From SAP/EDI to Nirvana

SupplyOn Executive Summit 2008

Munich, April 15th, 2008

Satish Kannan, Chief Information Officer tedrive Holding B.V.
About the speaker

Satish Kannan is currently the Chief Information Officer at tedrive Holding B.V. As the CIO he is the member of the senior management team, overseeing the IT operations and process optimization of the entire group. Kannan has deep knowledge and experience in the automotive industry.

Prior to being appointed CIO of tedrive, Satish Kannan oversaw different IT projects managing teams and delivery centers in 3 different continents for reputable automotive suppliers as a Program Director at different tier 1 consulting and IT outsource service provider companies.

Kannan started his Professional Career in India at Citibank and Siemens. In 1997 he relocated to the U.S. and oversaw the service delivery of a range of IT technologies and ERP softwares within various industry sectors. With over 13 years of experience in application oriented IT and project management, Kannan has international management skills and broad based technology and product know-how.

Kannan has a degree in Financial Accounting and Commerce and graduated as a Certified Public Accountant from the U.S.
Presented here is material that will describe at a high level:

- About tedrive - the company and operations
- Acquisition Challenges
- SAP Implementation
- EDI Implementation
tedrive: an overview

- tedrive develops and produces driveshafts, differentials and steering systems for the global automotive industry. With annual sales of €480 million and 2,600 employees at five locations, tedrive is a flexible mid-sized automotive supplier active on a global level. Established in April 2007, the company operates under the tedrive Holding B.V. umbrella. Its headquarters is located at Heerlen in the Netherlands.

Customers

- OEMs and suppliers to the global automotive sector. (BMW, Benteler, Delphi, Denso, Fiat, Ford, General Motors etc to name a few major customers)

Turnover

- approx. € 480 million Euro
About tedrive (2)

Employees
- Around 2,600 globally

Locations
- tedrive Holding B.V., Heerlen (NL)
- tedrive Germany GmbH, Düren (D)
- tedrive Steering GmbH, Wülfrath (D)
- tedrive Poland Sp. z o.o., Praszka (PL)
- tedrive do Brasil Ltda., Cumbica (BR)

Established
- On 30 April 2007 following the acquisition by SSVP II, a private equity fund, of four chassis production and development facilities from Visteon Corporation
Acquisition Challenges (1)

- tedrive was taking over a very complex and diverse organisation with locations in Poland, Brazil, and Germany

- Specialised applications needed to specifically address the industry needs of a tier 1 automotive supplier (specifically CAD/CAE and EDI)

- On tedrive’s side no organization in place that could immediately pick up the acquired assets; some needed to be built up from ground up, such as IT and Accounting

- All contracts and license agreements were centrally negotiated previously with no possibility for tedrive to immediately take over (no transfers allowed)
Acquisition Challenges (2)

- Specialised applications were needed to specifically address the industry needs of a tier 1 automotive supplier specifically around engineering (CAD/CAE tools) and extensive EDI.

- On tedrive’s side there was not already an organization that could immediately pick up the acquired assets, this needed to be built up from the divested entity and from ground up, where this was not available on the side of the divesting entity (areas such as IT and Accounting)

- Over 100 legacy applications were used within the above plants

- Setting up EDI connections for over 150 partners
Timing plan - Acquisition to Complete Separation

Start to Finish for the entire scope - 9 Months:

- Complete setup of IT infrastructure (Infrastructure (incl. Servers, Desktops, Networks, WAN and LAN lines etc), Service Desk, End user computing, Applications(local and central), Staffing and policies and procedures ETC).

- Brazil (Implement MFG/Pro and complete separation) - 5 months

- Germany (Implement SAP including full EDI) - 8 months

- Poland (Rollout SAP) - 4 Months
SAP Implementation- High level

**Main processes**

- **Order to Cash (OTC)**
  - Master Data
  - Order Management
  - Order Fulfillment
  - Billing
  - Complaint Handling

- **Demand to Supply (DTS)**
  - Master Data
  - Material Requirement Planning
  - Shop Floor Control
  - Stock Management

- **Source to Pay (STP)**
  - Master Data Management
  - Sourcing
  - Order Process
  - Goods Movement / Inventory Mgmt
  - Supplier Evaluation
  - Invoice Verification

- **Product Development (PD)**
  - Document Management
  - Product Structure Management
  - Change and Configuration Management

- **Finance to Manage (FTM)**
  - General Ledger
  - Accounts Receivable
  - Accounts Payable
  - Fixed Assets
  - Cost Centre Acc.
  - Profit Centre Acc.
  - Work Orders
  - Product Costing

**SAP components**

- **SAP Logistics Sales and Distribution (SD)**
- **SAP Logistics Production Planning and Control (PP)**
- **SAP Logistics Materials Management (MM)**
- **SAP Document Management**
- **SAP Logistics**
- **SAP Classification**
- **SAP Financial Accounting (FI)**
- **SAP Controlling (CO)**
- Reporting in SAP Business Warehouse

"Scope SAP Modules"

- IS- Automotive
  - SD
  - PP
  - MM
  - FI
  - CO
  - BW
  - EDI / PI

"SAP ECC 6.0"
EDI- Key Figures

» Direct Customer Connections
- 62 Customer locations
- 7 distinctive connections, of which
  - 3 ENX
  - 4 ISDN
- Standards: EDIFACT, VDA, ODETTE

» Direct Supplier Connections
- 89 Suppliers
- 57 distinctive connections, of which
  - 7 ENX
  - 50 ISDN
- Standard: VDA

» SupplyOn WebEDI
- 49 Suppliers
- Contacted and Rolled Out by SupplyOn
- All handled over one ISDN Connection
- Standard: VDA

» SAP XI (Seeburger adapter) Implementation
- Setup of a Three-Tier System Landscape
- Connection of the ERP Backend Systems
Thank you for your attention!
Business Transformation at tedrive

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Jürgen Demske, Head of Automotive Supplier, Capgemini Consulting
With revenues at EUR 8.7 bn per year, Capgemini is the leading European provider of management consulting and IT services.

**Key information about Capgemini – 2007 figures**

**Company**
- Headquarter in Paris
- Listed on the Paris stock exchange (CAC-40)
- 8.7 bn. € Revenue worldwide (2007)
- Top 5 Global Consultancy
- Two Third of the 500 world-largest companies are our clients

**Employees**
- >85,000 Employees
- 300 offices in 36 countries
- Largest „European“ Consultancy

**Global Sectors – Industry Focus**
- Automotive
- Manufacturing & High Tech
- Consumer Products & Retail
- Transport & Logistic
- Energy & Utilities
- Chemicals
- Life Sciences
- Financial Services
- Telecommunication & Media
- Public & Other Services

**Global Service Lines – Solution Focus**
- Consulting Services (*Capgemini Consulting*)
  - Strategy & Transformation
  - SCM
  - CRM
  - Finance & HR
- Technology Services
  - Process & SAP Consulting
  - Extended Enterprise Applications
- Outsourcing Services
In the automotive business Capgemini is positioned as leading consulting firm

**Capgemini Automotive**

<table>
<thead>
<tr>
<th>Automotive Centres of Competence</th>
<th>Facts and Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detroit  NA Auto Centre of Excellence</td>
<td>• Over 2,000 automotive experts globally</td>
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<td>Paris  Europe Auto Centre of Excellence</td>
<td>• Worldwide yearly revenues of 500m EUR</td>
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<tr>
<td>Germany  SAP Automotive Competence Centre</td>
<td>• Industry segment with highest growth</td>
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<td>Italy  Virtual PD Centre</td>
<td>• 13 of the 15 leading OEMs as customers</td>
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<td>Mumbai  Offshore Delivery Centre</td>
<td>• Strong presence in global automotive supplier market</td>
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<td>• Joint development partner for mySAP Automotive solution; use of Capgemini's Adaptive Automotive Enterprise model as a future reference model for the IS Automotive solution</td>
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<table>
<thead>
<tr>
<th>Selected Automotive Accounts</th>
<th>Capgemini Automotive Studies and Events</th>
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<tbody>
<tr>
<td>GM  Automotive</td>
<td>Automotive Supplier Study</td>
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<tr>
<td>TRW  TOYOTA</td>
<td>Third-Party Logistics</td>
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<td>JOHN DEERE  RENAULT</td>
<td>Cars Online Study</td>
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<td>Ford  MAHLE</td>
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<td>TOYOTA  PEUGEOT</td>
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<td>IVECO  FIAT</td>
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<td>BEHR  MAGNA</td>
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<td>DAIMLERCHRYSLER  NISSAN</td>
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<td>BMW  Mitsubishi Motors</td>
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<td>Bosch  Harman/Becker Automotive Systems</td>
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<td>Faurecia  Delphi</td>
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<td>Siemens VDO  Visteon</td>
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<td>TEDRIVE</td>
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Missing standardization of processes and systems lead to significant efforts in business

**Issues which increase effort in business**

<table>
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<tr>
<th>Issues</th>
<th>Percentage</th>
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<tr>
<td>Fehlende Standardisierung</td>
<td>53</td>
</tr>
<tr>
<td>Fehlende Ansprechpartner/ unklare Rollen &amp; Verantwortlichkeiten</td>
<td>45</td>
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<tr>
<td>Ungenügende Systemunterstützung in der Zusammenarbeit</td>
<td>37</td>
</tr>
<tr>
<td>Ungenügende Systemunterstützung im eigenen Unternehmen</td>
<td>29</td>
</tr>
<tr>
<td>Mitarbeiterqualifikationen bei ihren Geschäftspartnern</td>
<td>16</td>
</tr>
<tr>
<td>Regionale Verteilung der Geschäftspartner</td>
<td>13</td>
</tr>
<tr>
<td>Wechsel der Geschäftspartner</td>
<td>11</td>
</tr>
</tbody>
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**Source:** “Transaktionskostenanalyse in der Automobilzulieferindustrie – Potenziale für effizientere Zusammenarbeit”, Capgemini Supplier Study, 2006

**Issues**

- Processes are not harmonized
- Systems are not standardized
- Information systems are not integrated within a supplier and towards business partners
- Roles and responsibilities are not clearly defined
Increasing integration of processes and business partners will lead to reduced total effort and higher speed of business

**Opportunities which reduce effort in business**

<table>
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<tr>
<th>Opportunities</th>
<th>Percentage</th>
</tr>
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<td>Partnership and collaboration with business partners</td>
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<tr>
<td>Standardized business processes</td>
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<tr>
<td>Standardized data structures to exchange information</td>
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<tr>
<td>Integrated IT within the organization</td>
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<tr>
<td>Integrated IT towards business partners</td>
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</tbody>
</table>

**Opportunities**

- Partnership and collaboration with business partners
- Standardized business processes
- Standardized data structures to exchange information
- Integrated IT within the organization
- Integrated IT towards business partners

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Capgemini and SupplyOn build a new harmonized and integrated solution with tedrive

**process and IT design for tedrive**

- tedrive **processes** are **harmonized** (OTC, DTS, STP, PDM, FTM)
- **Standard applications** are implemented (SAP, SupplyOn)
- **IT** is **integrated** within tedrive
- Commuination to **business partners** is **standardized** and supported by IT
- Build-to-Run partners were asked by tedrive (Capgemini, SupplyOn)

<table>
<thead>
<tr>
<th>Harmonized processes</th>
<th>Integrated IT systems</th>
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<tbody>
<tr>
<td>• Order-to-cash (OTC)</td>
<td>• SAP</td>
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<tr>
<td>• Demand-to-supply (DTS)</td>
<td>• SupplyOn</td>
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<tr>
<td>• Source-to-pay (STP)</td>
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<tr>
<td>• Product-development-</td>
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<td>management (PDM)</td>
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<td>• Finance-to-manage (FTM)</td>
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**Scope SAP Modules**

- IS- Automotive
  - SD
  - PP
  - MM
  - FI
  - CO
  - BW
  - EDI/PI

**Scope SupplyOn**

- WebEDI
Stringent management of designed project approach made the project success happen

Success factors for tedrive project

<table>
<thead>
<tr>
<th>Category</th>
<th>Selected success factors</th>
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<tbody>
<tr>
<td>Project design</td>
<td>• Leverage of supplier industry best practices</td>
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<td>• Keep the application standard</td>
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<td></td>
<td>• Implement one integrated solution</td>
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<td></td>
<td>• Use of Capgemini Rightshoring approach (right mix of on-site, near- and off-shore resources)</td>
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<td></td>
<td>• Assign end-to-end responsibilities (Build-to-Run)</td>
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<tr>
<td></td>
<td>– Capgemini (business processes, ERP)</td>
</tr>
<tr>
<td></td>
<td>– SupplyOn (WebEDI)</td>
</tr>
<tr>
<td>Management</td>
<td>• Top management support by CIO Satish Kannan and CFO Tom Schultz</td>
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<td>• Agree and contract the same project targets and priorities</td>
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<td>• Use “Start-up-situation” of tedrive as a katalysator</td>
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<td></td>
<td>• Make fast decisions on all levels</td>
</tr>
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<td></td>
<td>• Be “one-team” collaborative team</td>
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