



MANUFACTURING | SUPPLIER REGISTRATION,
CATEGORY MANAGEMENT, SUPPLIER RATING,
AUDIT MANAGEMENT, CLAIM MANAGEMENT, RFQ

Maschinenfabrik Reinhausen: High Standards in Quality



Maschinenfabrik Reinhausen (MR), located in Regensburg, is a world market leader in the field of regulating power transformers, and more than 50% of the world's electricity is conducted using MR products. MR has the highest standards for the quality of its products, its work processes, and its entire supply chain.

The Challenge

From 2000 to 2008, the company's primary focus was on how to manage its increasing sales and not on how to optimize work processes. Many steps within the daily operations of Purchasing were still being completed manually, and the results were entered in various formats, such

as Excel, Power Point, etc. The information was distributed across several different locations, which meant that users had to search through different sources manually to find the data they were looking for. Bringing these files together was also very time-intensive. In short, the previous method of storing data was redundant, inconsistent, and was only up-to-date and transparent under certain conditions. It was difficult for the Purchasing, Technical, Production, Quality Assurance, and Logistics departments to coordinate and work together because the lack of a central location for saved files meant that the departments were never working with the same information. Communication and file exchanges between the company and the suppliers were also conducted manually. The high process costs were a source of concern and a hindrance for the company.

The Solution

Purchasing plays a critical role in the company. MR values the careful selection and development of its suppliers very highly. The company is focused on quality, environmental awareness, sustainability, the ability to innovate, logistics

"We were looking for an SAP-certified provider that could cover all of the essential processes and steps for MR's procurement process in a single SRM platform. SAP is and will remain our leading ERP system."

Michael Rudorf, Head of Purchasing,
Maschinenfabrik Reinhausen GmbH



(complying with standards within the supply chain), and costs (Total Cost of Ownership). In addition to procuring production material, non-production material, project-based Purchasing, and the organization of 162 commodities, the purchasing department is also responsible for establishing the company's entire Procurement strategy. The total costs for purchased items amounts to 160.21 million euros, of which 68% is production material and 32% is non-production material. MR is focused on the best suppliers with the highest performance worldwide. For production materials alone, the company works with 309 suppliers.

Maschinenfabrik Reinhausen

The Maschinenfabrik Reinhausen GmbH is based in Regensburg and has 31 subsidiaries and associated companies. The company is internationally successful in the electric engineering sector. Founded in 1868, the company has been a primarily family-owned company for five generations. In the 2015 fiscal year, the company's 3000 employees achieved 700 million euros in revenue. 50% of electricity produced worldwide is regulated with MR products. The corporation's activities are directed from Regensburg, which is also where the executive, sales, marketing, and research and development departments are located, and much of the manufacturing takes place there.

www.reinhausen.com

Goals Reached with JAGGAER

- Improved evaluation of supplier ratings
- Faster supplier development processes
- Reduction of claims costs by 72%
- On-time deliveries increased from 86% to 96%
- Savings on material costs thanks to simplified offer comparisons
- Reduced preparation time for discussions with suppliers thanks to traceable complaint claims, supplier evaluations and action points

Simplify and Save

In 2010, MR went on the offensive and launched a new company-wide strategy. The goal for the Purchasing department was to increase efficiency by avoiding manual tasks. Before taking the next step towards automation, MR defined its Procurement processes a year later, and began searching for a suitable partner. They selected the comprehensive portal solution from JAGGAER, which has a modular structure and extensive SAP integration (including SAP certification). The SaaS solution (Software as a Service) offers users global access to the most up-to-date data while still allowing the data to be stored within MR's own system. In only 15 months, MR implemented a total of seven modules in SRM, Quality Assurance, and Sourcing. It was important for MR that the different processes for Procurement could be covered by a single, comprehensive tool. Today, Procurement processes are mapped out consistently using the tool. The structure of the eSolution, like MR's Procurement process itself, is based on a closed loop. This ensures



that supply base management is consistent and continuous, and allows for the long-term improvement of a supplier.

Visible Benefits

Since 2011, MR has been able to reduce their claims costs by 72%. These costs are the result of a deficit of delivered items at MR, or occur during the value creating process. The claims compensation rate is currently at 84%. This rate refers to the portion of the costs that the suppliers have paid back to MR. This figure is quite good, considering that according to current laws, the

supplier only has to resolve the shortage. The supplier is not required to provide compensation for costs that result from the damage. By implementing targeted measures to evaluate and develop suppliers, which was made possible thanks to the simplified evaluation process in the Purchasing tool, MR was able to reach an agreement with its suppliers that they would cover MR's costs up to a certain percentage. In addition, the improved and faster supplier development processes has also improved suppliers performance.

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