

FIT FOR THE FUTURE

ZF PASSAU GMBH CHOOSES SUPPLYON WHEN CARRYING OUT ITS REORGANIZATION PROJECT

Nowadays, purchasing and logistics are more than just administrative functions. They are strategic levers which can have a significant influence on the success of a business. ZF Passau GmbH, a specialist in the field of transmission systems and axles for agricultural/construction machinery and commercial vehicles, is a prime example of how this works in practice. The pressure to reduce costs and improve quality within the machinery market prompted the company to embark on a wide-ranging reorganization project. By carrying out the project, it laid the foundations for achieving lasting profitability and competitiveness. E-business solutions from SupplyOn offered the necessary technological basis. ZF Passau is confronted with complex processes and substantial parts lists to a much greater extent than the rest of the automotive industry is. SupplyOn's solutions offer the transparency the company needs to deal with these specific problems.

"Over the last few years, our purchasing and logistics processes have undergone fundamental changes," said Hans-Arno Linkenheil, the head of purchasing at ZF Passau GmbH, pointing to the empty high racks in the factory hall. At ZF Passau, deliveries and production now take place on a "just in sequence" basis. Linkenheil was heavily involved in implementing these changes. The company is a one hundred per cent subsidiary of ZF Friedrichshafen AG and specializes in developing and manufacturing transmission systems and axles for agricultural and construction machinery, axle systems and chassis modules for commercial vehicles and axle drive systems for cars. The company operates a total of 16 sites in Western Europe, Russia, China, the USA and Brazil. It employs around 7,000 members of staff and generated a turnover of 1.89 billion euros in 2007.

sequently, we launched the 'proFIT' project in 2004. The aim of the project was to tackle the specific issues of process orientation and optimization using an integrated approach." For example, the company's production processes were redesigned according to the "production island" principle. "Our plants had grown to such an extent that it had become very difficult for us to keep on top of them," explained Linkenheil. "In order to achieve a high level of flexibility and efficiency, we decided to segment production and reorganize it into production cells which also took on administrative functions." Only IT, purchasing, controlling and personnel were retained as central functions. "This allowed us to increase our efficiency enormously," said Linkenheil. "Nowadays, our turnover is twice as high as it was four years ago although our staff numbers have remained the same."



The EDI and WebEDI solutions from SupplyOn make it possible not only to depict in electronic form but also to automate the entire ordering and delivery process – from delivery instructions and dispatch notifications to self-billing invoices and standard invoices. Significant savings and improvements in quality are possible thanks to the high level of transparency as well as the fact that incorrect entries or incomplete data sets are avoided and information concerning possible delays is made available in good time.

Successful reorganization

"A number of years ago, we realized that we would need to make considerable improvements to our processes and organization in order to remain competitive in an increasingly fierce environment," explained Linkenheil. "Con-

The purchasing department – the gateway to the company

As far as ZF Passau is concerned, the digitalization and automation of processes, particularly in the company's central divisions, was an important lever in increasing overall efficiency. In view

of this fact, the company expanded the proFIT project by launching eFIT in 2006. eFIT focuses predominantly on the areas of finance, logistics, purchasing and quality management. Linkenheil and his team were deliberately put in charge of coordinating the new sub-project: "The purchasing department is the gateway to the company. It has a company-wide role and is particularly important in those areas where it comes into contact with other company divisions."

The objective of the eFIT project was to optimize the way in which ZF Passau and its suppliers exchange data and communicate with each other. SupplyOn played a strategic role in this process. "The platform from SupplyOn and our SAP system formed the technological basis for the eFIT project, whilst we ourselves focused on automating the ordering and delivery processes," said Helmut Buschbacher, responsible for introducing SupplyOn.

Process optimization with SupplyOn

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heil. Nowadays, all delivery instructions at ZF Passau are handled via either EDI or WebEDI and 80 per cent of the company's suppliers take advantage of the facility to exchange data using the web-based system. Around 60 per cent of all delivery notes and invoices are currently handled using SupplyOn processes. The target figure for 2009 is 90 per cent.

ZF Passau has received very positive feedback from its suppliers: "Our processes are now more reliable and more transparent. What is more, we have considerably reduced the number of manual processes," explained Anja Raphael, head of sales at ELSO Elbe GmbH, a company based in Hofheim. "Automated processes save resources and eliminate possible sources of error."

Quality management is another key issue during the eFIT project. "If you are looking to achieve lasting improvements in quality and efficiency, it is no longer sufficient to talk about quality in terms of PPM figures. You need to adopt a systematic approach to supplier development which is based upon current data, an established methodology and an efficient technology", said Linkenheil. The SupplyOn Performance Monitor fulfills all of these requirements. The solution allows ZF Passau to make supplier assessment data from internal systems available to its suppliers on a regular basis via SupplyOn. This in turn enables its partners to analyze the data using the Performance Monitor, identify areas of weakness and take steps to improve their performance.

ProFIT and eFIT are open-ended projects which are designed to optimize processes on an ongoing basis. The company is therefore looking not only to increase the proportion of digital processes already used but also to introduce new processes as well. For example, it is

hoping to introduce a system which will automatically obtain and manage inspection reports and certificates. This will save a great deal of time and free up resources as well.

ZF Passau does not intend to sit back and rest on its laurels. After all, the effects of global competition mean that companies everywhere are under ever-increasing pressure to reduce costs and improve quality. The machinery market is no exception to this rule. However, the challenges facing the company are somewhat different to those encountered elsewhere in the automotive industry. The other divisions within the ZF Group are a case in point. "In our line of work, we are naturally under less pressure to meet high targets for the number of goods produced. However, the complexity of our work is a lot higher. We currently have 400 customers and 8,000 parts lists containing around 23,000 different parts," said Linkenheil. In Linkenheil's opinion, digitalizing and standardizing processes play a crucial role in a company's ability to maintain efficiency and manage production and other key processes: "A sound technological base and high-performance tools are essential. SupplyOn fulfills these requirements and we will therefore be using it during the next phases of the eFIT project, too."

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