



AUTOMOTIVE | SRM, RATING, SOURCING,
EPROCUREMENT, POM

Strategy and eSolutions Are the Building Blocks of Success

Customer Profile

The listed company Miba AG is one of Austria's leading technological companies. Founded in 1927 in Laakirchen (Upper Austria), the high-tech group now manufactures in more than 20 locations in eleven countries. Miba products are found in trucks, trains, construction machinery, ships, airplanes and power plants of leading manufacturers worldwide.

"With JAGGAER's eSolution, we can create a central, company-wide knowledge framework that ensures transparent and efficient supply base management that functions simultaneously as a database for the procurement of MRO parts."

— Hannes Walter
Group Purchasing Director
Miba Sinter Holding

The company specializes in friction bearings, friction linings, sintered parts, and coatings. Miba employs more than 4,300 workers, half of which are in Austria. The turnover in the 2012/2013 fiscal year was 606.6 million euros with earnings before taxes and interest (EBIT) of 69.9 million euros. www.miba.com

Challenges

As part of their reorganization process, Miba restructured Purchasing as a matrix organization with decentralized responsibilities, established a Category Manager concept, and adjusted their processes. The purchasing department is already deeply involved with product development, and can use suppliers' development know-how within the framework of their Advanced Purchasing concept. An important goal of the restructuring was to use standardized electronically supported processes to increase efficiency, transparency and communication speed with suppliers, and to reduce processing costs. It was also meant to ensure that each purchase order went through the purchasing department



to reduce processing costs. It was also meant to ensure that each purchase order went through the purchasing department to reduce instances of maverick buying when procuring indirect materials. In order to do this, it was necessary to combine both the direct and indirect purchasing processes into a single eSolution platform.

The Solution

Miba opted for an SRM and sourcing portal from JAGGAER because the flexible eSolution was easily expandable and met all of Miba's requirements. The tools could be integrated seamlessly into Miba's central SAP ERP system as add-ons, thereby ensuring that data could be exchanged smoothly between the applications. All processes that are relevant to the procurement of production material and purchasing go through JAGGAER. The Registration, Supplier Evaluation and Development, and the RFQ modules have all been implemented. The purchasing of MRO parts for facility management or maintenance is completed as a procure-to-pay process using the eProcurement and purchase requisition applications, which are part of JAGGAER's sourcing portal.

Data Overview and Supplier Development

The data overview can be used to qualify new suppliers or to evaluate and further develop existing suppliers. In addition to classic supplier evaluation, Miba has also created a structured risk management model that will use key figures to recognize potential supply shortages early on, and to help manage other potential risks. Each supplier must meet certain minimum requirements regarding delivery reliability and performance, finances, and innovative abilities and cooperativeness.

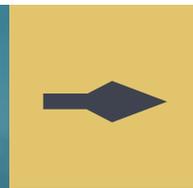
Purchasing will be able to see if the standards are not met immediately in the portal, and can implement necessary preventative measures. The information from the supplier ratings is funneled directly into supplier development, where the development potential of a supplier is analyzed according to their performance including data, quality, cost-efficiency, and quality of service (adherence to delivery dates). If necessary, specific measures to improve operational procedures for certain suppliers can be implemented, such as when Miba introduced internal lean methods and programs like the 5S work model.

Workflow-Based MRO Purchasing

In order to procure MRO parts, Miba created a standardized IT-based end-to-end process – from demand planning to payment – with the help of JAGGAER's eSolution and existing workflows. This also applies to critical commodities, such as hazardous materials or IT equipment, which must be procured in compliance with existing guidelines. The order confirmation is sent to the suppliers via WebEDI. Soon, credit notes will also be transferred in the same way.

The workflows are configured to cover a wide variety of release scenarios for purchase requisitions at Miba. For critical commodities, an individual responsible for compliance guidelines is also added to the release process in addition to the individual responsible for cost centers.

JAGGAER made it possible for Miba to create a central, company-wide knowledge framework that ensures transparent and efficient supply base management that functions simultaneously as a database for



the procurement of MRO parts. The next steps are already planned: the Miba group will expand and improve risk analysis for suppliers; project purchasing will be intensified in order to include suppliers more closely in the production process; and a cost and value analysis of the suppliers will be added in the SRM portal after the cost breakdown in order to validate prices more exactly and to keep purchasing costs down.

Goals Reached with JAGGAER

- Avoid maverick buying by redirecting all procurement processes through Purchasing
- Reduce processing costs with standardized processes
- Complete ERP integration
- Achieve a high level of consistency in supply base management from the point of registration
- Analyze supplier performance and create action points
- Standardized end-to-end process for purchasing indirect material that is supported by workflows

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