

SanDisk®
a Western Digital brand

Customer Experience

2016
Customer
Insight
Report



PRODUCT
SATISFACT



- MICRO SD
- iNAND
- SSD (Commercial)
- PCIe
- SAS
- SATA
- MUSIC PLA
- MEMORY

7.6

8.9



It's all about trust

Customers expect the best experience possible—and why wouldn't they?

As customers ourselves, each of us knows how important a good experience is. We also know how one bad experience can change the way we feel about a given company.

To understand how our customers feel about their experience working with SanDisk®, we have been diligently tracking customer perceptions through our worldwide Voice of the Customer survey. We seek to understand what motivates positive experiences for our customers and with this information we improve our organization. This process is invaluable for both SanDisk and our customers.

I am proud to say that we now score among the leaders in terms of customer satisfaction, loyalty, and willingness to recommend. More importantly, scores reflecting the interactions with our people and processes show significant improvements year-over-year.

It's up to each of us to deliver on our promises, earn, and ultimately keep our customers' trust.

Drew Hall

Drew Hall, CCXP
Director, Customer Experience



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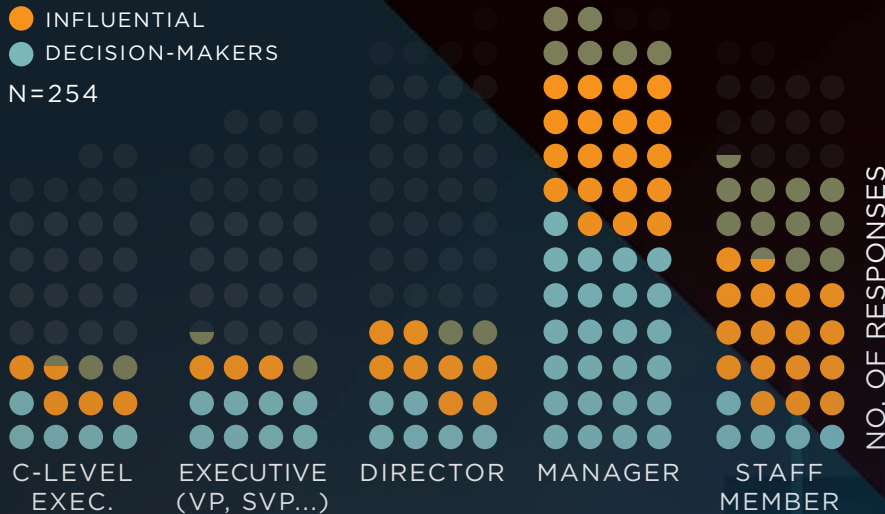
Eighty-three percent of respondents are Decision-Makers and Influencers.

83%

THE DEMOGRAPHIC OF INFLUENCE

- NON-INFLUENTIAL
- INFLUENTIAL
- DECISION-MAKERS

N=254



The 2015-2016 Voice of the Customer initiative resulted in over 185 organizational responses, representing distributors and customers from Retail, Mobile & Tablet, Connected Home, Automotive, Industrial, Computing, and Data Center segments.

Expanding the Possibilities

In the world of technology, things change quite rapidly. New market trends, changing customer demands and technology itself all push one another forward. At SanDisk, we embrace the constant change and work hard to bring even the smallest potential application for flash to the market.

Understanding customer expectations is critical to success

UNDERSTANDING CUSTOMER EXPECTATIONS

Growth
Loyalty
Trust

Expectations

Expectations form the basis of every decision a customer will make. Faced with alternatives, customers have to rely on their experiences to inform their choices. Theories suggest decision-making is a process of eliminating risk to—and ultimately avoiding—disappointment. But what motivates the decision to choose SanDisk? For these reasons, we want to understand:

- **Do our Products meet quality, reliability, and speed expectations?**
- **Are our People as available, accessible, reliable, and knowledgeable as expected?**
- **Are our Processes on-time, complete, easy to navigate, and consistent as they should be?**

By understanding our customers' expectations, we have the ability to meet their needs and deliver memorable experiences. More importantly, when we understand which interactions don't meet our customers' expectations, we can improve our process, eliminate these sources of disappointment, and keep our customers happy.

Customer experience is the product of an interaction between an organization and a customer over the duration of their relationship.

"The customer experience has emerged as the single most important aspect in achieving success for companies in all industries."

— Financial Times

Word of mouth is the new gold standard

74% of consumers identify word of mouth as a key influencer in their purchasing decision

We asked our customers a simple question: "How likely are you to recommend SanDisk to a colleague or friend?" From this, we are able to infer the amount of positive (and negative) word of mouth occurring among our customers.

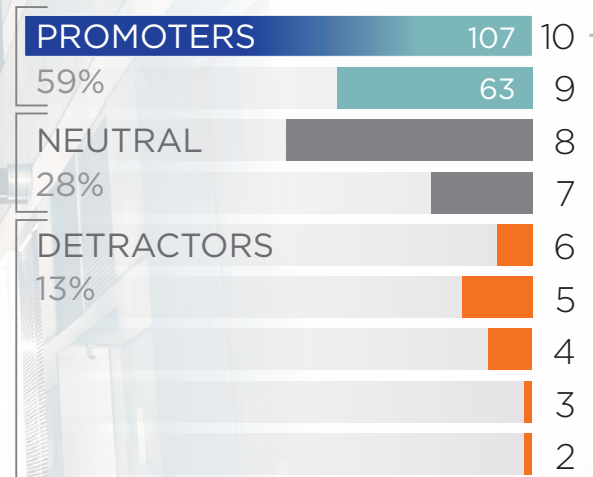
More importantly, Net Promoter Score (NPS) is a widely used statistic, which means we can benchmark our performance against other notable organizations.

To calculate NPS, subtract the percentage of respondents considered "Detractors" from the percentage of respondents considered "Promoters". What's left over is the "Net" percentage of positive word of mouth.



WILLINGNESS TO RECOMMEND

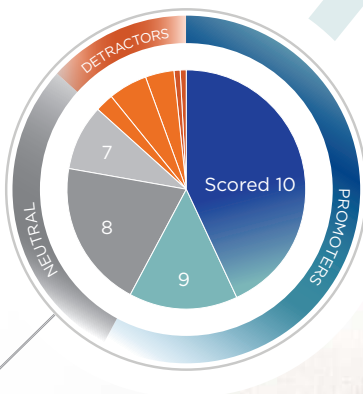
NET PROMOTER SCORE (NPS)



SanDisk's 2016 Net Promoter Score = 46

Who recommends our products?

Our customers are happier than ever when it comes to recommending SanDisk. Up 30 points from 2015, the number of perfect 10s rose from 23% to 59% of the entire respondent population—which means word on the street is not only positive, but couldn't get any better!



NPS High Score by Industry

Banks	61
Electronics	60
Airlines	57
Software	49
Utilities	27
ISPs	17

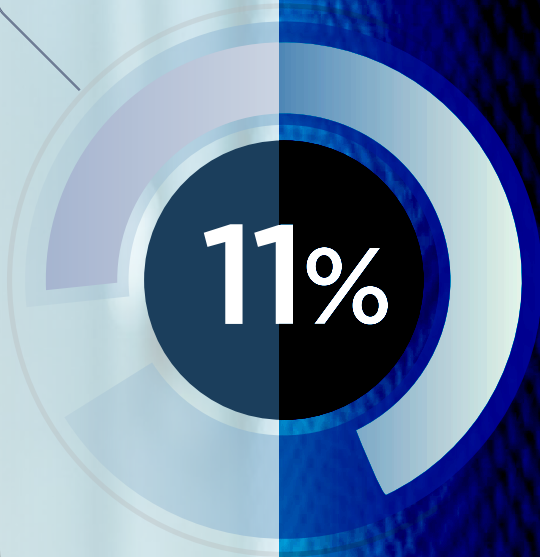
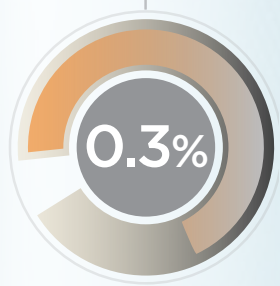
"I have a very proactive relationship with SanDisk. I find the whole team I deal with passionate about your business and would highly recommend SanDisk as a company."

— Sales Manager at a European
Commercial Distribution Partner



THE BIG 5 PERCEPTIONS

TWO-YEAR TRENDS • 2015-2016



When ROI is calculated based on improvement in processes, quality, delivery, and service—from the customer’s perspective—it is clear SanDisk is investing in those improvement projects that matter most to customers.



Customers are happier than ever before

Year-over-year scores show significant improvements

Current trends suggest SanDisk has overcome the challenges presented in previous years. Up in every category, the 2016 data suggests customers are pleased with their experience, and more importantly, what’s ahead. These perceptions don’t come without reason, there’s a lot of work driving the change.

- Resources have been allocated to drive improvement projects across SanDisk
- Case studies and best practices have been shared across departments and divisions
- Education and training have embedded customer experience into our company culture
- Individuals and teams have championed change, and high performing teams have been recognized



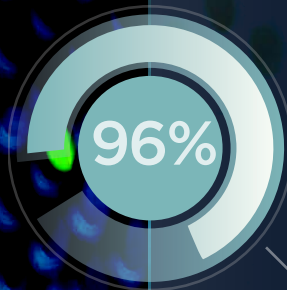
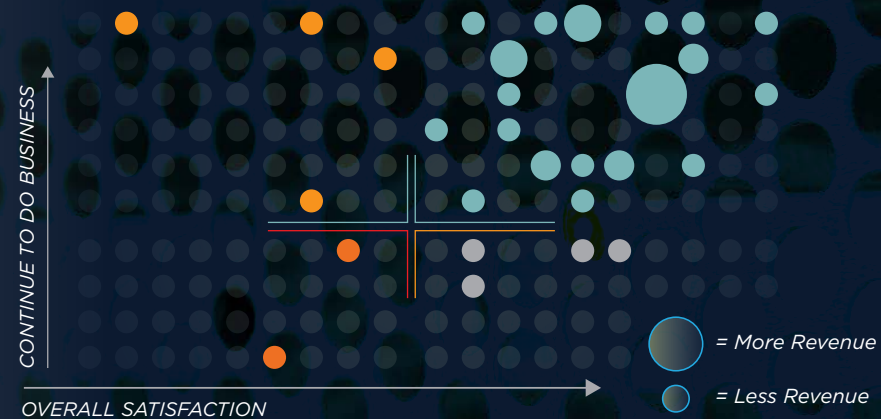
“Over the past few years SanDisk has changed their approach and commitment to my business.”

— Managing Buyer at an Asia/Pacific Retail Outlet

A ROBUST AND LOYAL CUSTOMER BASE

THE MAJORITY OF SANDISK CUSTOMERS ARE
CONSIDERED LOYAL

● AT RISK ● TRAPPED ● HAPPY ● LOYAL



*By revenue, 96% of
the total revenue
associated with the
respondent population
is not at-risk.*

Measuring the impact of customer-focused initiatives makes the business case for investment

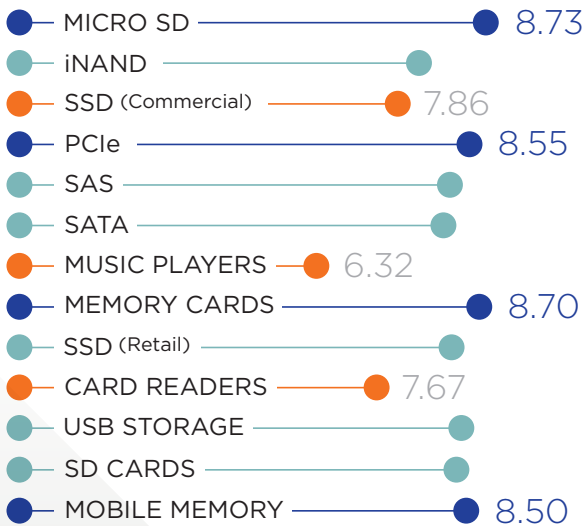
When customer feedback is tied to improvement initiatives based on the potential benefit to the customer, there are clear metrics that justify the spending.

- **Business segments drive process improvements that lead to cost savings and improved customer experiences**
- **Cross-functional teams implement large scale programs to improve technical support**
- **Customer-facing employees take more action to increase customer interactions and drive account team satisfaction**
- **Processes are put in place to monitor change initiatives during product development**



PRODUCT SATISFACTION

● Under 8.0 ● 8.0 - 8.5 ● 8.5 and up



"Working with the FlashSoft team for caching solutions has been a pleasure. They are extremely knowledgeable and responsive and have delivered solid solutions to us and our end customers."

— Engineer at WW Data Center Customer



Deliver customer insight across the entire company

SanDisk is not a complicated company, but as the uses for flash continue to expand, the variety of customers increases. New technologies, expanding geographies, and differing business models challenge the process of developing customer insight.

To realize the full value of customer feedback, tailor the intelligence to each team within the organization, and provide data in fun and engaging ways.

The strength of our products

For more than 27 years, SanDisk has been creating solutions that have helped reduce the cost of flash memory by 50,000 times, while increasing capacity by 30,000 times.

Our unwavering commitment to innovation and quality has earned us recognition as a leading provider of data storage solutions for customers of all types.



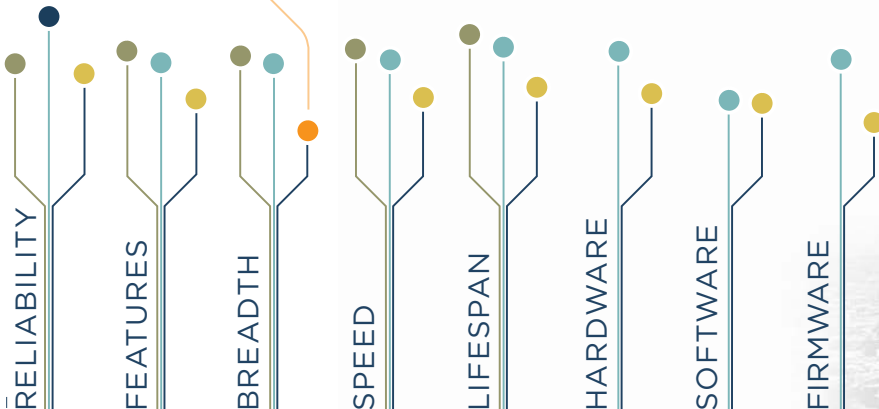
"SanDisk has an extremely knowledgeable technical design team and a very customer-focused TCM and FAE team. If we can add flawless execution in the product qualifications and lifetime, that would make it perfect."

— Engineering Manager at a Computing and Data Center



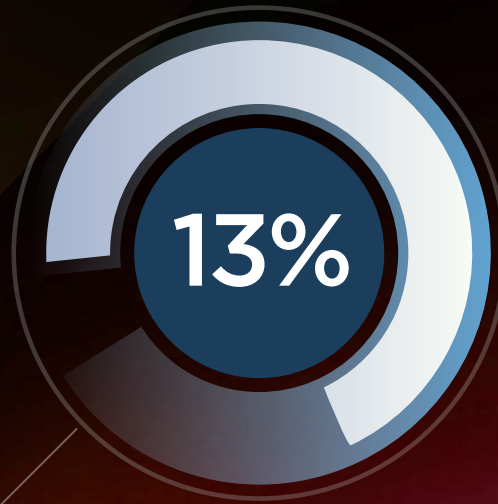
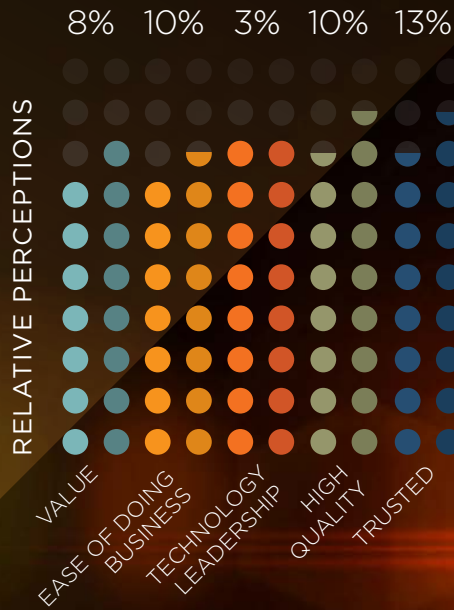
PRODUCT FEATURES SATISFACTION COMPARISON

● RETAIL ● DISTRIBUTOR ● COMMERCIAL



COMPETITIVE ATTRIBUTES

TWO-YEAR TRENDS • 2015-2016



Customers score SanDisk above the competition in ease, quality and trust

Scores reflect the ways SanDisk is meeting customer expectations

- The supply chain is customer-focused
- Leadership is supportive of initiatives
- Leadership puts insight into practice
- Account managers depend on customer intelligence to make decisions

Asking to what extent customers believe SanDisk is a trusted brand determines whether or not we are delivering on our brand promise and consistently meeting the expectations of our customers.



Building trust requires action

Closing the loop shows customers we're listening, and that matters.

Time is money, and our customers that give us feedback want to know we're doing something about it.

- What investments are we making in technology leadership?
- How are we making it easier to do business?
- How do we view quality and value?


UNDERSTANDING CUSTOMER EXPECTATIONS

Growth
Loyalty
Trust
Expectations

"SanDisk's account team is one of the best. They are typically the most responsive of our suppliers."

— Purchasing Manager at a WW Computing and Data Center Customer





"We hope for the continuation of successful cooperation for the benefit of our common interests, as well as a further increase in performance achieved working together."



— Staff Member at a European Retail Partner

Customer Information

The basis of customer insight is intelligence, and to do this requires collecting information from customers in multiple ways.

These ways can be directly, through surveys and executive reviews; indirectly through media and other unsolicited channels; and internally through purchase and sales records.

Analyzing the data in a way that ties the inputs together and leads to insights must be a core competency of the organization. Once that's accomplished, focusing on key issues becomes easy for the organization, and productive changes occur. This in turn drives customer loyalty.

CONTINUE TO DO BUSINESS





SanDisk's customers are loyal

When customers are asked, *"How likely are you to continue to do business with SanDisk,"* the scores suggest we're doing something right.

To drive high scores, organizational processes are aligned across divisions and regions, and employees are focused on delivering business outcomes that are beneficial to our customers.

- Customer success is seen as essential
- There are efficiencies across functions and regions
- Customers are not burdened by processes that deliver no value

56% scored a perfect 10

14% scored 9

Delivering world-class experience to our customers begins with a solid strategy that is completely aligned with the objectives of the business.

Executives must lead by example and use customer-oriented outcomes to assess the value of their efforts. Customer success should be the essential consideration for every employee, from entry-level staff members to the board room.

UNDERSTANDING CUSTOMER EXPECTATIONS

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By determining our customers' satisfaction as they move along their journey with us, we can identify the moments of truth that drive or impede successful business outcomes.



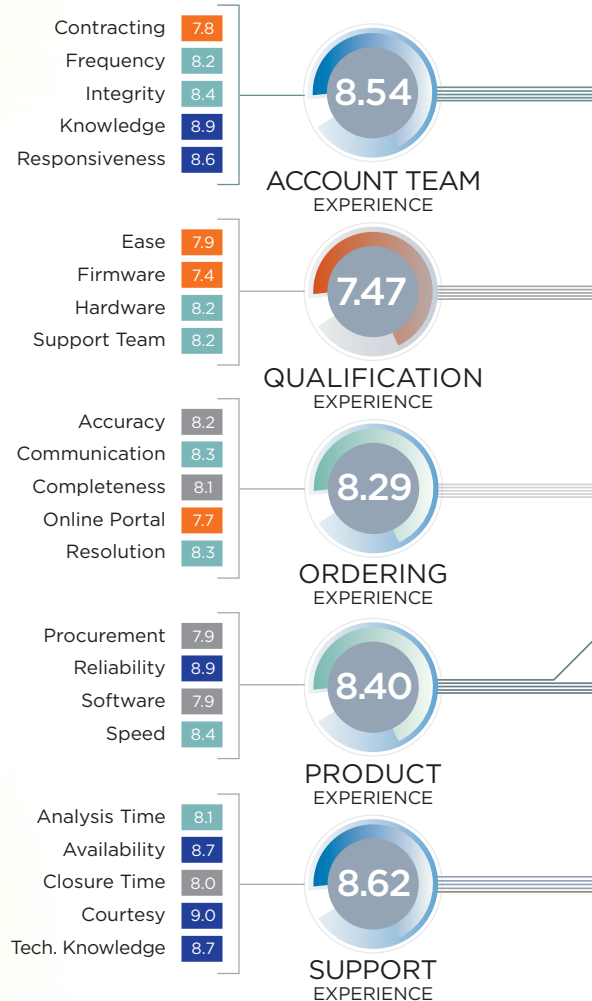
SanDisk's people stand out as a key factor in delivering positive experiences



We ask respondents to consider the attributes associated with a given experience—specifically product, processes, and people.

Who we work with on a day to day basis is equally as important as what we're actually working on. Courtesy, Knowledge, and Communication are only a few of the factors that influence our customers' experience. However, these few attributes create a significant impact on the overall experience.

Given the role our people play in delivering memorable experiences, it's important to recognize the teams and their attributes that drive satisfaction.



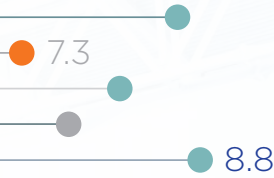
TOUCHPOINT ATTRIBUTES

- EXCELLENT
- GOOD
- ADEQUATE
- NEEDS WORK

DEPARTMENT SATISFACTION BY TOUCHPOINT

- EXCELLENT (9 and up)
- GOOD (8.5 - 9)
- ADEQUATE (7.5 - 8.5)
- NEEDS WORK (Under 7.5)

ENGINEERING



SALES



PURCHASING



OPERATIONS



SUPPORT



"Prompt, professional, a pleasure at personal level as well"

— Sales Director at a European Retail Partner



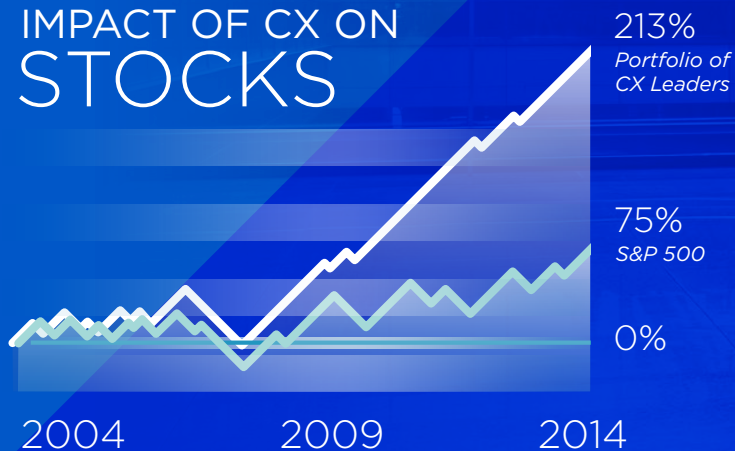
The financial impact of customer experience

Putting customers first is a practice that creates long-term value.

True to fact, an analysis on the stock performance of a portfolio comprised of leading firms in terms of Customer Experience (CX) shows increased performance above and beyond the S&P 500.

Modeled over a 10-year period, the correlation between putting customers first and long-term value creation is clear.

IMPACT OF CX ON STOCKS



UNDERSTANDING CUSTOMER EXPECTATIONS

Growth

Loyalty

Trust

Expectations

Products, processes and people

By having the right products, processes and people we differentiate ourselves in a way that cannot be beaten by price

Understanding customer expectations, developing trust, and managing loyalty are the trademarks of a company in the 21st century. With competition overwhelming, especially in the semi-conductor industry, it's important to focus on business factors we can control.

By investing in the experiences that are most important to our customers we promote long-term growth for SanDisk.

When our customers grow, we grow.



SanDisk®
a Western Digital brand

For more than 25 years, SanDisk's ideas have helped transform the industry, delivering next generation storage solutions for consumers and businesses around the globe.

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