



AGILE OUTSOURCING SOLUTION IMPROVES HUMAN RESOURCES SERVICES

INFINEON TECHNOLOGIES AG

/// CASE STUDY



To maintain its leadership position in the highly competitive semiconductor market, Infineon outsourced core human resources (HR) functions for its Germany and Austria operations to EDS, an HP company. The company now has consistent processes across country borders and a cost-effective, scalable system that adjusts to meet demands of a cyclical marketplace.

CLIENT PROFILE

www.infineon.com

Since its separation from parent company Siemens AG in 1999, Infineon Technologies AG as continued to expand. With more than 32,000 employees working to create new and innovative solutions, Infineon Technologies has become one of the largest companies in the industry.

Industry: Manufacturing

Founded: 1999

Headquarters: Munich, Germany

Business Need Addressed:
Productivity

Company wanted to align cyclical demand with operational costs

The market for semiconductors is one of the world's most important - with a volume of more than USD \$150 billion - as well as one of the most competitive. So Infineon Technologies AG, the sixth largest production company for semiconductors in the world, is always on the lookout for innovative ways to strengthen its market position. In October 2003, Infineon saw an opportunity to address one of the industry's core challenges: the cyclical nature of demand for new semiconductors. The manufacturer decided to better align operational costs with revenues by creating a more flexible human resources administration process through outsourcing. Infineon chose EDS to handle core functions of its HR department.

With nearly two-thirds of Infineon's 32,000 employees based in Germany and Austria, consistent HR administration in both countries was a priority. In addition to a more streamlined HR environment, the chip producer wanted to improve the quality of service for employees and bring down total operational costs for HR. For all of Infineon's concerns, EDS delivered an answer.

EDS assumed HR duties and created common cross-border infrastructure

On January 2, 2004, EDS assumed responsibility for payroll administration and administrative recruiting, along with support of student trainees in Germany and Austria. EDS cooperates with access, a German recruiting specialist, to address recruiting and trainee matters. Additionally, some HR employees from Infineon transitioned to EDS as part of the outsourcing deal, providing business insight and continuity as new processes were established.

EDS optimized and consolidated old processes, and put a new range of processes in place that ensured consistency and transparency across country borders. EDS also consolidated the IT infrastructure and implemented a new SAP HR solution tailored to meet Infineon's specific requirements.

Services featured

- HR Outsourcing Solution
- Payroll Services

"Speed and flexibility is key in our business. Due to the cooperation with EDS we are improving our flexibility and strengthening our competitive position."

Dr. Thomas Marquardt
Global Head of Human Resources
Infineon

EDS provided some services from its shared services center in Hungary to keep costs down and increase flexibility. HR experts were also available onsite at Infineon to consult the employees.

Infineon's HR more responsive with fixed costs now variable

Infineon transformed its HR administration without having to make any investments affecting cash flow. The harmonized and consistent solution for Germany and Austria can be extended to other countries and is fully scalable. Costs that were once fixed are now variable and adjust based on the number of employees and the hiring demand - a flexibility that is especially important within the relatively volatile semiconductor market. And the company can now implement innovative HR support concepts in a very short time and realize savings immediately.

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