ifm Electronic Achieves Better Prices with Pure eProcurement

Vertical
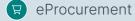Manufacturing

Featured Product Family
🌐 Sourcing

Other Owned Product Family
🛒 eProcurement
📄 Invoicing
👥 Supplier Intelligence
🔶 JAGGAER One Platform

Location
Essen, Germany

About ifm

Measuring and controlling – When it comes to pioneering automation technology, ifm electronic gmbh is the ideal partner. Since the founding of the company in 1969, ifm has shaped industrial automation by continuous new developments in the field of sensors, controllers and systems. Today the second generation family-run business with about 6,000 employees in 70 countries is among the worldwide industry leaders. ifm's exceptionally large product portfolio does not only cover all relevant standard solutions, but also the special requirements of individual industries. In 2016, the company achieved a turnover of more than 775 million euros.

Business Challenge

The ifm group produces and distributes sensors, controllers and systems around the world for industrial automation in the automotive, steel and metal, and food industries. Continued strong growth and a global footprint mean that the company must constantly work to develop their procedures further to increase productivity and efficiency. The catalog management tools that the company had been using could no longer keep up with ifm's growth and changing requirements over the past several years. The company needed its own eProcurement system that could optimize indirect procurement at ifm electronic gmbh.

ifm had set up an external sourcing platform for C-items early on, putting the company ahead of the

"A system that will be used by many people needs to be simple, transparent and intuitive. eProcurement checks all of the boxes.

Leo Grenz, Organization Projects Procurement, ifm electronic gmbh

Why JAGGAER

JAGGAER One is an intelligent source-to-pay and supplier collaboration platform, and the catalyst for enhancing human decision-making to accelerate business outcomes. ifm leveraged JAGGAER's Sourcing solution, helping customers to negotiate with suppliers on all cost drivers to simplify complex direct and indirect procurement and reach the highest savings.

curve when it came to using digital procurement processes. The company buys more than 7,000 catalog items from approximately 850 suppliers, and processes more than 2,500 free text purchase orders per year. Problematically, however, the external platform between ifm and their suppliers in the previous catalog management tool made it difficult to negotiate prices. The company also had limited control over the selection of catalog providers. As the company grew, the previous catalog solution could no longer meet ifm's changing requirements. The range and scale of the company's processes could no longer be

covered by the existing solution. In 2013, the entire company switched to ERP-SAP, providing ifm electronic gmbh with a more communicative system with EDI interfaces and more flexible functions. The decision to implement a separate eProcurement tool that could be integrated with ERP and was compatible with other systems in the company was a logical next step.

Solution

Procurement at ifm electronic gmbh has already been in the process of modernizing and digitizing its processes for a long time. The solution

JAGGAER

specialist, JAGGAER, has long been their partner of choice for working on these kinds of complex procurement issues. Since the two companies first began working together in 2009, JAGGAER's solutions have been implemented for sourcing, RFQs for production material, and strategic supplier management. The registration process for the annual 150 supplier applications is now fully standardized, and ifm directs the nearly 450 approved main suppliers using JAGGAER's Supplier Management tool.

By adding eProcurement, ifm will soon have its own catalog management system, which will be connected to existing procurement processes in the system. Soon, price negotiations and the selection of catalog providers will no longer be limited, and even items that are not in a catalog can be easily purchased using the system. Previously, these kinds of PREQs had to be processed manually by Procurement, which was a time-consuming process that often resulted in errors. Soon, free-text PREQs will trigger an automatic workflow that will turn PREQs into purchase orders. This completely eliminates the need for any manual steps for procurement. ifm can now select their catalog providers on their own and negotiate prices more independently. Suppliers can also use the tool for free.

In addition to shorter processing times, eProcurement also ensures transparency for its users thanks to a clear and intuitive user interface. Each user can track his or her PREQ in JAGGAER, and can instantly access all of the relevant data. Without switching to an external system or contacting a third party, the user can view the approval status and knows when the PREQ has been transferred to a purchase order, as well as the corresponding order confirmation number.

If the supplier is connected through an EDI interface, the requester can even see the status of his or her order with the supplier. To make it easier for the user, ifm also chose the SSO function (single sign on). This means that users do not need to sign in again when switching to other sub-systems. The SSO option is especially practical in this case, because the majority of the 1,000 users will not be permanently working with the tool. This should prevent any login issues and ensure that ifm employees can work seamlessly with the eProcurement platform and benefit from it.

The company-wide rollout of eProcurement is currently underway. ifm's various locations are gradually being connected to the tool. Soon, all 6,000 employees will be able to submit and track requests for their own demands. To get everyone on board, procurement will present the advantages of the intelligent eProcurement tool on-site to all of the individual departments, and will determine how many people in each department will actually use the tool in the future. Once the users have been nominated, their data can be added into the system, and the approval workflow can be started. The procurement team will host training sessions in order to familiarize the users with the tool in advance. The system's user-friendly and intuitive interface make the tool easy to use.

Goals Reached with JAGGAER

- Flexible price negotiation and independent selection of catalog providers
- Standardized procurement processes, short processing times and short order times
- Time-consuming manual processing replaced by automated processing
- Track workflows and get instant access to order and approval statuses and order confirmation numbers etc.
- Increase transparency with clear and user-friendly interface
- Full ERP integration and compatibility with other systems

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