

Supplier Registration



Sourcing

Spend Reporting



Classification

Diversity



Spend Analysis

Cummins Tier 2 Reporting Training

Definitions To Keep In Mind

- **Prime Supplier:** A supplier Cummins pays directly for goods or services that are provided to them. All suppliers participating in this training today are considered Prime suppliers.
- **Tier 2 Supplier:** A diverse supplier (U.S. based) that is used by one of Cummins' Prime suppliers for goods or services to be used in support of their business.

What To Expect

- **E-mail with:**
 - Username
 - Password
 - URL
- **“Reporting Period Open” Notification**
- **Next Reporting Period will open January 4, 2010**
- **“Reminder” Notifications**
- **“Report Successfully Submitted” Notifications**

Other Important Things To Know

- **You can modify a report as long as the Reporting Period is Open**
 - Even if you have already submitted the report
 - Repeat the reporting process, make changes where needed and hit the “Save” button on each page you have changed
- You **MUST** hit the “Submit” Button or the spend you entered in the system will **NOT** be reported!!
- **IMPORTANT ASSUMPTION:**
 - Cummins and CVM are assuming that your company has an active Tier I program in place (You are able to identify which of your suppliers are diverse)
- **If you do not have a Tier 1 program you MUST contact Brian Sanders as soon as possible! He will be able to help you determine the next steps that need to be taken.**

Information Needed to Submit Spend Report

- Your company's U.S. sales for each reporting period (monthly)
- Your company's total sales to Cummins for each reporting period (monthly)
- The Diversity categories that Cummins is asking you to report against are:
 - MBE, WBE, 8(a), SDB, HUBZone, DVBE, VOB, SBE, DBE
- If reporting **Indirect Spend**:
 - Your company's total *indirect* spend with your diverse suppliers for each month by supplier
- If reporting **Direct Spend**:
 - The name of each Direct Supplier you used for the product/service you sold to Cummins, and the dollar amount spent with them each month

Tier 2 Spend

Direct Tier 2 Spend and Indirect Tier 2 Spend

Direct Tier 2 Spend - Definition

- Purchases that *directly* support Cummins' business.
- The Prime supplier must be able to directly trace the use of a diverse supplier for a specific Cummins contract or purchase order.
- 100% of Direct Spend will be allocated to Cummins.

Direct Tier 2 Spend - Illustration

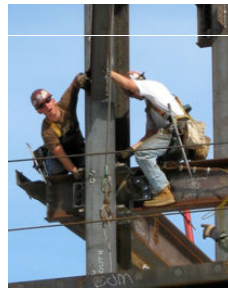
Your Customer - Cummins



Your Customer has a specific construction project for your region

Your Company
(Prime Supplier)

Construction company



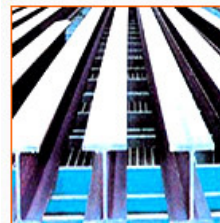
+



Your Company is hired to complete the specific project

Your **Diverse Supplier**
(Tier 2)

Steel Distributor



Your Diverse Supplier provides you with steel that is ONLY used for the project for this customer

Indirect Tier 2 - Definition

- Purchases that support the Tier 2 Prime supplier's own business operations.
- Indirect Spend cannot be traced back to a specific customer's purchase order.
- Examples of Indirect Tier 2 Spend might include: advertising agency, office supplies, fuel, janitorial services, insurance, etc.
- Be sure you don't include any Direct Spend when calculating your Indirect Spend (this would be double counting).

Indirect Tier 2 Spend - Illustration

You are ABC Courier Company (Prime Supplier) and you provide the shipping and courier services for multiple customers using boxes and/or packaging from a diverse (Tier 2) supplier.



Cummins

Other Customer X

Other Customer Y

Other Customer Z

Your **Diverse Supplier** (Tier 2)

Box Manufacturer

ABC Total US Sales	\$5,000,000
ABC Total Sales from Cummins	\$500,000
Indirect Allocation Factor (IAF%)	10%
ABC Total Indirect Spend	\$50,000
Indirect Spend Attributed to Cummins	\$5,000
=IAF x Total ABC Indirect Spend	
=10% of \$50,000	
=\$5,000	

CVM Tier 2 Spend Reporting Platform

■ Easy Six-Step Process:

- Step 1 through Step 3 – Indirect Spend reporting steps
- Step 4 – “Launch” step
 - Choose to report Direct Spend if your company has Direct Spend to report or review spend report and submit it
- Step 5 and Step 6 are the Direct Reporting steps

Contact Information

- **Cummins (1st Point of Contact):**
Brian Sanders
Supplierdiversity@Cummins.com

- **CVM Solutions (Technical Support)**
Cumminssupport@cvm solutions.com

Supplier Registration



Sourcing

Spend Reporting



Classification

Diversity



Spend Analysis

Tier 2 Reporting System Demo