will be based on a rolling 12 months measurement period.

Measurement period (X)

- 1) rolling 3 months
- 2) rolling 12 months

- E. **Scope** of the reporting requirements will include all IBM CSP repair, MVS repair, NDF test process and open market buys