DIGITIZED PROCUREMENT PROCESSES@BMW GROUP.

DIRECT MATERIAL PROCUREMENT AND MULTI-BACKEND INTEGRATION WITH SAP.

SAP AUTOMOTIVE FORUM 2016
STUTTGART
18.06.2016
### BMW GROUP: PROJECT GSM (GROUP SOURCING M). AGENDA.

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<th>Overview of BMW Group and BMW’s Supply Chain</th>
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BMW GROUP: NEW TECHNOLOGIES AND INNOVATION. THE WORLD’S LEADING PREMIUM AUTOMOTIVE MANUFACTURER.

Automobiles / Motorcycles

Rolls-Royce – Epitome of outstanding performance in all areas

BMW and BMW Motorcycles – Ideas, innovation, and individuality.

MINI – Remake of a classic

BMW Group Financial Services

BMW Financial Services
MINI Financial Services
BMW GROUP: PROJECT GSM (GROUP SOURCING M). A VERY SUCCESSFUL YEAR 2015 BEHIND US.

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<tr>
<th>BMW GROUP</th>
<th>2,247,485</th>
<th>+ 6,1%</th>
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<tr>
<td>BMW</td>
<td>1,905,234</td>
<td>+ 5,2%</td>
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<td>MINI</td>
<td>338,466</td>
<td>+ 12,0%</td>
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<td>ROLLS ROYCE</td>
<td>3,785</td>
<td>- 6,8%</td>
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<td>MOTORRAD</td>
<td>136,963</td>
<td>+ 10,9%</td>
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BMW GROUP: PROJECT GSM (GROUP SOURCING M). WE OPERATE A GLOBAL PRODUCTION NETWORK.
BMW GROUP: PROJECT GSM (GROUP SOURCING M). MISSION STATEMENT OF THE INTEGRATED SUPPLY CHAIN FUNCTION: WE SUPPLY FOR SUCCESS!
BMW GROUP: PROJECT GSM (GROUP SOURCING M). RIGHT PARTS AT THE RIGHT TIME, IN THE RIGHT QUANTITY/QUALITY, AT RIGHT COST AND THE PLACE.

PURCHASING
- Production material.
- Indirect purchasing.
- Cost engineering.
- Strategy.
- Complexity management.
- Sustainability.

PROVISION
- Material management.
- Design of the value chain.
- Process and structural planning.

COMPONENT PRODUCTION
- Seats, cockpit, equipment.
- Bumpers, exterior scopes.
- Light-metal foundry.
- Innovative lightweight construction concepts.

QUALITY
- Quality validation.
- Recourse.
- Warranty and goodwill.
- Quality management system.
# BMW GROUP: PROJECT GSM (GROUP SOURCING M). AGENDA.

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AGENDA.

2. Best cost country sourcing and natural hedging.
3. Flexibility vs. standardisation.
4. Optimisation of global inventories.
5. Value chain management.
7. Focus on emerging markets.
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BMW GROUP: PROJECT GSM (GROUP SOURCING M).
VISION: INTEGRATED SUPPLY CHAIN BACK-BONE FOR DIRECT AND INDIRECT MATERIAL.

- **PEP-PDM** (SAP-PLM: product data management, BOM)
- **GPS** (Global purchasing system)
- **STARD** (SAP-MM: Material management in plants)
- **ATLAS** (SAP-MM, SAP-WM: Spare part management system)
- **International plants** (non-STARD SAP-based ERP systems)
- **SNR** (material numbers)
- **Suppliers** (suppliers receive purchase orders and call-offs)
BMW GROUP: PROJECT GSM (GROUP SOURCING M).
VISION: INTEGRATED SUPPLY CHAIN BACK-BONE FOR DIRECT AND INDIRECT MATERIAL.

Standardisation as Basis for Digitalisation & Automation.
BMW GROUP: PROJECT GSM (GROUP SOURCING M).

OVERVIEW OVER ALL PROCESSES IN DIRECT MATERIAL COVERED IN SAP-SRM.

Ordering process

Detail processes

Standard process

Special processes

Requisition / demand creation and management

Startpage

Overview of all processes in direct material covered in SAP-SRM.

Overview of all processes in direct material covered in SAP-SRM.
BMW GROUP: PROJECT GSM (GROUP SOURCING M). CO-INNOVATION PROJECT BMW/SAP NEW FUNCTIONALITY IN SRM 7.0 – HIGHLIGHTS.

- Formula based Pricing
- Subcontracting with Bill of Material
- Extended Mass Change Functionality
- Extended Text Box Capabilities
- Output Management Contracts
- (Periodic) Year-End-Negotiation
- New Interfaces for Power User (Contract, Purchase Order)
BMW GROUP: PROJECT GSM (GROUP SOURCING M). START PAGE FOR THE NEW DIRECT PURCHASING.

Direct link from portal M to SAP SRM

Link from SAP SRM back to portal M
BMW GROUP: PROJECT GSM (GROUP SOURCING M). MULTIPLE WAVE ROLL-OUT CONCEPT IN 7 WAVES.

1st wave with special 5 weeks stabilization

Wave 2 to 7 will be performed each within 2 weeks. Possibility of additional waves if migration runs and defect situation is fine.

Commodities will be assigned to the waves according to former planning. Waves will be roughly similar from sizing.
BMW GROUP: PROJECT GSM (GROUP SOURCING M). CO-INNOVATION PROJECT BMW/SAP.

- Clustering of the requirements by SAP in phase 0
- Direct involvement of SAP-Standard development during the whole project
- SAP Top Management Attention
- SAP in responsibility from design until go live

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BMW GROUP: PROJECT GSM (GROUP SOURCING M). CO-INNOVATION PROJECT BMW/SAP.

- New Features & Functions
- Additional Customer Exits & Enhancement Capabilities
- **Degree of Standardization > 90 %**

- Duration of Core Project 2,5 years
- Go Live in Waves starting Q3 2016
- Follow-on Phase to standardise plant interfaces

- 368 Interfaces
  - 124 Inbound
  - 244 Outbound
- Direct & Indirect Procurement on one system

- SRM@BMW runs SAP HANA
- Decision regarding HANA during running project
- **No project delay by parallel HANA migration**
BMW GROUP: PROJECT GSM (GROUP SOURCING M). CO-INNOVATION PROJECT BMW/SAP: STRONG PARTNERSHIP SAP/SULZER.

Interested? Time for further discussion at the booth of Sulzer GmbH or the SAP Lounge

Project divided into parts with involvement of several SAP partners
## AGENDA

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BMW GROUP: PROJECT GSM (GROUP SOURCING M).
AUSBLICK: NEUGESTALTETE WERKEANBINDUNG.

End 2016:

- Different data structures in purchasing (GPS) and plants (SAP ERP)
- High complexity → 37 mapping tables, 10,000 lines of software code
- Limited scalability
  - Integration of new plants
  - Integration of production partners
- High efforts for maintenance, operation and infrastructure

Re-engineered plant Integration (plant-by-plant starting 07/2017):

- Data consistency & synchronisation (compliance and internal audit)
- Online data transfer of purchase orders
- Reduction of functional and technical complexity
- Reduction of redundant and faulty data
- Increase of transparency between supply chain systems
- Future oriented IT-architecture and benefits of SAP standard development

Simplification & Standardisation
BMW GROUP: PROJECT GSM (GROUP SOURCING M).
Q&A.

Contact Details:

BMW Group
Alexander Scholz
Director Project Management Supply Chain
alexander.sb.scholz@bmw.de
+49 151 601-20850