

The questions and answers below summarize key facts about Zebra's North America Services Repair Improvement Plan for Mobile Computing, Scanning and RFID products. This information will help answer questions you may receive from customers.

Summary as of Friday, August 18, 2017

Overall Improvement Plan & Communications Strategy

Q. What is the North American Services Repair Improvement Plan for Mobile Computing, Scanning and RFID products?

A. The North American Services Repair Improvement Plan for Mobile Computing, Scanning and RFID products is a complete action plan developed to address persistent repair-related issues, including on-time delivery and repair backlogs. This plan is comprised of 1) repair delivery improvements through an update to our service depot strategy, and 2) repair systems and process enhancements to improve the overall repair experience for our customers and partners.

Repair Delivery Performance Improvements

Q: What Zebra products does the transition from the Juarez Repair Depot impact?

A. This transition will apply to our Mobile Computing, Scanning and RFID reader products currently being serviced at our Juarez, Mexico facility. The depot transition will not impact the printing portfolio or the handful of large strategic accounts who currently have their Mobile Computing, Scanning and RFID products serviced in our domestic repair depots. It will also not impact our Canadian customers.

Q: When will the Juarez Repair Depot transition occur?

A. The transition of products from Juarez began in early 2016 with a targeted shift of customers. Starting in June 2017 we have begun an accelerated transition that will continue throughout 2018, with a stretch goal to have the transition fully completed by the end of Q3'18.

Q: What is the impact of this Juarez Repair Depot transition?

A. As this transition progresses, your customers who are currently serviced from Juarez will see a significant improvement in repair turnaround times and overall service quality. Zebra has recently completed similar moves of large customers into these primary U.S. repair facilities over the past year with very positive feedback. Based on those recent successes, we are confident that by expanding and accelerating the transition of all Mobile Computing, Scanning and RFID products repair volume for our customers in the U.S., they too will be able to benefit from the best-in-class levels of service already delivered today in these established U.S. repair depots.

Q: Will my customers or I have to do anything differently as this transition progresses?

A. As this transition progresses, you and/or your customers may need to ship products in to a different repair depot than in the past. The best way to minimize disruption to customer operations is to encourage customers to manage their repairs within the Repair Order Portal, which will provide U.S. customers with the correct mailing address. After September 11th customers will be provided with a prepaid FedEx ground shipping label with the correct repair depot address for each for Mobile Computing, Scanning and RFID device covered by a Zebra OneCare service contract. For repair authorization requests completed through the Repair Help Desk by email or phone, the Repair Help Desk will provide the correct mailing address that should be used for their repair, but you or your customer will continue to pay inbound shipping to the depot. (See below the separate FAQ on the prepaid shipping label offering.)

You, or your customers with a high volume of repairs, may have existing shipping labels that are printed in bulk and used over time as repairs are needed. Special care will be needed to notify these customers to not automatically use these existing shipping labels to minimize additional delays that might be introduced to repair delivery if products are shipped to Juarez instead of the correct U.S. repair depot.

Q: How is information about different production transitions out of Juarez going to be shared with customers and partners, and how much notice will Zebra provide prior to the transition being completed?

A. Information about the product transition schedule will be communicated to partners and customers through several channels. The Repair Order Portal will be updated on a regular basis to include this information and we will have the ability to communicate the product transitions to registered users of the Repair Order Portal. Additionally, we will include product transition notices in our ongoing cadence of communications about the U.S. Mobile Computing, Scanning and RFID Products Repair Improvement Plan to Zebra account managers and partners. The intent is to provide customers with at least 30 days advance notice before impacted products are transitioned out of Juarez into a new U.S. repair depot.

In case a customer or partner does not receive this information for any reason, they will at least be provided with the new depot address for the return of their devices during the actual repair authorization request process as a fail-safe.

Q: Why are we transitioning repair volume out of Juarez by product versus customer?

A. Transitioning repair volume by product will allow Zebra to ensure appropriate parts inventory is in place, and assure a high level of training and a consistent level of performance in our onshore depots for each transitioned product line before adding the next. This thoughtful approach will limit operational risks and ensure our partners and customers see improved performance results for each product line as it is on-shored.

Most customers have a wide range of Zebra EVM product and will be served by multiple depots. This is true today for many customers who have Zebra printers repaired in Buffalo Grove and EVM products repaired in Bentonville, AR or Juarez, MX. We will not transition customer volume from Juarez all at once unless they have a single product.

Q: Why didn't you make this transition of U.S. EVM repair volume out of Juarez earlier?

A. We have moved some volume and targeted customer repairs onshore over the last 18 months. However, the systems, business and IT resources needed to complete a full repair transition were dedicated to completing our business transformation program as the final step of our Motorola integration. With these transformation projects successfully completed, Zebra now has both the required infrastructure and the available resources to make this repair transition possible on a large scale.

Q: Do we anticipate a decline in our current support from Juarez, Mexico now that we have indicated our desire to exit from the relationship with the Sanmina facility there?

A. Zebra continues to remain an important repair client for Sanmina in Canada, Latin America, EMEA and APAC, and we have a long-term contract with them through June 2019. In addition, we are a large customer of Sanmina's EMS division with our DCS portfolio. We believe that the strong relationship in these other regions and across product manufacturing will ensure an aligned focus on performance improvement efforts during this transition. Additionally, as repair volume progressively shifts out of Juarez to our domestic U.S. service depots, Sanmina can redeploy resources and more closely monitor and proactively manage repair performance levels on the remaining lower volume going through Juarez.

Q: What is Zebra's repair value proposition over repair by a non-certified third party?

A. As the manufacturer, no one knows more about our products than we do.

- Our repair technicians are certified product experts. We have invested in 2017 in a strong Repair Engineering team who creates engineering best practices for our technicians, and manages product design and engineering updates with our R&D teams on active product to optimize equipment uptime.
- Experienced technical support experts are ready to assist in 17 languages to resolve any issues and minimize the impact of device downtime on your business operations.
- Zebra provides a Device Diagnostics Service to accelerate problem resolution and keep devices in the field and out of the repair depot.
- The use of genuine Zebra parts ensures optimal performance of their device over their lifecycle.
- Access to technical support and the latest software releases to ensure up-to-date functionality, the latest security releases, and full compatibility with other operational equipment.
- Zebra now provides free outbound and (beginning September 11, 2017 in the U.S.) inbound shipping on Mobile Computing, Scanning and RFID product return repairs when an RMA request is submitted via the online Repair Order Portal for devices covered with a Zebra OneCare contract.
- Zebra provides Visibility Services which offer customers unique value and insight on the utilization, location and health of their devices.

Repair Order Entitlement, Creation & Management Enhancements

Q: I noticed that the decision to shift repair volume out of Juarez only impacts U.S. customers and partners. Is there any impact to Canadian customers and partners from the repair system and process enhancements plan?

A. Customers and partners in both the U.S. and Canada will benefit from repair system and process improvements in order to enhance their entire repair experience – from order entitlement, to order creation, to service management.

Q: What are we doing to improve how we provide status information when repairs are delayed due to volume or parts holds?

A. We have developed a weekly update to provide our Repair Help Desk, CEMs, and sales teams a view of average depot repair turn-around-time, as well as estimated time of completion for products with temporary parts holds. This process should improve the information we can supply customers and partners who are awaiting repairs, and allow us to better manage customer expectations.

Q: Can you tell me more about the new offering of a prepaid return shipping label for U.S. customers and partners whose Mobile Computing, Scanning and RFID devices are covered by OneCare contracts?

A. This new Service offering is currently being piloted and is planned for launch in the U.S. on September 11, 2017 – with subsequent rollout in November in Canada and EMEA. The program provides convenience and financial incentives to encourage customers and partners to use the online Repair Order Portal (rather than contacting the Repair Help Desk by email or phone) to request repair authorizations and manage repairs. The offering provides a prepaid FedEx ground shipping label for each Mobile Computing, Scanning and RFID devices covered by a OneCare service contract. Warranty-only and per incident (i.e., billable or time-and-materials) repairs are not included in the offering, nor is this offer being extended to printer repairs at this time. Additional details will be provided closer to the time of program launch.