

National Instruments Supplier Performance Report Card ("Scorecard") Assessment Criteria

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I. OVERVIEW

The NI Supplier Performance Report Card ("Scorecard") provides a quantitative and consistent process to measure supplier performance categories critical to our success. This process is designed to improve incoming material quality, reduce lead times, help achieve uninterrupted supply, enhance pricing competitiveness (lowest total cost of ownership) and improve customer service.

The Scorecard uses four main assessment criteria. These criteria provide the best gauge of product and service performance. The four criteria are **Quality, Supply Assurance, Total Cost,** and **Customer Service and Support.** These are broken down into categories totaling 100 points (Quality = 30, Supply Assurance = 30, Total Cost = 30, Customer Service/Support = 10.)

The supplier's accumulated points are totaled and divided by 100 to obtain the overall percentage score. In the event that one or more categories are not graded, the supplier's accumulated points are divided by 100 minus the omitted category points.

The commodity manager has the discretion to adjust scores based on unique situations. Additionally, where "days" is used, the meaning is **business days**. Below is a description of each criterion:

II. QUALITY

a. Formula for Quality in DPPM (defective parts per million) terms

The acceptance rate at the piece part level.

The calculation is:
$$\frac{\text{quantity of parts rejected}}{\text{quantity of parts received}} \times 1,000,000$$

Rejects counted are identified within the reporting period, regardless of when the product was received. Multiple rejections can be recorded against one part. The section is weighted 25% of the total.

b. DPPM scoring:

Distribution, ASICS, Labels, Hardware		
DPPM Score	%	Points
0 - 250	0.025%	25
251 - 400	0.04%	23
401 - 500	0.05%	20
501 - 750	0.075%	15
751 - 1000	0.10%	10
1001 - 2500	0.25%	5
>2500	>0.25%	0

Cables, Software, Print, Packaging		
DPPM Score	%	Points
>0 - 500	0.05%	25
501 - 1000	0.10%	23
1001 - 1500	0.15%	20
1501 - 2500	0.25%	15
2501 - 5000	0.50%	10
5001 - 10000	1.00%	5
>10000	>1.00%	0

PCBs		
DPPM Score	%	Points
0 – 500	0.05%	25
501 - 2500	0.25%	23
2501 – 5000	0.50%	20
5001 - 7500	0.75%	15
7501 - 10000	1.00%	10
10001 - 20000	2.00%	5
> 20001	>2.00%	0

Metals & Plastics		
DPPM Score	%	Points
0 - 1000	0.1%	25
1001 - 5000	0.50%	23
5001 – 7500	0.75%	20
7501 - 10000	1.00%	15
10001 – 20000	2.00%	10
20001 – 30000	3.00%	5
> 30001	>3.00%	0

Chassis & Backplanes		
DPPM Score	%	Points
0 - 2000	0.20%	25
2001 - 7000	0.70%	23
7001 – 10000	1.0%	20
10000 - 15000	1.50%	15
15001 – 25000	2.50%	10
25001 – 35000	3.50%	5
> 35000	>3.50%	0

c. Supplier Corrective Action Request (SCAR)

The Supplier Corrective Action Report (SCAR). The assignment of points is based on SCAR activity during the reporting period, the supplier’s corrective action response time and the adequacy/permanency of the supplier’s corrective action response against the SCAR(s). The section is weighted 5% of the total.

Scoring:

All product categories	
Conditions	Points
0 SCARS	5
1 SCAR, timely and adequate response	4
1 SCAR but poor and/or late response	3
2 SCARS	2
>2 SCARS	0

III. SUPPLY ASSURANCE

a. Formula for supply assurance in on-time delivery terms

The percentage of line items actually received “on-time” as compared to the supplier’s original delivery promise date. “On-time” receipt is defined as delivery to NI’s dock from seven days early to one day late. The section is weighted 15% of the total.

The calculation is:
$$\frac{\text{number of receipts delivered on time}}{\text{total number of shipments}} \times 100 \text{ (rounded up at .5)}$$

In the case of deliveries to multiple sites across NI (NIC, NIH for example), an average will be taken by supplier for each site and then a weighted average calculation will be used that takes into account the number of line items at each site.

b. On – time delivery Scoring:

Criteria for all suppliers	Data	Score
On –Time Delivery	≥ 98%	15
	≥ 97%	14
	≥ 96%	13
	≥ 95%	12
	≥ 94%	10
	≥ 90%	5
	≥ 80%	2
	< 80%	0

c. Lead time formula

The average lead-time (including transit time) for all items with a forecast greater than 0 and regularly purchased from the supplier. The section is weighted 15% of the total.

The calculation is:
$$\frac{\text{Sum of all Supplier lead-times (includes transit time)}}{\text{Number of part numbers purchased from Supplier}} \text{ (rounded down at .5)}$$

In the case of deliveries to multiple sites across NI (NIC, NIH for example), an average will be taken by supplier for each site and then a weighted average calculation will be used that takes into account the number of line items at each site.

d. Lead time Scoring:

Lead Time	Distribution, Hardware, Packaging	
	0 to < 5 days	15
5 days to < 10 days	13	
10 days to < 16 days	10	
16 days to < 20 days	5	
≥20 days	0	
ASICs		
0 to <41 days	15	
41 days to <45	13	
45 days to <50	10	
50 days to <61	5	
≥ 61 days	0	
Software & Print		
0 to 2 days	15	
3 days to 5 days	13	
6 days to 10 days	10	
11 days to 15 days	5	
>15 days	0	
Chassis & Backplanes		
0 to < 45 days	15	
45 days to <55 days	13	
55 days to <65	10	
65 days to <80	5	
≥80 days	0	
Metal, Plastics, Labels		
0 to <11 days	15	
11 days to <16 days	13	
16 days to < 20 days	10	
20 to <25 days	5	
>25 days	0	

PCBs	
0 to <26 days	15
26 days to <31 days	13
31 days to <36 days	10
36 days to <40 days	5
>40 days	0
Cables	
0 to < 40 days	15
40 days to < 43 days	13
43 days to < 46 days	10
46 days to < 50	5
≥ 50 days	0

IV. TOTAL COST (3 part section)

a. Savings - 15% of total cost section

In 2007, each GCM will set the Savings Expectation by supplier depending on the supplier's ability to provide Savings. That expectation must be documented on that supplier's Scorecard from the beginning of the year.

Savings point allocation:

Savings/Cost Avoidance Performance	Points:
Exceeded expectations	9-15
Met expectations	8
Below expectations	0-7

b. Innovation/Flexibility – 10% of total cost section

Measure of a supplier's flexibility, innovation and overall ease of doing business. This section is fairly subjective and will rely heavily on the GCM's overall experience and judgment.

An example of being flexible: Supplier working with NI to take back excess material and find alternate sales channels for this product

An example of innovation: Supplier providing analysis and recommendations on how often their parts should be bought annually, in order to optimize buy cycles for both the supplier and NI – resulting in decreased costs for both companies

Innovation/Flexibility point allocation:

Savings/Cost Avoidance Performance	Points:
Exceeded expectations	8-10
Met expectations	4-7
Below expectations	0-3

c. Payment Terms – 5% of total cost section

This section rewards suppliers who give discounts based on early payment of invoices.

Payment Term point allocation:

- Using the variables a, b, c where
- a = % discount off of invoice
- b = the window of days for which the invoice must be paid
- c = what the payment terms revert back to if NI does not meet the discount window

a/b net c is the convention used in the table below

Description	Points:
2/10 net 30	5
1.5/10 net 30	4
1/10 net 30	3
.5/10 net 30	2
0 discount, Net 45 or greater	1
0 discount, Net 30	0

V. CUSTOMER SERVICE/SUPPORT

Note: This portion of the Scorecard is only exercised in Q1 and Q3 quarters.

a. Rating definition: NI Purchasing Personnel

The average of ratings on a scale of 1 to 5 given by the appropriate **NI Purchasing** personnel to specific questions relating to customer service and support. Different commodity areas have different surveys. The section is weighted at **5%**.

b. Rating Definition: Non-NI Purchasing

The average of ratings on a scale of 1 to 5 given by appropriate **non-NI Purchasing** personnel to specific questions relating to customer service and support. Different commodity areas have different surveys. The section is weighted at **5%**.

c. Service/Support formula:

The calculation is:
$$\frac{\text{Sum of all rating scores}}{\text{Total number of ratings received}} \text{ (rounded)}$$