



ABB FULL SERVICE

Productivity Through Reliability

North American industry today is faced with high-quality, low-cost products from emerging economies. Global competition within companies is also strong as corporate planners weigh financial

benefits of existing plants in developed economies or new plants in growing economies. As a result, organizations must focus on core competencies while squeezing as much from their existing assets as possible.

According to ARC Advisory Group¹, capital expenditures as a percent of revenue have declined annually by 4.3% since 1997, due to efficiencies gained through mergers, productivity increases and a shift in manufacturing competencies to partners. In addition to aging assets, much of the skilled workforce for engineering and maintenance is aging and retiring.

Maintenance as a Profit Center

ABB Full Service is a plant reliability management program that turns maintenance operations into profit centers. By assuming responsibility for a plant's maintenance operations, ABB helps improve and sustain the performance of production assets.

ABB brings together world-class maintenance and reliability methodologies, parts management, online tools, domain expertise and professional maintenance and P&L leadership to increase asset effectiveness while reducing maintenance costs.

Contractual Commitment to Productivity Improvement

ABB contractually commits to improvement in Overall Equipment Effectiveness (OEE) over the span of the Full Service Agreement. OEE, the industry-accepted measurement of production performance, is a function of three basic indicators: availability, performance efficiency and rate of product quality output.

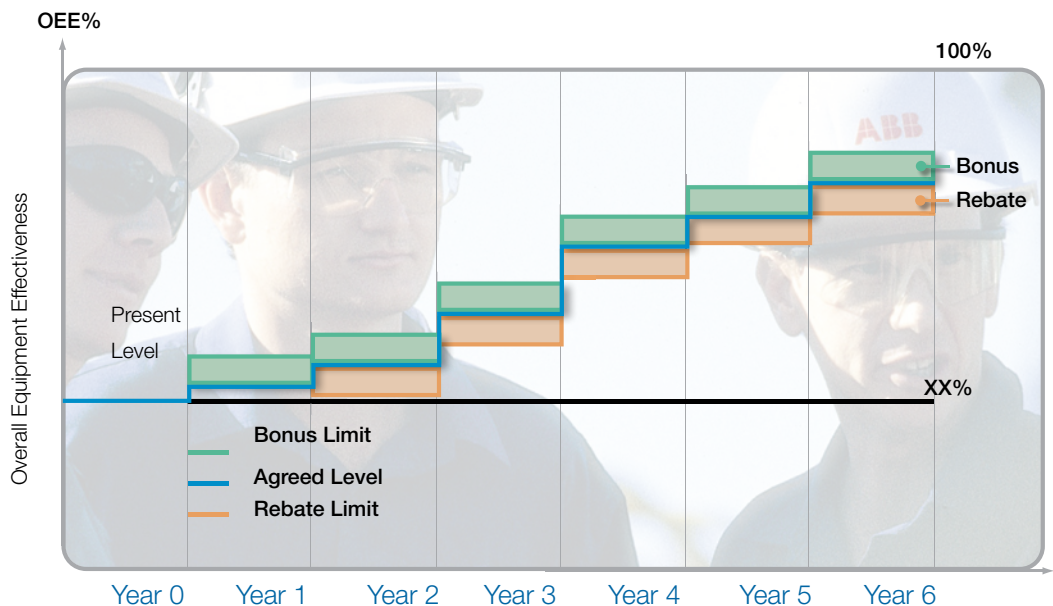
ABB's contractual commitment to OEE includes a bonus for exceeding OEE goals, and a rebate for customers if the goals are not met.

Bottom Line Results

In addition to OEE, ABB contractually commits to reduce overall maintenance costs. Increased OEE and reduced costs yield bottom-line results for ABB's Full Service customers. Coupled with the new ability to focus on core business (rather than maintenance), Full Service improves the business on many levels, making ABB customers even more competitive.

ABB Full Service is a performance-based reliability management program.

Reliability Services



(1) "Capital Expenditure Survey 2006," by David Humphries. Published in 2006 by ARC Advisory Group



ABB Full Service® Process



ABB follows a well-defined process to ensure Full Service success at each site.

Benefits of Full Service

Performance and financial impact

Each Full Service Agreement is measured against Key Performance Indicators (KPIs) developed with the customer. These include Overall Equipment Effectiveness (OEE) and Total Maintenance Costs (TMC), to which ABB contractually commits year-over-year improvements. ABB Full Service agreements include risk / reward sharing, linking ABB's financial outcome directly to customer performance.

Reliability and lifecycle management

By extending the life of existing assets and increasing OEE, capital expenditures can be delayed, avoided or shifted. Capital efficiency and increased volume from productivity gains directly impact balance sheet metrics such as Return on Capital Employed (ROCE) and Return on Net Assets (RONA).

Maintenance managed as a profit center

A robust business case, Maintenance Management Master Plan and five-year performance objectives are developed before signing a Full Service Agreement. This provides a clear picture of the current state of assets and the financial opportunity that will be gained – and how it will be gained – over a multi-year contract.

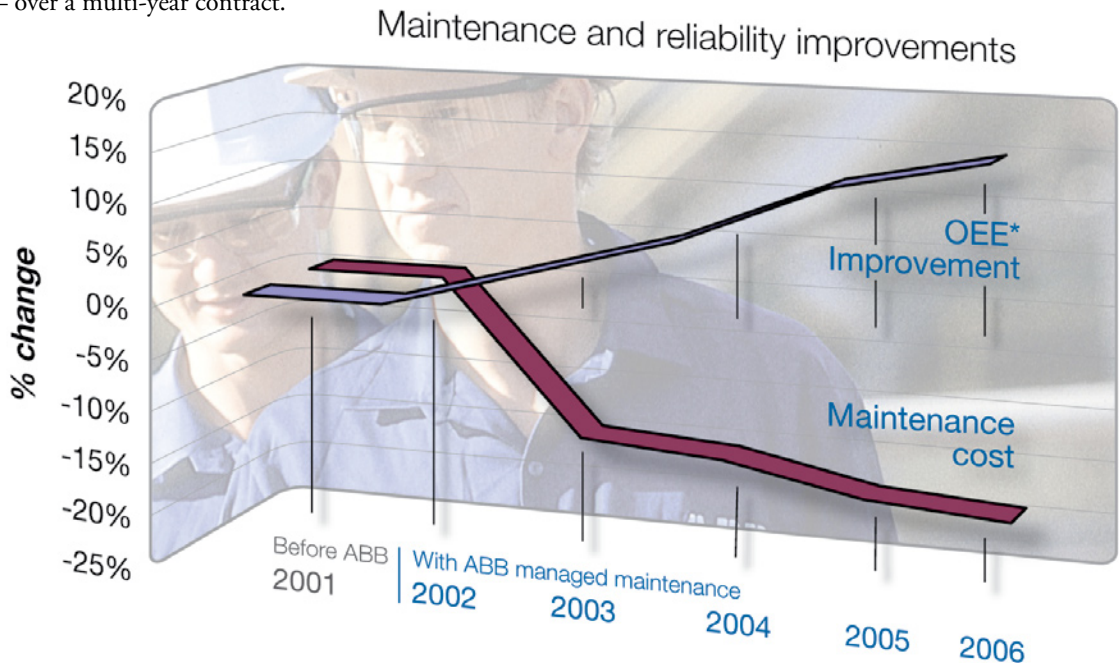
Creating a reliability mind set and culture

The transformation to a reliability-minded culture is guided by a change management program that includes highly qualified reliability leadership; teamwork-focused human resources processes; customized training for new and existing employees; and ongoing communications to keep stakeholders informed and committed. Frequent reporting against KPIs along with open and honest exchange of information ensures organizational focus on meeting business and personal objectives.

Access to ABB knowledge

Reliability is a core competency at ABB, which is uniquely positioned to develop and evaluate emerging processes and technologies and apply them as they become viable. In addition, a large customer base and early exposure to new processes and technologies allows ABB to sustain a highly skilled workforce that is able to implement and maintain world-class best practices.

Full Service has been proven successful around the world in both process industries and discrete manufacturing.



Actual results with ABB Full Service at a paper mill.

*Overall Equipment Effectiveness



ABB Inc.

579 Executive Campus Drive
Westerville, Ohio 43082
USA

Phone: 877-234-6756
Fax: 614-818-6557
Reliability.services@us.abb.com