

## SAP Customer Success Story



The **Brose Group** has been using mySAP™ **Supplier Relationship Management (mySAP SRM)** for the purchase of indirect materials since November 2002. In just a short space of time, the benefits have become clear to see: a decrease in process costs, a reduction in the number of suppliers, and the ability to aggregate demand across the enterprise.

**brose**  
Technik für Automobile



## THE BROSE GROUP

Brose, a major supplier of parts to the automotive industry, has set its sights on global growth, aiming for sales of €2.1 billion by 2005. It expects to post total consolidated revenues of €1.9 billion in fiscal 2003. As a developer and manufacturer of components and systems for vehicle doors and seats, Brose partners with the biggest names in the automotive industry, meeting the needs of more than 30 vehicle brands, as well as leading seat manufacturers. The group employs approximately 7,500 staff at 30 locations worldwide. "If we are to maintain competitiveness, we must continually optimize our processes, both in production and in administration," comments Michael Stoschek, president and CEO of the Brose Group.

### IMPROVEMENTS IN SUPPLIER RELATIONSHIP MANAGEMENT

Clearly, there was potential for improving the procurement of indirect materials at Brose. It was becoming more and more difficult to keep track of the volume and pattern of purchased goods and services, and the company had to deal with an increasing number of suppliers. Management decided it was time to optimize procurement processes and aggregate demand.

Previously, individual departments would place orders using handwritten forms, which incurred high process costs. Now, employees use an online system to order everything from pencils to temporary workers. Within the framework of the e@sy buy project, Brose built a digital catalog by loading the details of 320,000 products from 125 suppliers. The purchasing and end-user departments share joint responsibility for deciding what should be included in the digital catalog.

“We were determined to maintain day-to-day procurement decisions at the user-department level,” explains Gerd Hochberger, project leader within the procurement department. “However, the procurement department is responsible for pricing, as well as liaising with suppliers.” The Brose Group decided to keep content management in-house, and uses eMerge from Requisite to maintain existing digital catalog content.

### **PROCESS COSTS SLASHED BY 65%**

Approximately 400 employees are linked to the online purchasing solution via SAP® Enterprise Buyer, the core e-procurement application of mySAP™ Supplier Relationship Management (mySAP SRM). The Brose project began in February 2002, at the Meerane plant in the eastern German state of Saxony. Employees in Coburg and Hallstadt have been able to order online since October of the same year. The technology will be rolled out to additional sites within the Brose Group.

Transparency of the purchasing process has been increased and the verification of invoices simplified, including the credit note process. Furthermore, the order-cycle time has been reduced by two-thirds and process costs cut by 65%. For Brose, the e-procurement capabilities of mySAP SRM represent a giant step towards a paperless office.

The introduction of the new technology is in line with Brose’s overall IT strategy: the company opted a number of years ago to create an SAP-centric environment. Online procurement is not only future-proof, but it also offers seamless integration with SAP R/3®.

### **ON THE WAY TO THE GOAL: NUMBER OF SUPPLIERS REDUCED**

For employees who want to place an order, the procurement process is now three simple steps. First, the employee chooses items from the online catalog and adds them to a shopping cart. He then assigns items to cost centers or projects. As a final step, he confirms receipt upon delivery.

To order a product or service that is not in the catalog, an employee enters a free text description, and a requisition is sent to the procurement department, where it is automatically forwarded to the appropriate buyer by means of the product category. In addition to workflow support, the online order process helps the user in assigning costs to the right cost center.

The e@sy buy project enabled Brose to begin reducing the number of suppliers. The company plans to aggregate demand and source its requirements via carefully selected key suppliers. As a result, it hopes to gain improved service and lower costs.

### **ALWAYS UP-TO-DATE WITH mySAP SRM**

Based on the success of the e@sy buy project, Brose decided to improve information exchange with external partners by converting the product category concept to eCI@ss, the classification and standard-attribute system. Over 400 internal product categories can be effectively communicated to outside organizations via this standard system. Price adjustments for products and services listed in the catalog are maintained, checked, and updated upon approval by the procurement department. As a result, Brose Group employees always know what their purchases cost, down to the last cent.

Since the introduction of e@sy buy, the procurement department has far greater visibility over the demand for products and services. This has enabled the department to slash processing costs and reduce the total number of suppliers, while improving service and lowering overall costs. To enhance transparency even further, the company plans to introduce the reporting and analytic capabilities of SAP Business Information Warehouse (SAP BW).