



SUCCESS STORY

Rolls-Royce Simplifies Complex Projects and Streamlines Supplier Management with JAGGAER

Customer Profile

MTU Friedrichshafen is the core business of Rolls-Royce Power Systems, a division of Rolls-Royce plc. The company's headquarters are in Friedrichshafen, Germany and it employs over 11,000 people worldwide. The company is well-represented around the world with over 30 subsidiaries and more than 1,200 development, production, service, and sales locations in 130 countries.

Under the MTU brand, the company develops and produces large high-speed engines and propulsion systems for ships and heavy land, rail and defense vehicles, as well as drive systems for use in the oil and gas industry and in power generation. The company has procurement offices in nine locations around the world where 120 buyers are responsible for a purchasing volume of more than one billion euros. Approximately 45 commodities are distributed across these locations using a category manager concept.

“Despite having different SAP systems, all of our loc-ations will soon have access to a central database. This digital connection makes it easier to communicate internally and speeds up the release process.”

—Onur Açıkgöz
Project Leader Strategic Procurement
MTU Friedrichshafen GmbH

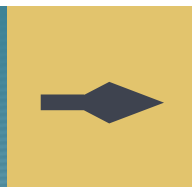
Challenge

The procurement department at MTU was searching for a way to quickly access data on suppliers and prices, which are spread across four SAP systems. Changing a single data entry necessitated the time-consuming task of replicating this update in the other systems. For MTU, it was crucial that the company implement a tool that would make updating the primary data in their digital purchasing platform easy and would automatically sync data updates to the other company SAP systems.



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In order to ensure that materials were being purchased at the same prices in all of the company's international locations, the solution would also have to make supplier and price data transparent and readily available for all of the company's purchasing locations. As it looked to enable these features, MTU Friedrichshafen had a vision for its supplier management and procurement system: the manufacturer wanted ideally to have a 360° view of each supplier through a single portal. In addition to maintaining accurate and consistent supplier data, MTU also enabled different locations to purchase at the same negotiated prices worldwide while still allowing for flexibility in local price components. The company knew that the most effective way to achieve these goals and guarantee global transparency was to set up a central system that can be accessed from all of the company's locations and SAP systems, so they looked to JAGGAER to make this vision a reality.

Solution

When MTU began searching for a partner, there appeared to be no suitable solution on the market that could meet all of the company's requirements—until it discovered JAGGAER, whose all-in-one platform won the company over. The deep level of SAP integration and robust supplier management features offered a solid foundation for MTU's complex project, as the JAGGAER portal can display the most up-to-date data and records across MTU's SAP systems, thanks to strong integration tools that allow the new solution to coordinate seamlessly with the ERP system already in place. Previously, when MTU was required to enter suppliers manually into SAP systems, any given supplier could end up existing in multiple systems—with different supplier numbers. Efforts to consolidate data are often hampered by the fact that records can be structured differently and often contain different fields and selection criteria between

systems. Creating a “golden record” was a goal that the company looked to JAGGAER to help them reach, and by working together with the MTU IT department, JAGGAER was able to consolidate data sets and remove duplicate entries.

Primary data management now takes place solely in the JAGGAER system—after the data is processed and released, it is transferred back to the SAP systems. This ensures that all buyers are working with the same, accurate data, and that additional data processing within the SAP system is no longer necessary. Supplier and price information being available simultaneously at all of the company’s locations increases the savings potential resulting from economies of scale and being able to consolidate purchasing and negotiating power. Previously, prices were only negotiated in coordination with the commodity manager for the commodity in question. These prices are then set as the standard for all of the company’s procurement locations. With JAGGAER, MTU can speed up communication between the different procurement organizations and introduce digital release processes to make it easier to agree on prices.

Managing data centrally in JAGGAER guarantees that prices and conditions will only need to be updated in one place, while continuing to be displayed in the SAP systems for quick visibility. For MTU, this reengineering project with JAGGAER is just the first step in a series of digital optimization measures for their procurement initiatives. MTU plans to digitalize other processes using the intelligent procurement platform, such as contract management, calls for bids, and purchase orders. This will bring MTU one step closer to realizing its vision of complete 360° visibility and better communications with its suppliers.

Bottom Line Results

- ➔ Centralized data access for all locations and across disparate SAP systems
- ➔ Enabled company-wide transparency into supplier and price information and digital release workflows
- ➔ Standardized global prices that take advantage of leveraged buying power while still allowing for local flexibility

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