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 **EUROPE**  
EDITION

APRIL 2019

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Driving digital transformation

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Digital disruption in the energy sector



**Lufthansa Cargo**

Networking the world.

## Digitalisation of an industry leader

Jochen Göttelmann and Boris Hueske talk simple, intelligent logistics

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TALKING  
**BIZ**  
WITH

 **DSI**  
UNDERGROUND

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CLOUDCHERRY

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IT'S ABOUT TIME

# You had an all-in-one 'Communication Platform'

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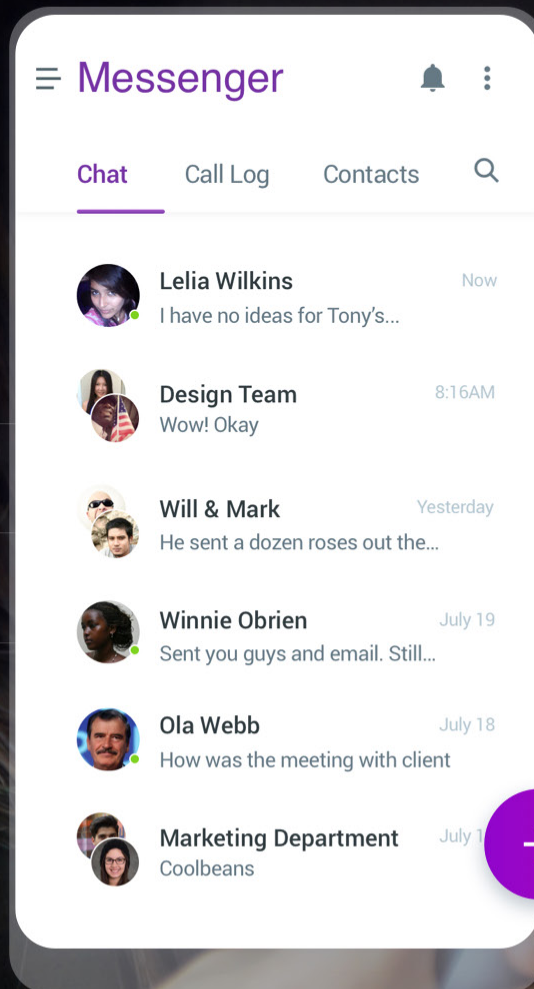
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**W**elcome to the April Issue of the Europe edition of Business Chief Europe!

For this month's cover feature, the cargo unit of Germany's largest airline, Lufthansa Cargo, discusses intelligent digital transformation. The company's CIO Jochen Göttelmann informs Business Chief how the business is integrating technologies such as cloud.

Elsewhere, Spanish automaker SEAT reveals how it is expanding across the globe. The company is specifically focusing on the North Africa region, and is currently leading Volkswagen's production project in Algeria.

The BKW Group, Deutsche Bahn, and DSI Underground also feature in this month's edition. The companies talk about digital transformation within the energy and infrastructure, transport and mining sectors.



Vienna is the magazine's City Focus for the month of March. Business Chief looks at the city's architecture, history, and businesses.

This month's top 10 looks at the best franchises based in Europe includes companies such as The Body Shop, Europcar and SPAR.

Enjoy the issue!  
Sophie Chapman  
[sophie.chapman@bizclikmedia.com](mailto:sophie.chapman@bizclikmedia.com)

IT'S ABOUT TIME

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TALK, CHAT & COLLABORATE



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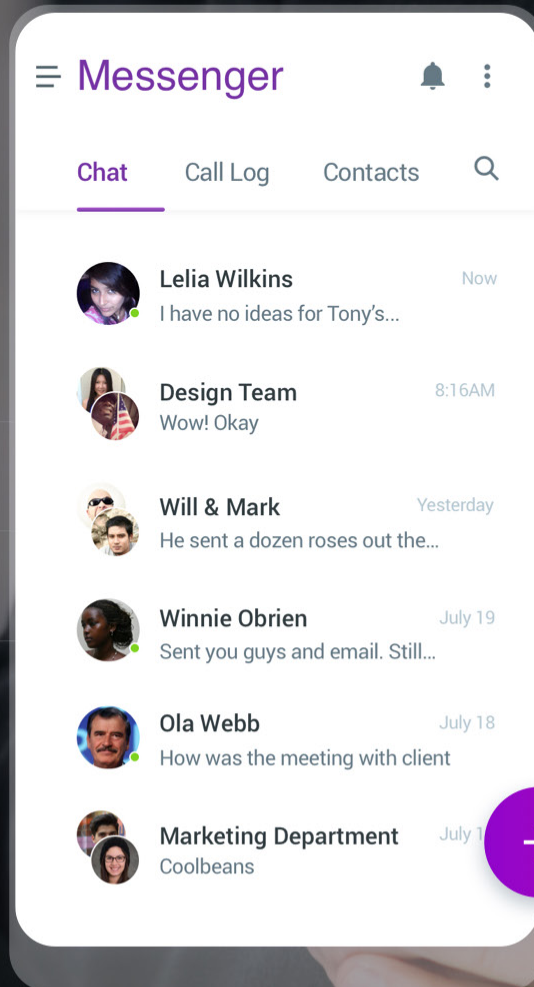
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# Lufthansa Cargo transition into a full industry leader



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WRITTEN BY  
**HARRY MENEAR**

PRODUCED BY  
**LEWIS VAUGHAN**

## Jochen Göttelmann, Chief Information Officer, and Boris Hueske, Head of Digital Transformation, share the story of Lufthansa Cargo's simple, intelligent digital transformation

**A**s one of the world's leading air freight carriers, Lufthansa Cargo provides tailored logistics solutions to customers in over 100 countries, transporting an average of 1.6mn tons of freight and mail each year. With over two decades of experience at Lufthansa Cargo between them, Jochen Göttelmann, Chief Information Officer (CIO), and Boris Hueske, Head of Digital Transformation at Lufthansa Cargo are bringing together technology and business to better serve the company's customers. "Mostly I've worked in roles where new services, solutions and strategies needed to be developed, as well as setting up new companies for Lufthansa Cargo. Now I'm transforming our business into something much more digital than it was in the past," says Hueske. He explains that "the level of technological adoption in B2B business models has traditionally progressed more slowly than in the B2C space. In the context of B2B, air freight is lagging behind other B2B environments."

We sat down with Hueske and Göttelmann to find out about the ways in which Lufthansa Cargo's simple,





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**1994**

Year founded

**4,500+**

Approximate number of employees globally

**300+**

Locations served in over 100 countries

**“There is no innovation without technology. Sometimes technology is driving innovation and sometimes it is enabling it, but without technology there is no innovation”**

—  
Jochen Göttelmann,  
CIO, Lufthansa Cargo

intelligent digital transformation will close that gap and maintain the company’s position at the leading edge of the air freight sector. “The speed and momentum we are currently gaining in our industry is tremendous”, says Göttelmann, who believes the digital gap between the air freight industry, like other B2B sectors, and B2C businesses will be closed in a couple of years. Göttelmann is a firm





**CLICK TO WATCH: LUFTHANSA CARGO –  
'LOGISTICS OF THE FUTURE – DIGITAL CHALLENGES?'**

believer in the need to increase technology saturation throughout the company. “There is no innovation without technology. Sometimes technology is driving innovation and sometimes it is enabling it, but without technology there is no innovation.”

As the head of Lufthansa Cargo’s digital transformation, Hueske is taking a methodical, step by step approach, leveraging simple steps to produce effective results. “The process of change obviously starts with some basic things,” says Hueske. “More digitisation, for a start. We’re making

the move from paper into data: that’s what we did over the past few years, starting with one of the basic documents we use in our industry, the air waybill.” Waybills are a form of receipt issued by airlines for the transportation of goods. “Over the past few years, we have achieved a high rate of electronic air waybills,” says Hueske. “We started over 10 years ago with just the waybills and now about 80% of all the company’s documents are electronic. That is not only important for our processes, but now we also have data through which we can, for example, offer new

services to our customers. We saw the same thing on the passenger side with the adoption of electronic ticketing and everything that followed that, like self check-in and mobile apps.” Lufthansa Cargo is now effectively developing services for customers based on data and technology. “We also invested in improving our IT capabilities using a new backend handling system,” Hueske adds. “We’re investing in a new booking engine, which is the core system we use to offer our

**“We’re making the move from paper into data and into data commercialization through new services and more efficient processes”**

—  
**Boris Hueske,**  
Head of Digital Transformation,  
Lufthansa Cargo

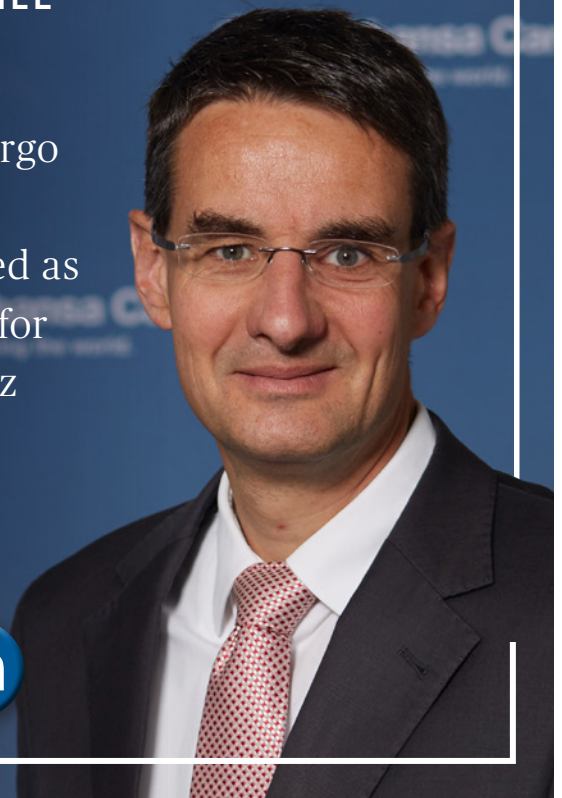
EXECUTIVE PROFILE

**Jochen Göttelmann**

Jochen Göttelmann joined Lufthansa Cargo as Chief Information Officer in 2015.

Prior to joining Lufthansa, Jochen worked as an IT manager in the financial industry for Dresdner Bank, Credit Suisse and Allianz Global Investors.

Jochen holds a PhD in mathematics and also has a strong background in computer science, physics, and business administration.





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services to customers. They can already book online, but we're upgrading to a modern version, which is really helping us offer a kind of e-commerce solution for air freight transportation services." The new booking system uses online spot pricing, allowing customers to enter capacity requests and receive price quotes immediately. "It sounds a little bit strange, but in our industry, this is not widely available yet," Hueske explains. "In the passenger industry you can easily go online and see if your family gets seats on a flight.

You see your price, you push the button, and then it's booked. That is not yet available in the air freight industry, and that's what we are working on: enabling customers to book directly through our own e-portal."

Lufthansa Cargo's core system is developed and maintained by IBS Software, a provider of IT solutions to the travel, transportation and logistics industries. "With IBS, we do not just have a traditional provider relationship, but rather a partnership on eyes' level," says Göttemann. "IBS is one of the

## EXECUTIVE PROFILE

### **Boris Hueske** **Head of Digital Transformation**

Boris Hueske first came to Lufthansa Cargo in July 2001 from his project manager role at DB Cargo AG. He has remained with the company since then, apart from a two year period as director of finance at Aero Logic. Hueske became Lufthansa Cargo's Head of Digital Transformation in January 2018.





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Nagarro drives technology-led business breakthroughs for industry leaders and challengers. Some of our clients include ASSA ABLOY, the City of New York, DHL, GE, Lufthansa, Siemens and T-Systems. Working with these clients, we continually push the boundaries of what is possible to do through technology, and in what time frame. Today, we are more than 5,000 experts across 21 countries. Together we form Nagarro, the global services division of Munich-based Allgeier SE.



“We need partners like **Nagarro** who help innovatively and technologically to take place in the **digital transformation.**”

Dr. Roland Schütz, CIO of the Lufthansa Group, talks about the secret sauce of this successful and trusted partnership.

LEARN MORE



# “The speed and momentum we are currently gaining in our industry is tremendous”

**Boris Hueske,**  
Head of Digital Transformation,  
Lufthansa Cargo

most important partners to keep up our momentum. Although it's a standard product, they are still highly willing to invest in further product development.” Another important partner for the digital transformation is Nagarro, a software and business consulting firm headquartered in Munich. Göttelmann describes Nagarro as “the main providers for our internet portal, and one of the two leading providers of our booking engine”. But Lufthansa Cargo doesn't need to rely on external vendors only. With Lufthansa Industry Solutions they have a strong captive

partner especially for individual software projects and major IT service packages like the complex BI and Analytics environment, or the specific Cargo revenue accounting.

Hueske and Göttelmann are positive that this transformation will be beneficial to both Lufthansa Cargo and its customers. “The traditional process would involve the shipper using a forwarder to send something to its consignee, picking up the phone, asking for quotes, getting back quotes, deciding routes, confirming shipment details, ordering the airline and so on,” says Göttelmann. “There will always be a physical flow. Shipments will be trucked from the shipper to the airport, flown from Europe to Asia or America etc., and then need to be trucked again from the airport to the consignee. This won't change as long as physical goods are being shipped.” However, alongside the movement of physical goods is a flow of information, traditionally taking the form of “some paper” attached to the shipment. By moving away from analogue record-keeping and other paperwork, Lufthansa Cargo is accelerating the process through



which its clients can “request and receive quotes, confirm capacity and prices online”, Göttelmann notes. “Here, spot pricing is one of the important factors. Clients receive a quote according to shipment dimensions, weight, loadability checks, embargoes, regulations – whatever is necessary to fly that shipment.” With Lufthansa’s new online portal, customers will receive all relevant information in a matter of seconds. Hueske says: “The whole development from this analog business – this manual transfer





**CLICK TO WATCH: 'HORSES AT THE LUFTHANSA CARGO ANIMAL LOUNGE'**



of information, paper and documents between all parties involved – to a digital one, is a severe change. It's an evolution, but it is happening at an ever-increasing speed, and that makes it so significant." At the core of Lufthansa Cargo's front-end transformation is the drive to be convenient and efficient for customers. "We have to be efficient on the B2B side with lean, digital, automatic processes, and being convenient for human beings booking our services," says Hueske.

In addition to Lufthansa Cargo's



# Lufthansa Industry Solutions: Your Partner for Digital Transformation

Whether you need to develop a company-wide digitization strategy, connect machines using IT services or provide mobile platforms for cross-company collaboration: If it is a matter of company digitization, Lufthansa Industry Solutions is the right partner.

Our customers come from a wide range of different areas. These include air travel, logistics, transport, manufacturing and automotive industries. But no matter their industry, they all face the same, huge challenge of our time: They have to structure their IT all along the value chain in such a way that it reduces costs and simultaneously increases revenues and efficiency in the long run.

Lufthansa Industry Solutions helps companies to digitize and automate their business processes – from medium-sized to listed companies. In doing so, we do not just focus on the IT needed, but on our customer's business as a whole, including its internal and external challenges. This is because digital transformation affects a company's entire structure and culture, and reaches beyond company borders to collaboration with partners, customers and suppliers.

Our project experience and industry expertise.

We have been working with many of our customers for numerous years. We combine the project experience and industry expertise we have gained with our com-

prehensive services and technology portfolio. Especially, Lufthansa Industry Solutions has many years of expertise in the field of air cargo and, in particular, supports its sister company Lufthansa Cargo in the digitization of sales, handling and financial processes. We work together in agile interdisciplinary teams. Whether your need is Internet of Things, Data Analytics or to bring your IT systems into the Cloud – as an IT consultancy and systems integrator, Lufthansa Industry Solutions covers the entire spectrum of IT services. We always make the highest demands on security and quality – especially because our roots are in aviation, a highly digitized, security-sensitive industry.

Take advantage of the growth opportunities offered by automation and digitization.

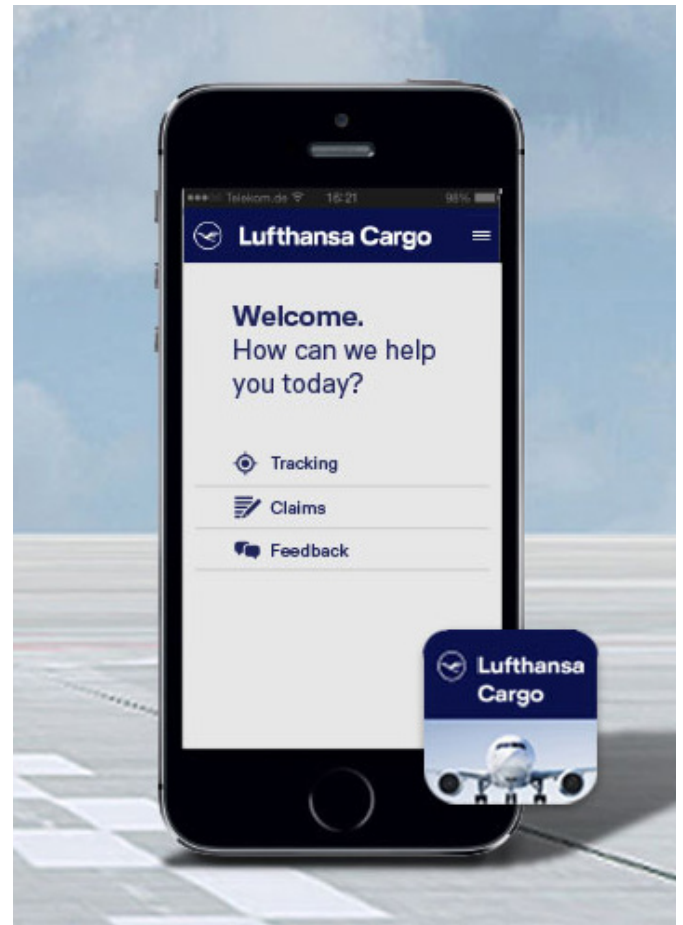
Lufthansa Industry Solutions division has been steadily growing since 1998. In the spring of 2015, the company was spun off from the former Lufthansa Systems AG and now does business as an independent company within the LUFTHANSA GROUP. As we are a full-service provider, we can help our customers take advantage of the growth opportunities offered by automation and digitization.





redesigned customer experience, the company is digitally transforming behind the scenes. “The whole Lufthansa Group, not just Lufthansa Cargo, is adopting a future-proof IT strategy”, says Göttelmann. “We’re moving from a dedicated, on-premises data centre to a multi-cloud environment. With this we can scale up performance instead of running through lengthy ordering processes, installing servers in the rack and de-installing again. We’ll be using IT infrastructure resources as we need them. It’s capable and elastic, and it goes hand in hand with the introduction of Office 365 and Dynamics 365 as web-based workplace environment and CRM tool.” CGI, a Canada-based software and service company with global delivery capabilities, is one of Lufthansa’s partners for the could transformation.

Lufthansa Group is also updating its cybersecurity measures in order to match the emerging threats of a digitalising industry. “We’re investing a lot in processes, hardware and software protection, and, particularly, training and awareness. Usually, the



weak point in the system is not the computer or the network; too often it’s a user who falls into a tech trap,” says Göttelmann. “We’re investing on all levels,” he confirms.

In all cases, a transformation of the technology used by a company equates to a transformation of the culture within that company. At Lufthansa Cargo, both Hueske and Göttelmann agree this is the case. “There is a cultural shift necessary,” says Hueske. “One important thing is to really instill the idea of IT as a production factor. It is important that



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we as a company understand the value generation through software in a digital world.” After the introduction of agile project methods in the last two years, now Göttelmann and his leadership team are taking the next steps. An adoption of DevOps principles will help to make internal processes leaner, increase software quality and shorten release cycles.

Lufthansa Cargo’s digital transformation will carry the company forward into the next three years with an eye to becoming a more attractive employer

to top flight talent in the tech sector. “If you look at universities, hardly anybody knows about the air freight business,” says Göttelmann. “Hardly any other industry has such challenging problems to solve in the coming years. Every potential candidate should be keen to knock on our door and ask to work for us. We want to be acknowledged and perceived as one of the





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# Lufthansa Cargo

## Networking the world.



most attractive employers in the industry.” As for Lufthansa’s technological future beyond 2022, Hueske laughs: “I think, considering the dynamic world we live in, we shouldn’t be doing perspectives more than three years in advance.” ■



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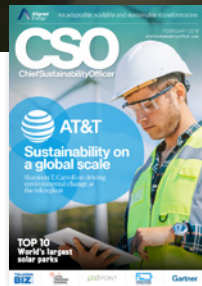


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# Boosting economies with a global expansion strategy

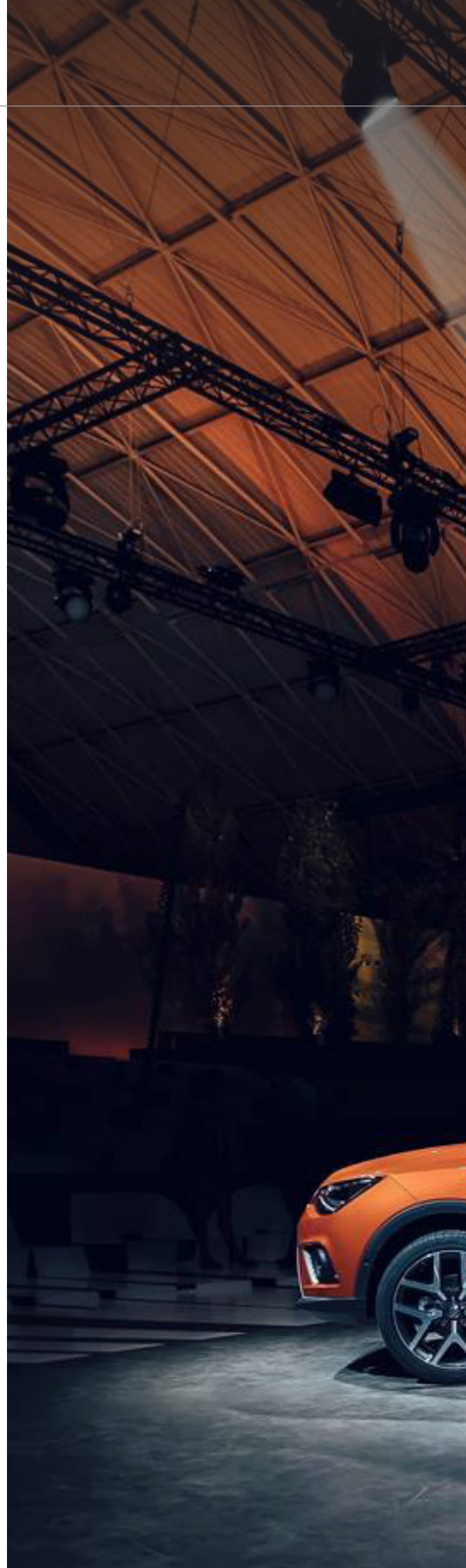
Erdem Kizildere, Head of Regional Development at Spanish auto company SEAT, explains how success in Europe has led to a global expansion

WRITTEN BY **SOPHIE CHAPMAN**



**W**hen SEAT was founded in 1950 it had the sole goal of mobilising Spain. Now that it has achieved its mission, the company has set new targets much further afield. “During the 1980s SEAT was purchased by the Volkswagen Group (VW Group), which was the turning point in order to launch a much larger scale of business. The role of SEAT within VW Group is an entry gate for its multi-brand, multi-cultural, multi-continental operations,” reveals Erdem Kizildere, Head of Regional Development at SEAT. “Our brand is continuously growing across Europe. We have achieved what we initially sought in our domestic nation of Spain, and over the past five years have grown in other important markets on the continent, such as Germany – which is now our number one market – the UK and France. The scale of our growth has led to the company’s more recent ambition to internationalise its operations outside of Europe. So that task has been handed to me – to globalise our sales.”

The company has three core regions it’s targeting for growth: North Africa, Latin America, and China. “We have a very strong geographical position – we are basically one hour away from all North African countries,” Kizildere notes. “Then we have Latin America as a key region, where we have prominent







“The role of SEAT within VW Group is an entry gate for its multi-brand, multi-cultural, multi-continental operations”

—  
**Erdem Kizildere,**  
Head of Regional Development at SEAT



operations in Mexico. I believe we are selling over 25,000 cars per year over there. Our new ambition is to extend this operation to other parts of South America: Chile, Colombia and the west tip of the continent. The third, and probably the most important, is China. This is because it is the single biggest market and the changes within the industry are happening there the fastest. In the future, in order to capture trends and be relevant, the Chinese market is a key, global focus for us.” In regards to different markets, Kizildere reveals that western Europe is more predictive, and

the firm is dealing with a healthy, sustainable order bank. However, when serving nations that have fragile economies, “you always try to get the maximum growth and buckle up when there is a recession”.

In Algeria, SEAT has seen its business reach 18,500 vehicles over the past few years. The success in the nation since its launch in 2017 forms the motivation to further grow in the region, with the company anticipating huge potential. “North Africa, apart from being so geographically close, is the perfect match for our brand because the young





**CLICK TO WATCH: 'SEAT TARRACO – THE SWITCH'**



population is dominant,” Kizildere notes. The company has one of the youngest customer bases in the automotive industry in Europe. The average age of SEAT’s clients is mid-40s – 10 years younger than other competitors in the market. “Young people have a direct impact on the decision-making process. In Algeria, they may not have the financial resources to purchase high-end European cars, but they still influence their parents who have access to certain budgets and will be able to afford our cars. Appealing to this audience from the beginning with a very emotional touch has



paid off really well. As the formula is working, and those markets have the horizon of growth in the upcoming years, we think we have potential for further growth.”

The business is currently leading VW Group’s production project in Algeria, which dates back to the nation’s shift in

economic reliance. Having traditionally depended heavily on oil and gas exports, the government had to find an alternative when prices fell. Algeria invested in its motor industry, establishing a small series of assembly lines and quotas set for local production. VW Group decided to enter the market with a local partner,



placing SEAT at the forefront of its project. “Algeria is a big country, and the local automotive has always been strong. When the market reached a certain point – almost 400,000 passenger cars and light commercial vehicles – we knew its potential. So, when the legislation changed, we sele-

cted the nation as our first location to assemble cars outside of Europe,” says Kizildere.

The head of department reveals how vehicle assembly is contributing to Algeria’s economy: “From a development perspective, I think we are playing an instrumental role. We have created

“We have created over 800 positions of direct employment, as well as indirect roles in logistics and supply chain operations”

—  
Erdem Kizildere,  
Head of Regional Development at SEAT





over 800 positions of direct employment, as well as indirect roles in logistics and supply chain operations. We have contributed significantly to the development of skills within the Algerian labour force. Moving forward, we have targets and plans towards the industrialiation of the country.” SEAT has also established itself as one of the biggest promoters of compressed natural gas (CNG). With Alegria currently developing its infrastructure to supply more CNG, the President of SEAT met with the nation’s government officials to work together towards this goal.

The company is bracing itself for change within the industry – with trends such as electric vehicles, connectivity, autonomous driving and car sharing redefining the market. “At the moment, so much of the industry is going through a transformation and upcoming years are going to be really interactive for manufacturers,” claims Kizildere. “At SEAT, we are embracing these changes to get the most out of them.” ■





CLOUDCHERRY

# THE DIGITAL DISRUPTION OF DELIGHT

Business Chief sits down with CEO Vinod Muthukrishnan to explore the ways in which his startup CloudCherry is using predictive data and analytics to disrupt the customer relationship management space

WRITTEN BY **HARRY MENEAR**





**T**here aren't many CEOs that can look back on as eclectic a career as Vinod Muthukrishnan, the man at the helm of consumer experience startup CloudCherry. From nine years in the Merchant Navy, where he served as a navigation officer, he pivoted to Market Simplified, a fintech startup providing mobile solutions to financial institutions worldwide. He founded CloudCherry in 2014, which has since grown into a disruptive, Cisco-backed customer experience management company. CloudCherry is based in Salt Lake City, Utah, with offices in Singapore, Dubai, Bengaluru and Chennai.

42 Muthukrishnan, reflecting on the challenges and benefits of moving from sector to sector, notes that "a fresh perspective shows you things that being stuck in the weeds for the last six months doesn't." Conversely, "there's nothing that compensates for a deep awareness of a domain," he says. "Every time I've been in an alien environment, I've done two things: initially, I have taken a first principles approach to the problem. Then I surround myself with people who know that domain really well." The combination of expert advice and fresh eyes is, he maintains, a winning strategy. "It gives you an advantage because you're not weighed down by the baggage you accumulate when you've been in a domain for 20 years." In retrospect, he says: "I've always





chased problems I believed were worth solving.” Today at CloudCherry, Muthukrishnan is using data analytics and machine learning to disrupt the customer relationship space on behalf of a diverse roster of brands spread across multiple markets.

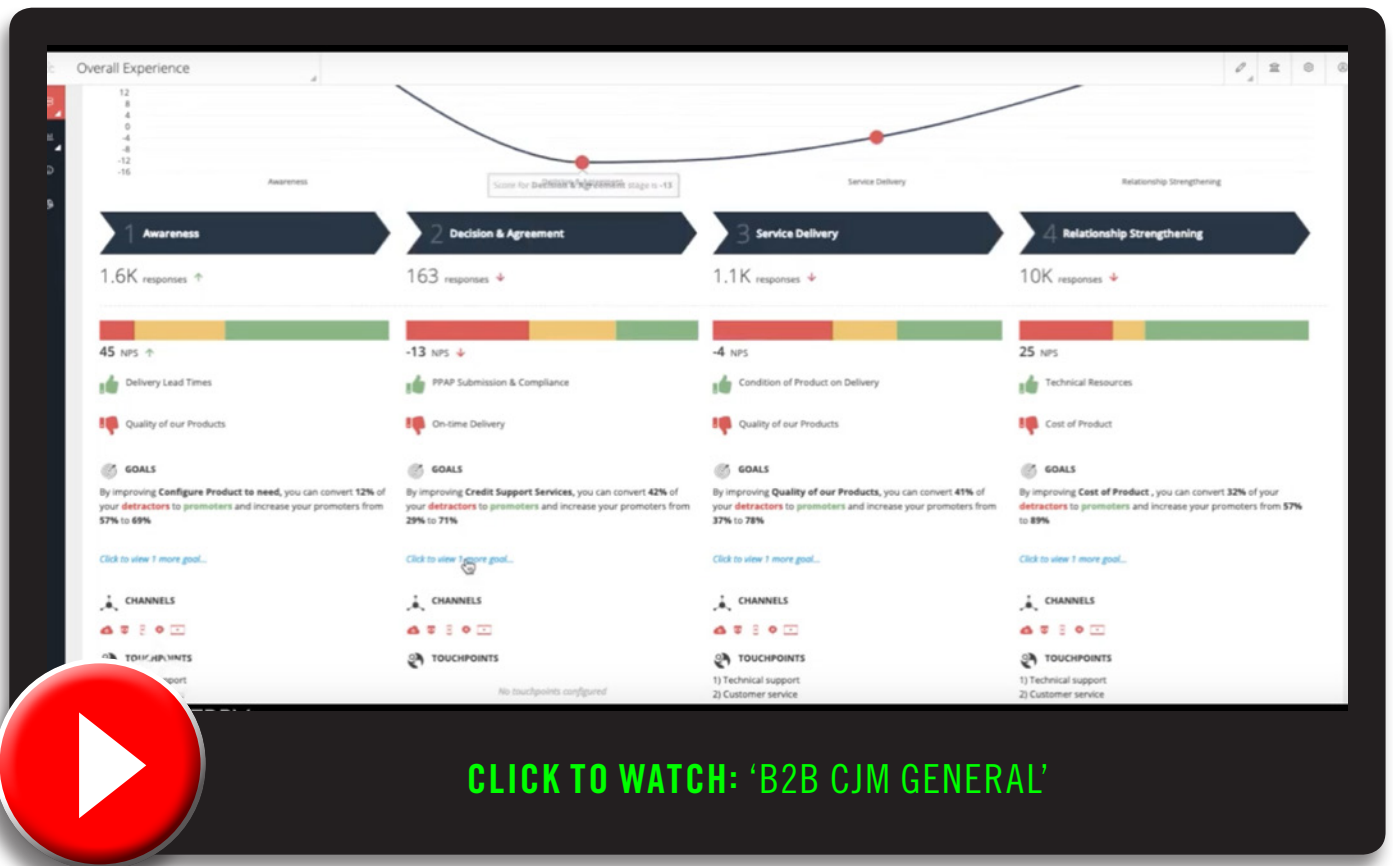
The genesis of CloudCherry was a conversation between Muthukrishnan and several of the company’s founding team. “We tried to count on two hands how many brands we loved and would never leave,” he says. “And we realised that we were generally having fairly

“We tried to count on two hands how many brands we loved and would never leave, and we realised we were generally having subpar customer experiences”

—  
Vinod Muthukrishnan,  
CEO & Co-Founder, CloudCherry

subpar customer experiences.” Muthukrishna and CloudCherry’s other founders saw this as puzzling, given the emphasis placed on customer experience by so many leading brands. “Like true techies, we believe that there’s a software to solve every problem in the world.” Muthukrishna was certain the issue lay with the technology being used to process and analyse customer data, which was resulting in the efforts of companies and the needs of the customer becoming lost in translation. He laughs, “We naively assumed there was no software that truly helped brands understand the customer experience. Obviously, down the line, we realised that such software was out there, but the problem persisted.” The two issues remaining, they realised, were that the





**CLICK TO WATCH: 'B2B CJM GENERAL'**

majority of customer data was gathered through surveys, and that, once customer data was collected, companies had little guidance to act upon it efficiently without engaging expensive consulting firms. Now, in 2019, CloudCherry specialises in both the collection and analysis of customer data, turning it into efficient, actionable insights for the client company. “Our whole quest is to find the causal relationship between factors,” says Muthukrishnan.

“There are three very simple ideas upon which CloudCherry is built,” he continues. “Firstly, the customer exper-

ience is all about journeys; it’s not just a point-in-time survey or an app store review. A deep understanding of customer journeys, understanding where customers are coming from, where they’ve been and where they’re going is at the heart of understanding customer experiences. So CloudCherry offers complete customer journey understanding for a brand.” Secondly, Muthukrishnan stresses the idea that the customer’s journey is a subjective experience. “It’s very important that we know what happened on a customer’s journey,” he says, explaining that “if you



were to go to a store, it's very important to know how often you come in, how much you usually spend, what products you like, who you are. Often, all this data sits in siloed systems throughout a company." By bringing together all available data on its clients' customers, CloudCherry can create a complete picture of its customers' habits and wants, which can then be turned into solutions. The company's third core tenet, Muthukrishnan explains, was to "move away from a retrospective way of looking at data towards a more predictive, proactive approach." This third pillar is where a lot of the company's

utilisation of cutting-edge technology comes to the fore. "We put a lot of emphasis on our machine learning to make sure that we're actually able to tell brands ahead of time what they're supposed to do," he says.

Despite the data-driven precision with which customer behaviour is dissected by CloudCherry, Muthukrishnan insists that, far from reducing them to a collection of inputs, "digital is supposed to make the interaction more human. I actually believe we're going back to the times where experiences, because of the lack of technology, used to be personal. Businesses used to make



eye contact. They used to call you by your name because you were one of their 100 customers. They knew you.” By using machine learning, bots, numerous data inputs he suggests, modern brands are recreating that “back to basics” service, but at scale.

Of course, different markets value different elements of service, and the needs of customers vary on a case by case basis. Between markets, Muthukrishna demonstrates, different technologies might be key to providing good service. “In Malaysia, QR codes are a huge hit. In North America, they are not. In Singapore, reliability and predictability are very important to customers, whereas, in India, customers want to be wowed.” Helping Muthukrishnan and CloudCherry navigate these global markets is the

“All of our focus and energies are on making sure our predictive analytics are ahead of the curve”

—  
**Vinod Muthukrishnan,**  
CEO & Co-Founder, CloudCherry

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“We put a lot of emphasis on our machine learning to make sure that we’re actually able to tell brands ahead of time what they’re supposed to do”

—  
**Vinod Muthukrishnan,**  
CEO & Co-Founder, CloudCherry





company's diverse cast of investors. "We have Pelion Ventures from Salt Lake. We have The Chennai Angels from India, Vertex Ventures from Singapore and obviously Cisco," he says. "Cisco is very interesting because they are a strategic investor. They're hands on. They understand what's happening. At the same time, they have great respect for who runs the business." Within their own region, each investor brings a different skillset to the table. For example, our Singapore business has hugely benefited from the introductions that Vertex has made for us. They're a very well-known name in the region."

Looking to the future, Muthukrishnan is excited about both the rising tide of the customer experience market and the course CloudCherry has plotted. "All of our focus and energies are on making sure our predictive analytics are ahead of the curve," he says, noting that, more and more, we are heading for a survey-less world. "What do you do in a world where the customer isn't really telling you what they want directly? We're optimising for a world where the standards of customer listening are going to be radically different." ■



# Equality, diversity and respect: How Marian Salzman is defining the business conversation

MARIAN SALZMAN, SENIOR VP  
OF COMMUNICATIONS AT PHILIP MORRIS  
INTERNATIONAL DISCUSSES  
CONVERSATIONAL CURRENCY, THE  
BATTLE FOR EQUAL PAY AND RESPECT,  
AND THE FUTURE OF PHILIP MORRIS  
AS A SMOKE-FREE COMPANY

WRITTEN BY **HARRY MENEAR**



**M**arian Salzman, Senior Vice President of Communications at Philip Morris, the world's largest tobacco company, doesn't smoke. As a veteran of three decades at the highest level of PR and marketing, Salzman has shaped the lens through which the world perceives some of its most iconic brands. From Apple's 'Think Different' campaign to the digitalisation of Rolling Stone Magazine, and from the popularisation of the word 'metrosexual', to her latest role in transitioning the world's largest cigarette manufacturer into a smoke-free future, she has always been a bold wielder of conversational currency.

"I've led a marketing communications and PR life," says Salzman. "I've had something like 38 job titles over the years, but very few employers. I had my own company, which sold to Chiat\Day, which became Omnicom. I worked at Omnicom twice over the course of six or seven years. I worked at WPP, I worked at Y&R as their first in-house Futurist, and then later on worked at J. Walter Thompson as Chief of Staff



and then Chief Marketing Officer. And then I worked at Havas for almost 15 years." Since April 2018, Salzman has served as the Senior Vice President of Communications at Philip Morris International and she can look back on a career spent at the highest levels of media communications and public relations, the battle for equal pay and equal respect, and the future of Philip Morris as a smoke-free company.

"I think Philip Morris spent a long time searching for somebody who had my



**“I’ve led a marketing communications and PR life... There aren’t many people out there who have a combination of global PR and bigger budget experience”**

—  
**Marian Salzman,**  
Senior Vice President of Communications,  
Philip Morris International

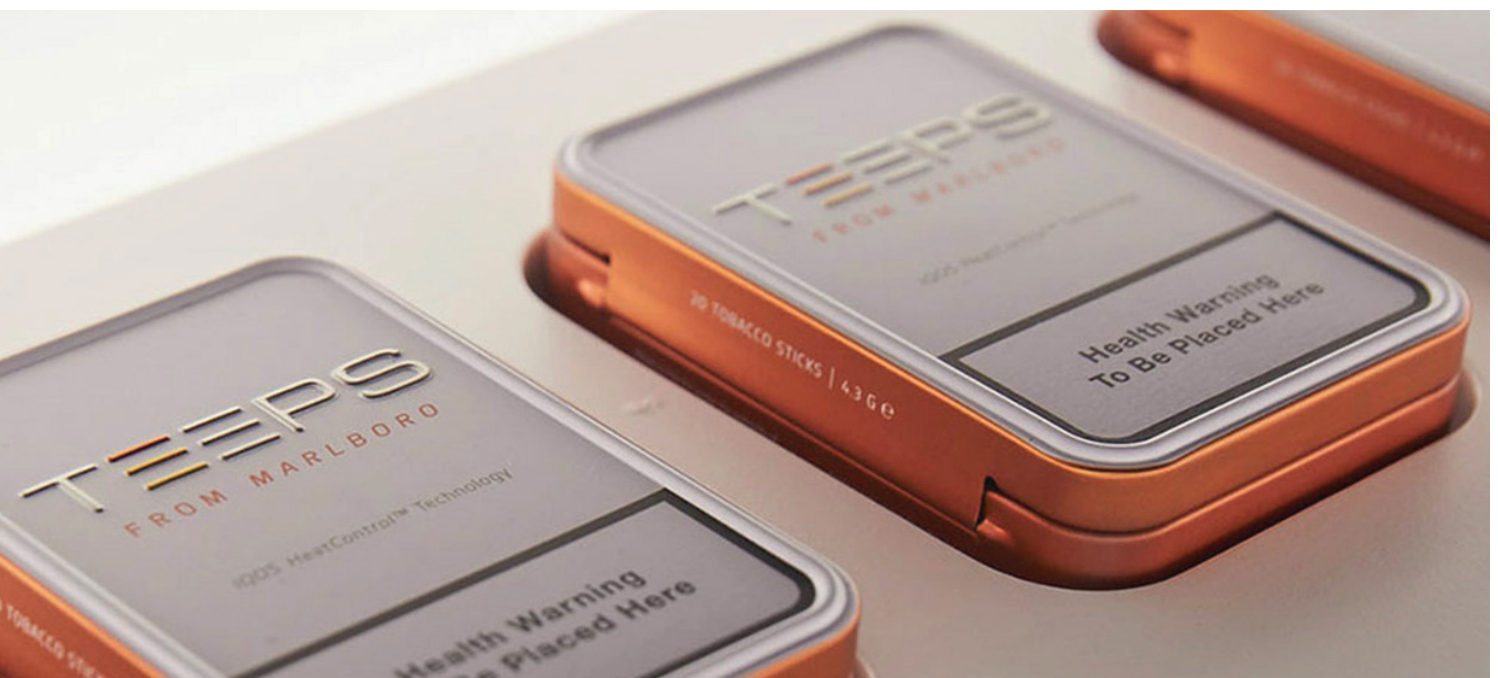


# “I have never seen a company that cares more about getting it right on this topic of inclusion and diversity”

—  
**Marian Salzman,**  
Senior Vice President of Communications,  
Philip Morris International

kind of background, and there aren't many people out there who have a combination of global PR and bigger budget experience,” says Salzman. “It's easy in the PR world to do a lot on a budget, it's only at the CEO level where you're going to have enough experience with big budgets – and obviously Philip Morris has the luxury of working with big budgets.” In 2017, the US Federal Trade Commission reported that marketing and promotional spending by the nation's largest tobacco companies was just shy of US\$1mn per hour. From her role as the CEO of global PR firm Havas, Salzman certainly has the necessary experience.

On the other hand, Salzman is no





**CLICK TO WATCH: 'PHILIP MORRIS INTERNATIONAL –  
CREATING A SMOKE-FREE FUTURE'**

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stranger to creating cultural paradigm shifts on a budget. Philip Morris was also interested in the fact that she had “done a lot of things that had gone viral”. “I wanted to prove that you didn’t need money to make news,” she says. “You needed conversational currency.” Salzman proved that point in 2003 during a campaign for beverage giant Miller Beer. “I was the person who publicised and promoted the word metrosexual. It was 2003, and we needed a place for Peroni to live in the market in adjacency to Stella Artois

and the rise of designer vodkas for men.” Salzman found the word in use by the New Zealand media. Armed with a research piece entitled *The Futureless Gender*, Salzman was featured on the front page of the UK newspaper *The Daily Telegraph* explaining the term. In 2003, the American Dialect Society named metrosexual its word of the year, “and the rest is sort of buzz marketing history”. While her success as the propagator of metrosexual is an undeniable demonstration of Salzman’s ability to shape the global conversation

# \$29.6bn

Approximate  
revenue

# 1847

Year Philip Morris  
was founded

# 80,600+

Approximate number  
of employees

– on a budget no less – she emphasises: “I’ve spent the last 15 years of my life trying to come up with something to wipe that off my tombstone.”

In her new role at Philip Morris International, Salzman believes she has found exactly that. “I have never seen a company that cares more about getting it right on this topic of inclusion and diversity,” she says. Philip Morris International is an Equal-Salary company, ensuring that it remains committed to equal pay for men and women. Salzman is devoted to ensuring that

along with equal pay comes equal respect and recognition and notes the challenge of being a top-level female executive at the firm: “I’ve never really been iconic. I’ve always just been someone who worked hard. I feel now, as one of two women on our Global Executive Committee, an extraordinary burden on behalf of all women to get it right.” In addition to fighting for women in the boardroom, Salzman is applying her ideals to the business of cigarettes. “One of the things I’m most passionate about is that we need to do a better job making sure women get information about harm reduction,” she explains. “Because of regulatory restrictions on things you can and can’t do with women in media, it’s tougher to bring smoke-free information to that demographic.” Philip Morris is currently organising a women’s initiative in order to mitigate the health risks placed upon half the world’s population. “You’ll see us launch communications campaigns, over the course of the next several months that will include women who quit, woman who smoked themselves, and make themselves into role models





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**“The fact men are becoming smoke-free at a much higher rate than women makes it a feminist issue”**

—  
**Marian Salzman,**  
Senior Vice President  
of Communications,  
Philip Morris International

as a consequence.” However, the creation of a smoke-free world is more than a gendered issue for both Salzman and Philip Morris.

“We are a company committed to dramatic transformation; we’re taking people from combustible cigarettes, either to quitting or to move over to something in our smoke-free portfolio,” Salzman says. According to Philip Morris, 6.6mn people have already begun using the company’s flagship smoke-free device. The IQOS heats tobacco up to 350°C (in comparison to the often-higher than 600°C produced by combustible cigarettes). As a result, “the levels of harmful chemicals are significantly reduced compared to cigarette smoke”. Salzman’s experience at the helm of companies and PR campaigns with high budgets will, she expects, prepare her to orchestrate this monumental shift in strategy for the company that owns Marlboro, Chesterfield, Benson & Hedges, Virginia Slims and L&M, a collection of some of the most iconic cigarette brands in the world. “This year is the

**“I hope my tombstone says: ‘She helped the planet become a land of non-smokers’”**

—  
**Marian Salzman,**  
Senior Vice President  
of Communications,  
Philip Morris International





year we re-enter civil society with a smile,” Salzman says. “I hope we will be able to turn the conversation towards getting people to give up their conventional combustible tobacco and move towards safer alternatives.”

Looking to the future, Salzman believes that 2019 is going to be the year she helps lead Philip Morris into the next phase of its evolution. “This is the year I champion more women being hired in more roles where they can make a difference for the company, and then for themselves and their families. By the time we get to 2025, I think the most important job of someone in my position is to be sure I have a successor, and that she is ready to step in and lead.” Salzman can look back across a career filled with hard work and undeniable results. She concludes: “I hope my tombstone says: ‘She helped the planet become a land of non-smokers.’” ■

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YOUR  
STARTUP**

# PEOPLE POWERED: SIX THINGS I LEARNT FROM CREATING A SUSTAINABLE SOURCING MODEL

As sustainability becomes a pertinent topic in boardrooms across the globe, Suranga Herath, CEO of English Tea Shop, examines how businesses can create a more sustainable sourcing model

WRITTEN BY **SURANGA HERATH**,  
CEO of English Tea Shop





**T**oday more, than 1.66mn farmers and workers are in Fairtrade-certified producer organisations.

In my view, no other organisation has done more to make consumers stop, consider and care where their food, drink, clothes and jewellery come from than Fairtrade.

Inspired by Fairtrade and consumer demand for ethically-sourced products, there is an emerging trend for manufacturers to develop their own sustainable sourcing models – even the likes of Tesco and Sainsbury’s are following suit.

While a proactive commitment to sustainable sourcing is to be applauded, setting up an entirely new sourcing model – and doing it well – is no mean feat. I speak from experience of converting English Tea Shop to run on a Creating Shared Value model throughout our supply chain from seed to cup. The impact of creating and implementing our own sourcing model has been profound not only for the farmers but for our business and all those in our community, or our Prajāva as we like to call it.





“While a proactive commitment to sustainable sourcing is to be applauded, setting up an entirely new sourcing model – and doing it well – is no mean feat”

—  
**Suranga Herath,**  
CEO of English Tea Shop

So, based on my experience over the years, I wanted to share some of the key things I’ve learnt about setting up a sourcing model.

### **1. BE CLEAR ON YOUR MOTIVATIONS.**

The very first step should be asking yourself why you’re setting off on this path. Is it to help support and share value with those in your supply chain? Is it to improve transparency? Is it to have a more secure and reliable supply chain? Is it so you can source increasingly high-quality produce? Is it

because ethical sourcing is important to your customers? Is it to be better for the environment? Is it all of the above? What’s important is considering what long-term outcomes you want to achieve, both for your business, and for those in the supply chain.

### **2. START SMALL AND SCALE UP.**

Unless you’re starting a new business, it’s probably best to take a long-term approach to sourcing. Having direct relationships with producers is both essential and time-consuming, and



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building close relationships even more so. It may be best to start working with one producer or co-operative under your model, or on one project, and to grow from there.

### 3.YOUR BUSINESS MODEL IS ONLY EVER AS STRONG AS YOUR PRAJAVA.

Prajāva is the Sri Lankan word for community and taking a wide view of who this includes is vital. Creating shared value throughout a supply chain takes a great deal of thought – and it's surprisingly easy to do the wrong thing

when trying to do the right thing. That's why close relationships are so important – you have to have an innate understanding of what people want and need, rather than just doing what you think they need. The stronger your Prajāva, the better placed you will be.

### 4.BUILD A BUSINESS OF BUSINESS PEOPLE.

This is one of the absolute best ways of sharing value through your supply chain. For us, this means helping our farmers to improve the quality and quantity of their yield through support education and a trusted route to market rather than just paying a minimum price. For those who work in our factories, we have a profit-sharing initiative called 'Big Game' which involves them in programmes such as open book management, knowledge sharing and budget games with the goal of making English Tea Shop a significantly employee-owned business. This ultimately drives employee engagement and increases productivity too – there has now been a 31% increase in value added per employee since the Big Game initiative was intro-



“Unless you’re starting a new business, it’s probably best to take a long-term approach to sourcing

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**Suranga Herathn,**  
CEO of English Tea Shop

“The impact of creating and implementing our own sourcing model has been profound not only for the farmers but for our business and all those in our community”

—  
**Suranga Herathn,**  
CEO of English Tea Shop



duced. Without wanting to be too trite about it, helping people help themselves is much more sustainable and powerful.

### 5. FIGURE OUT THE MEASURING AND MONITORING SYSTEM.

If you're going it alone, you need to find a robust way of benchmarking the outcomes of your model. Failing to do so could cause more harm than good. This could involve developing

a framework for measuring social and economic impact for your investments and efforts and then tracking how business is directly and indirectly impacted as a result of such social progress.

### 6. MAINTAIN A LASER FOCUS ON CREATING SHARED VALUE.

Creating a sourcing model is not without its ups and downs and there are times when commercial realities



come knocking that can put you in difficult positions. My advice would be to focus your sourcing model on creating shared value that is, value for people throughout your supply chain, but also for your business. For me, this is what makes a model truly sustainable in that it is then protected from short-termism during leaner periods.

As our society becomes even more ethically-minded, it will soon be the norm for businesses to adopt and drive growth through sustainable sourcing models. We've already seen a good selection of early adopters make their mark, and I hope that the fruitful results produced will encourage others to take a leap of faith. ■



English  
Tea Shop  
ORGANIC

# City Focus

# WIEN

The largest city in Austria and the nation's capital, Vienna has been deemed the most livable city in the world

WRITTEN BY SOPHIE CHAPMAN



# MARIA

**A**ustria's capital city has been home to some of the world's greatest minds, including Beethoven and Freud. The 414.6sq km of land houses almost 2mn citizens, and more than half of the metropolitan area is made up of green space.

### SMART AND LIVABLE

Vienna won the title of the most livable city in the world in the most recent Global Liveability Index 2018 released by The Economist Intelligence Unit. When rating global cities' liveability, the survey considers safety, health-care, educational resources, infrastructure, stability, and the environment. Prior to the 2018 report, the capital city has consistently ranked in second position. Vienna is focusing on improving its smart offerings and integrating smart infrastructure to make the city a more sustainable and efficient environment. "Vienna is a very livable and "smart" city, confirmed among others by the renowned Mercer Study and the Smart Cities Index of US climate strategist Boyd Cohen," Vienna Tourist Board claims. "Of course, it's not







**‘Vienna is a very livable and “smart” city, confirmed among others by the renowned Mercer Study’**



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only the high quality of life that makes Vienna a popular travel destination: the perfect infrastructure, forward-looking mobility and ‘smart’ offerings for guests are also what make the city on the Danube so attractive.” The city has established KnowledgeCity to make advancements in its status as a knowledge economy. The project is made up of 200,000 students from

10 universities – five applied sciences universities and five private universities. Vienna has also invested in its transportation services, including high-speed trains, hyper-modern train stations, and its Citybike network.

### **UNITED NATIONS**

Vienna has been working towards its smart city status in order to accom-



# ‘The baroque Belvedere Palace is now home to the world’s largest collection of Gustav Klimt paintings’

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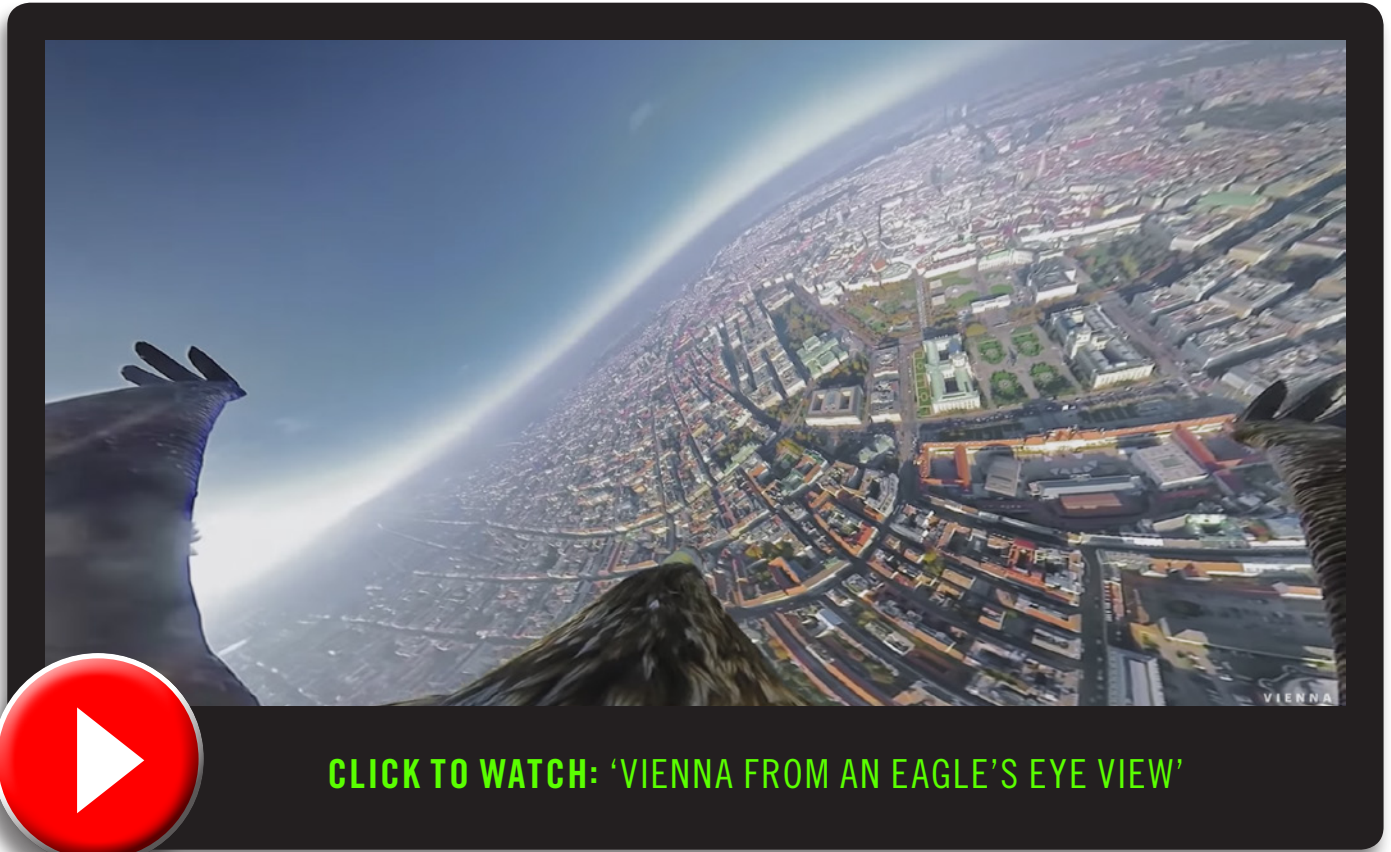
modate the number of organisations based within the capital. “Numerous international organisations and global companies have chosen Vienna as a city for their headquarters. The most prominent example is probably the United Nations (UN), which has made Vienna one of its four official seats and is represented by a total of 15 organisations, including UNIDO (indus-

trial development) and UNHCR (refugee commission),” Vienna Tourist Board notes. “International organisations and companies need a smart infrastructure. Reachability and an efficient transport infrastructure are important key factors in this.” The UN opted to locate its regional headquarters in the city in 1980, following New York City and Geneva. “The UN Office in



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[CLICK TO WATCH: 'VIENNA FROM AN EAGLE'S EYE VIEW'](#)

Vienna performs representation and liaison functions with permanent missions to the United Nations (Vienna), the host Government and intergovernmental and non-governmental organisations in Vienna,” the UN says. The office forms part of the Vienna International Centre, which was designed by the architect Johann Staber. The building complex was built between 1973 and 1979 near the Danube river.

### **BAROQUE**

The city’s architecture heavily features baroque buildings, most of which were

created during the ruling of Empress Maria Theresa and Emperor Franz Joseph – Ringstraße was built under the Emperor’s reign when he infamously stated “it is my will” to launch construction. Within the 5.3km region sits the Vienna State Opera, the Museum of Fine Arts, Parliament, and the Vienna Stock Exchange. The baroque Belvedere Palace is now home to the world’s largest collection of Gustav Klimt paintings. The artist formed part of the Vienna Secession, the collective which resigned from the Association of Austrian Artists. Klimt is not Vienna’s only famous



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former resident – Austria's Wolfgang Amadeus Mozart and Germany's Ludwig van Beethoven both lived in the city during their musical careers, as well as Maria Von Trapp having been born in the city. Sigmund Freud graduated from the University of Vienna as a doctor in 1881 and lived in the city until 1938. The Schönbrunn Palace, the summer residence of the House of Habsburg, can be found in the Hietzing municipal district. Along with baroque-style tourist attractions, the city also offers the largest structures in





Currency

**EURO**

**1.9mn**

Population of  
Vienna

Nearest Airport

**12km**

Vienna International  
Airport

the country, including the Donauturm (or Danube Tower). Named after the river it sits on, the second longest river on the continent, the concrete tower was constructed in 1964 and stands at 827ft tall.

### **ORIGINAL VIENNA SNOW GLOBES**

Vienna is home to some of the largest companies in the region, such as Erste Group and UniCredit Bank Austria AG (Bank Austria). Erste Group was established in the city's Leopoldstadt suburb in 1819 and has since become one of the biggest financial services providers in Central and Eastern Europe.

The Austrian subsidiary of UniCredit was the nation's largest bank when launching in 1991. However, family-run businesses based within Vienna have also made global impact. The snow globe was invented in Austria, with production launching in Vienna by Original Vienna Snow Globes around 1900. The business's clientele includes Ronald Reagan, Bill Clinton, and Barack Obama's children Sasha and Malia. The company manufactures around 200,000 pieces in its factory every year, and also operates as a museum. ■









# TOP 10 Franchises in Europe

Business Chief takes a look at the largest franchises based in Europe - from the UK to the Czech Republic - according to Franchise Europe

WRITTEN BY **SOPHIE CHAPMAN**

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ARGYLL A



# The Body Shop

## UNITED KINGDOM

Headquartered in the UK, the Body Shop is a health and beauty franchise. The company was founded in 1976 by Anita Roddick. The business, with almost 2,000 stores in 66 markets, focuses on natural products and ethical trade and supply chains. “We’ve made it our mission to enrich our products, our people and our planet. That means working fairly with our farmers and suppliers and helping communities thrive through our Community Trade programme, being 100% vegetarian and always and forever being firmly against animal testing,” the firm claims.



# 09



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## Sport 2000

### FRANCE

France's Sport 2000 was launched by three footballers – Pierre Batteux, Just Fontaine, and Jean Djorkaeff. The company operates five different stores: Sport 2000; Mondo velo; Streets, Sport; Pro Montagne and Espace Montagne. As an independent sport retailer, the company's brands include Adidas, Canada Goose, and Lacoste. Sport 2000 has more than 3,200 outlets located across 25 markets.

08



# Europcar

## WORLDWIDE

The car rental firm operates in 170 countries across Europe, the Americas, Asia, and Africa. Founded in 1948, the company now has more than 10mn rental contracts per annum using its fleet of over 215,000 vehicles. Europcar is the largest business of its kind in Europe. Last year, it became the largest car rental network globally following a strategic alliance with the largest car rental company in North America, Enterprise Rent-A-Car.



# Swatch

## SWEDEN

The Swiss watch company launched its operations to counteract the growing demand for Japanese watches – manufacturing a simple, plastic design during the quartz crisis. “The secret of this luxury timepiece lay in extreme simplification. On the manufacturing side, the classical division into three parts (bottom plate, case and case back), was replaced by a case made in one single piece, with the back also serving as the bottom plate,” the company’s website reveals. In 1997, the business opened approximately 60 shops and is now present on every continent, excluding Antarctica.



## Point S

### FRANCE

The vehicle repair business was established in France in 1971. By 1988, the company had expanded its operations to Germany and Italy, and had launched in Austria, Belgium, and Luxembourg in the following decade. In 2011, Point S expanded to the United States, and by 16 the firm was operational in Africa and Asia. “Point S has over 1,800 independent professional dealers managing Point S service centres across 38 countries with a customer-orientated philosophy,” the firm states.



# 05



## Dia SPAIN

The Spanish supermarket franchise, Dia, currently operates almost 7,500 stores between Spain, Portugal, Argentina, and Brazil. The company was established in 1979, but was franchised 10 years later in 1989. Based in Las Rozas, north west of Madrid, the business was acquired by France's Carrefour in 2014. The firm is listed on the Madrid Stock Exchange and employs 34,000 people, with 8,000 roles generated from the franchise. Dia aims to maximise efficiency through its logistics and supply chain, which it claims will also enable price efficiency.



# Etam

## FRANCE

Etam initially launched in France in 1916 by Max Lindemann, and has been selling women's apparel for 100 years, which it claims to be "100 years of French Libert  ". The company has entered more than 200 countries since its launch. In 1997, the business acquired the British clothing company of the same name for £97mn ( 110.55mn). The firm relaunched operations within the UK in 2011. Under the Etam Group are also the Undiz and 1.2.3 brands.





# Bata

## WORLDWIDE

Operational in 29 nations across Europe, Africa, Asia, and South America, Bata was founded in 1894 in the Czech Republic. The family-owned business operates 5,300 stores and 23 manufacturing facilities. “Few things define a lifestyle the way shoes do. We are among the very best in the world at making them. That’s why 1 million plus people choose to buy Bata every day,” claims Bata.

# Benetton Group

## ITALY

The fashion retailer based in Ponzano, Italy, has a network of around 5,000 stores “in the most important markets in the world”. The company claims to be “a responsible group that plans for the future and lives in the present, with a watchful eye to the environment, to human dignity, and to a society in transformation,” Benetton notes.

“When companies export around the world, they normally adapt their advertising to suit different areas. Benetton chooses a single, universal message that is valid for all consumers: wherever they may live, whatever the color of their skin and whichever language they may speak.” The company was established in 1965 and began franchising in 1983.





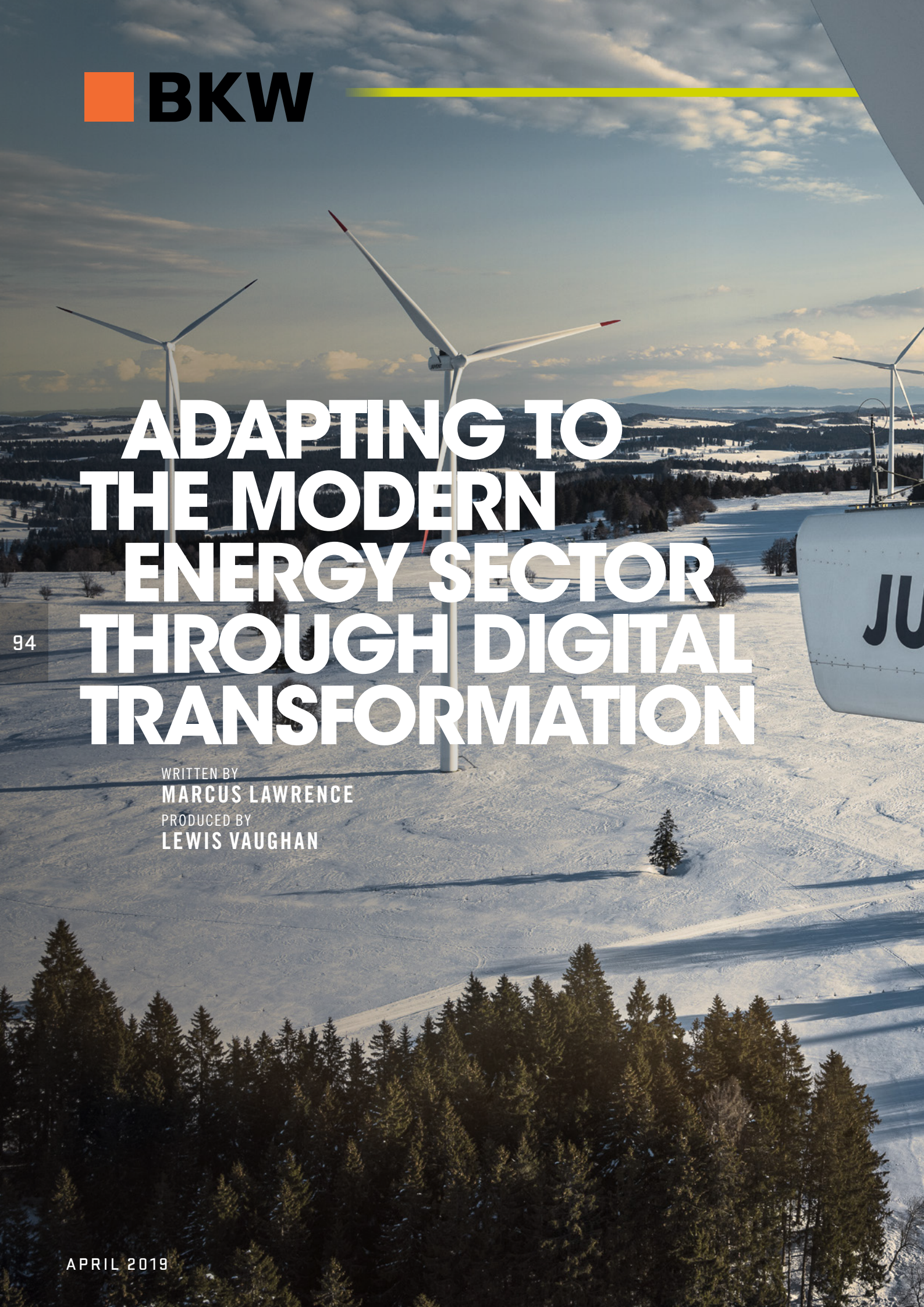
# SPAR

## NETHERLANDS

SPAR launched in the Netherlands as a single store in 1932. The brand was originally named DESPAR – an acronym for the Dutch phrase “Door Eendrachtig Samenwerken Profiteren Allen Regelmatig”, which translates to “through united co-operation everyone regularly profits”. Now the company manages 12,322 shops across 34 markets. In the 2017 financial year, the Amsterdam-headquartered business saw its global sales increase by 5.3% to reach €34.5bn (US\$40.1bn). The firm offers six different sub-brands: SPAR Express, SPAR Neighbourhood, SPAR Drive-Thru, EUROSPAR, INTERSPAR, and SPAR Gourmet.







# ADAPTING TO THE MODERN ENERGY SECTOR THROUGH DIGITAL TRANSFORMATION

WRITTEN BY  
**MARCUS LAWRENCE**  
PRODUCED BY  
**LEWIS VAUGHAN**

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**VENT**

## **BKW's CIO, Thomas Zinniker, discusses the energy and infrastructure services company's digital transformation journey and how technology is driving optimised and sustainable business operations**

**A**s the energy industry becomes increasingly focused on decarbonisation, digital transformation is vital to many companies' current and future relevance. One firm that stands at the forefront of this industry wide shift is Swiss multinational BKW. "Digital transformation is the answer, it's not a hindrance," says Thomas Zinniker, CIO at the energy and infrastructure company. Zinniker believes that decarbonisation is the market's biggest driver of digital transformation, and that the diversification this has inspired at BKW necessitates an IT overhaul to cater to its broader structure and wealth of new employees and data sets. The company has undergone a significant expansion over the past five years which has seen its employee headcount more than double to reach over 7,000 through acquisitions, as well as growth of the main business. Adoption of digital solutions has not only facilitated this growth but also enabled the firm to maintain a decentralised approach









# AN INNOVATIVE APPROACH TO INTERNATIONAL SITE NETWORKING

UPC Business operates a software-defined global WAN for BKW. Stephan Ging, Director Solution Business Sales, outlines in the following interview why Managed SD-WAN is the ideal solution for the energy and infrastructure services group.



**Stephan Ging**  
Director Solution Business  
Sales, UPC Business

**UPC Business is a leading provider in the area of site networking in Switzerland. How is business developing in the large enterprise segment?**

We are present with our fibre optic network not just in the urban centres, but in all regions of Switzerland. This makes us an attractive partner for WAN solutions for large-scale enterprises from all sectors. Over the last 20 years we have grown steadily, over the past financial year alone by 9.2 percent. We are especially pleased that we were able to expand our share of the market in the security-sensitive financial sector. Our customer base includes more than half of all cantonal banks. We have succeeded in winning renowned customers in other sectors as well, such as insurance, industry, retail, energy and health.

**“THE DIGITAL TRANSFORMATION CALLS FOR TOP-QUALITY NETWORK SERVICES.”**

**The digital transformation challenges companies on all levels. What kind of support does UPC Business offer?**

The digital transformation calls for top-quality network services. The quality requirements for networking are rising. A communication failure can have a devastating effect on the affected company, both financially and with regard to its reputation. As a corporate network carrier we not only have the duty of supporting all forms of connectivity, but must also ensure that the data and applica-

tions in the data centres and in the cloud are always available at every desired location and on every terminal. In addition, our clients have every right to expect that security is guaranteed at all times. We know our customers' requirements very well, because we inform ourselves thoroughly about their business models and analyse their needs exactly. In this way we can together develop the optimal solution. From the very beginning we point out what is feasible, and in cooperation with our partners, we offer individually designed overall solutions with significant added value.

**Software-defined networks are in vogue and are replacing older technologies. What does this development mean for company networks?**

The trend is moving toward networks which need to “understand” the applications. So beyond the actual transport of data, it’s also about supporting the continual operation of the applications in the best possible way. The SD-WAN technology used by BKW ensures this in an optimum way. Regarding digital

## “SECURITY IS AN INTEGRAL PART OF SD-WAN SOLUTIONS.”

transformation, the topic of security also plays a central role. Security is an integral part of SD-WAN solutions. With them, the traditional separation between network and security vanishes. This is a great advantage for companies which are currently in the process of digital transformation. Other advantages: simpler integration of international sites, more flexibility, more efficient and powerful management, etc. SD-WAN uses primarily the Internet as the communications infrastructure and upgrades it with company-specific intelligence with central management.

**UPC Business has been operating an SD-WAN for the energy and infrastructure services group BKW since 2018. With which needs did BKW approach UPC Business?**

As a rapidly expanding and diversifying group with locations in Switzerland and abroad, BKW was looking for an agile solution for site networking with cloud and security integration. After the first invitation to tender we withdrew at first, because



from our point of view the SD-WAN market had not yet reached the maturity necessary for the defined requirements. BKW subsequently engaged in constructive dialogue with us, after which the invitation to tender was revised again. This final invitation to tender included a total of three parts: access, SD-WAN and security. Regarding SD-WAN, Cisco best met the demands. We offered the entire package, and in the end prevailed over our competitors. The deciding factor was ultimately the fact that both contracting parties were willing to set forth on a path for which the goal was clearly defined, although the way to get there was still unknown. In the course of realisation it became evident that BKW and UPC Business were agreed on one crucial aspect: We can and will pursue trailblazing solutions!

**Which specific advantages does SD-WAN offer for BKW?**

BKW can use a variety of connectivity options and cut costs in the area of access. The SD-WAN creates homogeneity throughout the group – for the communications capabilities, application performance, cloud access, Internet access, and security. BKW has a homogeneous overview of the service behaviour. Other benefits are the central management and the visibility it brings, the simple handling of adaptations and the easy access to cloud services. Over the long term, BKW will benefit from the innovative potential of a market-powerful software developer.

**Which reasons are in favour of Managed SD-WAN?**

At the forefront is easing the burden on the IT department. When it no longer has to take care of planning, implementation and operation of the WAN, it has more time for the needs of users. In the end, satisfied users are more relevant for the success of the digital transformation than operation of a WAN infrastructure is. It merely helps to create the ideal technical conditions.

**What is your impression of the journey so far with BKW? What are the most important factors which led to the success of the project?**

For both companies, adopting new technology involved special challenges from the very start. So far we have mastered these challenges well, because we work closely together and communicate openly.

## UPC BUSINESS

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Since 1998, UPC Business has gradually developed into a **full-service provider for business customers**. The spectrum of the innovative ICT offering ranges from compact standard solutions for SMEs through to customised project solutions for complex company networks. As a general contractor with an extensive partner network, today UPC Business meets all telecom and IT requirements of SMEs and large enterprises.

The company’s own broadband network, which consists of 95% optical fibre, facilitates network connections throughout the whole of Switzerland with transfer capacities of **up to 100 Gbit/s**. Mobile voice and data services are provided by an outstanding Swiss mobile network in top quality.

UPC Business stands for customer proximity, innovative technology, an established partner ecosystem and high customer satisfaction. Today, **tens of thousands of companies** from all lines of business rely on the services from UPC Business.

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# “Our credo is to be as decentralised as possible”

—  
Thomas Zinniker,  
CIO, BKW AG

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to its operations through networking rather than integration. “We do not intend to integrate the acquired companies completely, so our approach is to network the acquired businesses and benefit from the various unique skills each company brings,” says Zinniker. “Our credo is to be as decentralised as possible, and only centralise when absolutely necessary.”

Within the core business, Zinniker has overseen the adoption of a host of modern methodologies to enable the firm to focus on the essentials and significantly mitigate the length of its

planning cycles. “We’re using a Scaled Agile Framework (SAFe) to manage the whole portfolio of projects, we’re using Scrum as an agile implementation methodology, and we’re using Design Thinking methodology to define and develop new products and business models,” Zinniker explains. This gears BKW’s workforce to a level of flexibility that enables it to make the most of the speed afforded by newly-implemented technologies. “In the past, the planning cycle at BKW was in decades, and we have now restructured to plan in quarters. Today what



really matters is what is happening next year.”

This forward-thinking laying of foundations is augmented with a potent array of partnerships, driving success across each of BKW’s business units. “Partnerships are essential for our success, because speed is key today,” Zinniker notes. “Special knowhow is essential. We have a number of partners for specific areas, like Siemens

for smart metering and Microsoft on the Cloud side.” BKW has also partnered with the Business Branch of UPC Switzerland (UPC Business), the country’s largest cable operator, to power its connectivity with speed, security and reliability. “UPC Business is our partner for the whole network and interconnectivity. It is vital for the newly-acquired businesses to be connected to our network rapidly, so we are using



**1898**

Year founded

**7000+**

Approximate number  
of employees

103

EXECUTIVE PROFILE

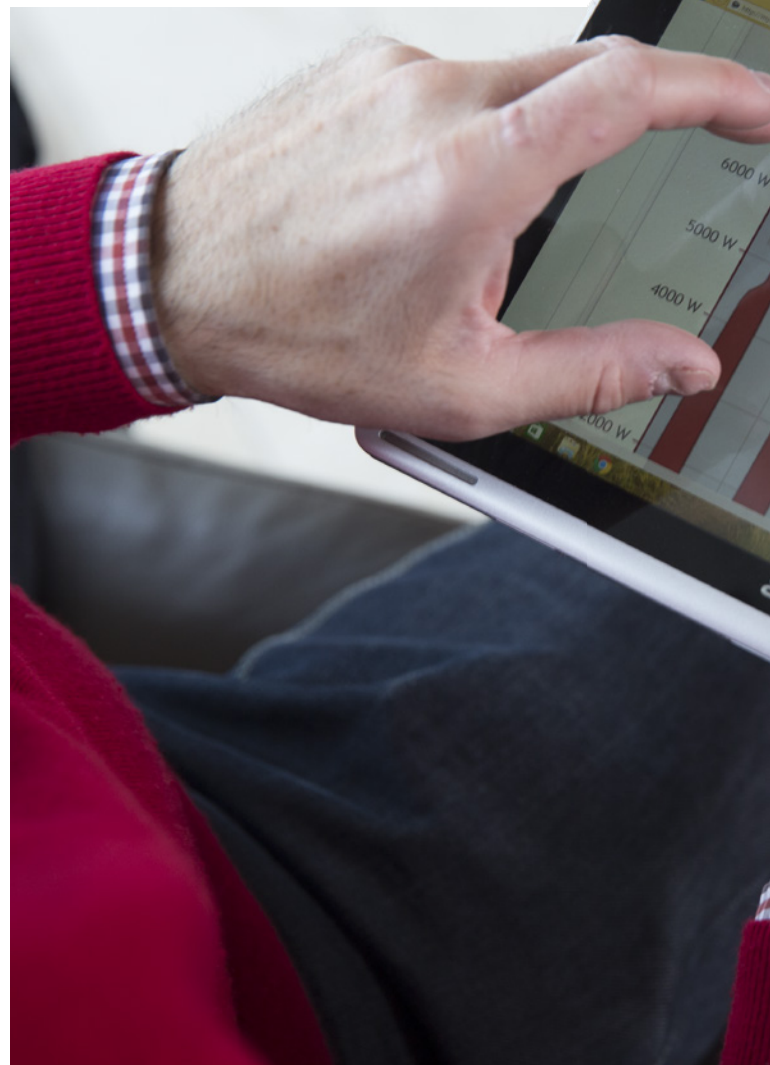
**Thomas Zinniker**

Thomas Zinniker joined BKW in 2016. As CIO he is responsible for developing the ICT services supporting the change of BKW from a pure utilities company to an international Infrastructure Services Supplier. Thomas Zinniker has a degree in Computer Science and Business Administration. Prior to BKW, Thomas worked in different global companies as software engineer, consultant and CIO





software defined virtual networks to enable this.” It is also planned that BKW’s partnership with UPC Business will provide the essential capacity to manage its Europe-wide wind park network with efficiency, as well as facilitating asset integration into the network. This integration will provide BKW with sharper insights into productivity and maintenance necessities. “The connectivity of those wind parks is absolutely essential, as you can’t have your own guys under each windmill monitoring and maintaining them all the time,” Zinniker comments.







In the wind business, its WindLog tool incorporates AI to monitor wind turbine components, such as oil temperature and gear box integrity.

Another core partner for BKW's digital strategy is Microsoft, which drives the firm's Cloud capabilities, powering its core IT functions through the Office 365 platform and providing a customer relationship management (CRM) platform in Microsoft Dynamics. "Our use of Cloud technology is very broad, and we are planning to offload further processes from our data centre into the Cloud wherever it's useful," says Zinniker. When selecting Siemens for its smart metering system, Zinniker notes one of the core requirements for the smart metre management system would need to be based on Cloud technology for flexibility, agility and scalability. "The smart metre produces roughly 40,000 times the amount of data over a traditional metre," Zinniker says, highlighting the importance of the system being built using technology capable of managing vast data volumes. Big Data is a historic component of BKW's operations, with a digital twin of the whole grid having been in operation for the past 10 years. This enables BKW to

simulate loads and scenarios to enable data-driven management of the system to optimise maintenance and expansion of the grid under various scenarios in the near term and to strategic level up to 25 years. With its expansion over the past decade, BKW has access to a wealth of new data sets through its acquired engineering companies. “By combining that data, we have the capability to develop completely new products to help our customers to make better decisions, or support them with deciding where to build new streets, new grids, or whatever infrastructure is necessary,” Zinniker says.

Change management throughout the expansion has illustrated the faith

BKW has in its employees, placing new tools in their hands and asking how best they can augment their roles with the new technologies. “We support our staff with adapting to and embracing new technologies,” Zinniker reflects. “The Office 365 rollout throughout the organisation is one example where we actually said: ‘We’re not going to tell you how you have to work. Here is a toolbox. Just use it. Play around with it. We will help you to understand it, but you have to find your own way of working.’ Through this method, people could see for themselves that the tool would help them to manage new challenges in the market.” In action, the wider internal benefits of the technologies have bec-





ome clear. “It’s the new way of working,” Zinniker adds, discussing the capacity for remote work afforded by disruptive solutions. “Employees have much more freedom. Work wherever you are, whenever you like, having access to all the data to work on topics whenever it’s feasible.” For end-users, there are myriad boons to their relationships with BKW services and solutions, and Zinniker mentions an intriguing example of the positive impact of big data to firefighter decision-making. “With mobile tools we have the capability to

provide any kind of information they need on the spot,” says. “We deliver vital information for firefighters when they are tackling a fire in a building, because electric installations can be quite dangerous for firefighters,” he says. “They can see the data immediately on a tablet, look at what’s installed there, where to find the nearest point where they can switch off the electricity for the street, or for the block.”

Zinniker says that BKW’s adoption of emergent technologies shows no signs of slowing. As it continues to invest in

**“Connectivity of those wind parks is essential; you can’t have your own guys under each windmill monitoring and maintaining them all the time”**

—  
Thomas Zinniker,  
CIO, BKW AG

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## COMPANY FACTS

- BKW's employee headcount has more than doubled since 2014, reaching over 7,000
- Around 50% of Europe's energy is consumed within buildings
- The smart metre produces roughly 40,000 times the amount of data over a traditional metre



renewable energy solutions, BKW is also increasing its potency in the efficient building sector. “We are developing a large business for building solutions and installations, as around 50% of Europe’s energy is consumed within buildings, says Zinniker. “We are helping companies and consumers to be much more efficient within their buildings, and therefore save energy. In the engineering business, we have a number of engineers specialised in energy efficiency who will drive uptake of new technologies that manage energy far more sustainably.” Zinniker stresses that digital transformation is not seen as a hindrance or burden at BKW, but that it is instead the answer to many questions asked of the energy and infrastructure sector by the modern world. “I think our sector was perceived 10 years ago as a dull, slow industry,” he says. “It has now become one of the most interesting through the adoption of technology, the changes of the markets, and new players coming in. It’s extremely interesting to be here.” ■





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# DEUTSCHE BAHN

**Digital disruption in  
the railway industry**





WRITTEN BY  
**SEAN GALEA-PAGE**  
PRODUCED BY  
**JUSTIN BRAND**

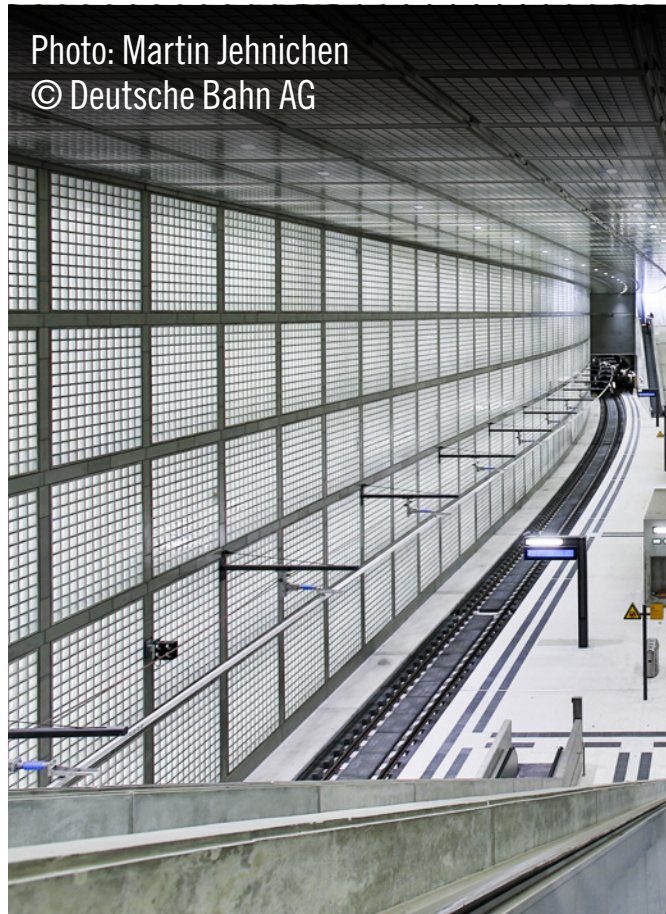
## Uwe Günther, Chief Procurement Officer at Deutsche Bahn, discusses the procurement methods his company has utilised amidst a significant digital transformation

**A**s an international provider of mobility and logistics services operating worldwide in over 130 countries, Deutsche Bahn (DB) is a leader in rail passenger transport across Europe. Overlooking the busy streets of Berlin, Germany, from his desk in the heart of the city, Uwe Günther, Chief Procurement Officer (CPO) at DB, says his procurement strategy has transformed significantly since first joining the firm in 2007. “From the beginning, I have put an increased focus on a better structure, a consistently applied strategy and a more reliable procurement network,” says Günther. “Since I joined Deutsche Bahn as CPO, we have worked to bring the procurement function together as we needed to provide all the necessary goods for our business units in the areas of public transport, logistics and infrastructure. In parallel, we have to ensure the right quality and cost as well as enabling efficiency.”

Photo: Thomas Herter  
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Photo: Martin Jehnichen  
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**Business  
Chief**

DEUTSCHE BAHN CHIEF PROCUREMENT OFFICER, UWE GÜNTHER,  
TALKS EXCLUSIVELY TO BUSINESS CHIEF EUROPE

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Photo: Max Lautenschläger © Deutsche Bahn AG

# INNOVATIVE AND GREEN



CRRC Zhuzhou Locomotive Co., Ltd. (hereinafter referred to as CRRC ZELC), founded in 1936, is a key subsidiary under CRRC Corporation Limited.

CRRC ZELC has built a comprehensive portfolio covering electric locomotives, mass transit vehicles, intercity EMUs, Maglev trains, super-capacitor trams, key parts and components, extended products with know-how and MRO services.

 CRRC Zhuzhou Locomotive Co., Ltd.

 @CRRC\_ZELC



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## HYBRID SHUNTING LOCOMOTIVE

Brand new hybrid shunting locomotive that CRRC ZELC customizes for DB AG uses hybrid power of diesel generator plus lithium titanate battery and complies with TSI and EBA.



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Tel.: +43 (0) 1 3619666 0  
Email: [office@crczelc-europe.com](mailto:office@crczelc-europe.com)

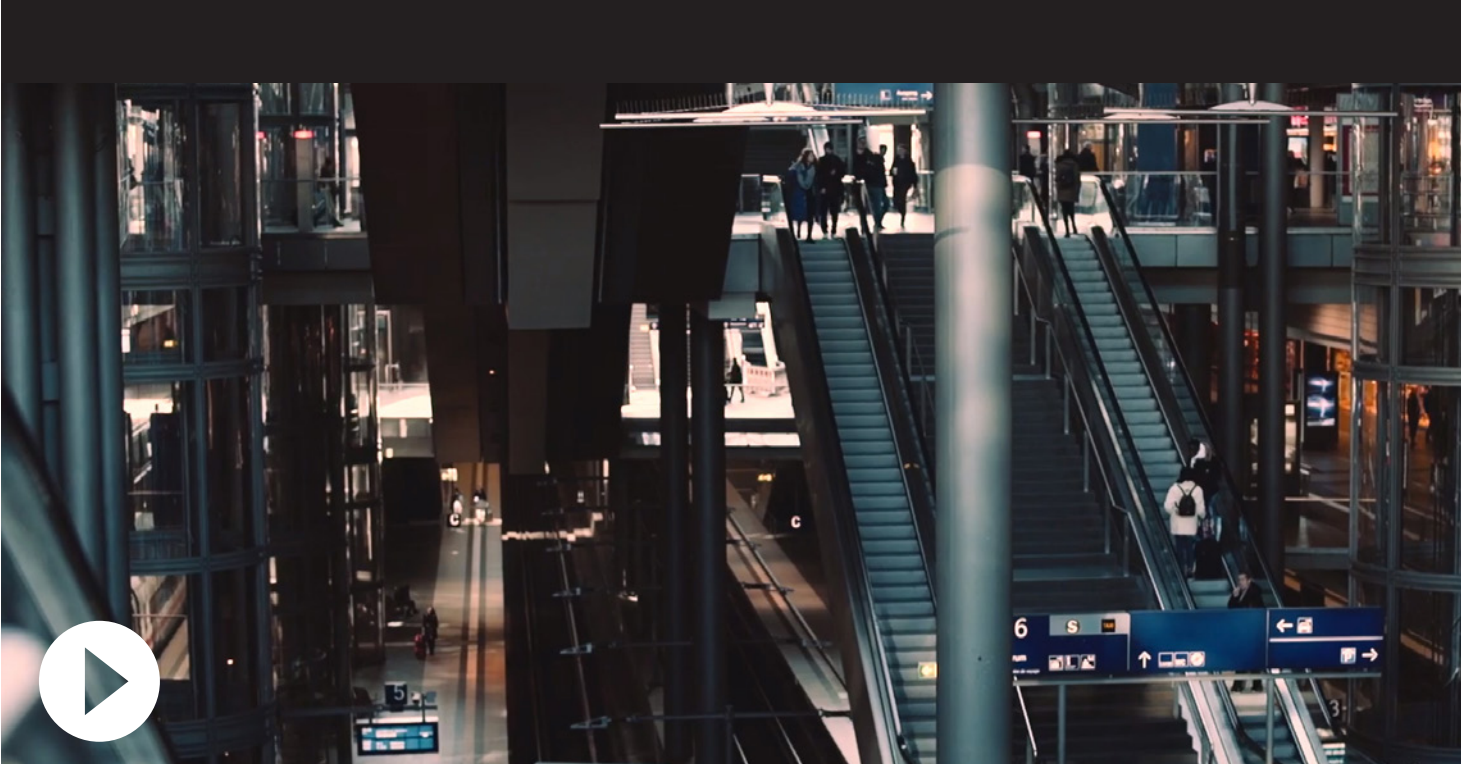
By connecting customers to other parts of Germany and beyond, DB offers passengers a safe, efficient and affordable method of transport to allow its customers to explore all Europe and the world have to offer. Considered the longest rail network in Europe, it consists of over 33,000km and more than 74,000 switches. Transporting around 2.7bn people annually and operating approximately 250 high-speed ICE trains, Günther understands the importance of meeting the needs of DB's customers amidst constant technology transformation. "I believe the customer has changed a lot due to the mobility of people increasing in the past few years," Günther explains. "We're in competition with cars and airplanes as well as other trains. Personally, I am convinced the train is the best way to move from one location to the other because it provides safety, quality and convenience."

### **DIGITALISATION IN THE RAILWAY SECTOR**

With technology transforming the way companies across all industries conduct their business, DB has put a particular emphasis on digitalisation over the past few years. In order to

ensure the right technology is being implemented, the company's technical and commercial teams collaborate to decide on the best way to approach procurement. "We made the decision to change the direction of our digitalisation. We started with upgrading the infrastructure, bringing out new trains, improving passenger information systems and so much more related to new technologies," explains Günther. "We also have a strong technical department, which works very well with the procurement department. Together, we're defining which technology is the





**Business  
Chief**

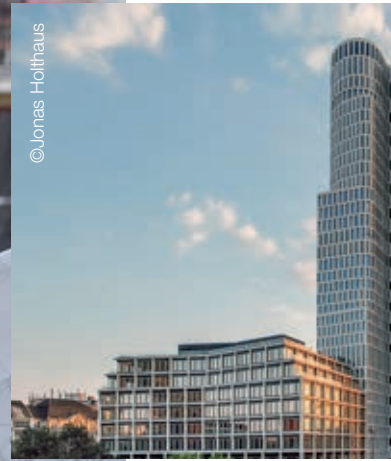
DEUTSCHE BAHN CHIEF PROCUREMENT OFFICER, UWE GÜNTHER, TALKS EXCLUSIVELY TO BUSINESS CHIEF EUROPE AND EXPLAINS 'DB2020+'

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# TEAMS

**Success comes from working together.** Creating networks, exchanging knowledge, consolidating strengths: In line with this philosophy, STRABAG SE, the leading construction group in Central and Eastern Europe, brings together the competence of well-recognised brands under a single roof. The close cooperation with its many subsidiaries and associates – among them German-based Ed. Züblin AG and STRABAG AG – helps set new milestones in the engineering arts around the world. With local know-how, a proprietary raw materials network and a broad range of services, STRABAG SE is known beyond the Austrian and German borders in Eastern and South-East Europe, in many countries of Western Europe and on other continents as a reliable partner for challenging construction projects of all sizes.

The hard work and dedication of our 75,000 employees allow us to generate an annual output volume of about € 16 billion. Our range of services covers the entire construction value chain: from building construction, civil engineering and tunnelling to classic transportation infrastructures all the way to specialised business fields such as sports facilities, hydraulic asphalt engineering, landfill construction and power plants, the production of construction materials and the provision of construction-relevant services. Our international network ensures the successful transfer of information and technologies. By activating an enormous treasury of resources, specific to each project, we can guarantee the smooth progress of construction work for our clients around the world. Proprietary asphalt and concrete plants, quarries, gravel pits and cement plants make us independent from local supply bottlenecks and external suppliers. The result: fair prices, top-quality raw materials and constant access to state-of-the-art technologies as a prerequisite for successful construction. At the same time, the digitalisation of our processes promotes transparency and increases the efficiency and quality of our work.

We believe in the strength of the team. And that this makes all the difference in creating a product that stands out from the rest.



ZÜBLIN Corporate Video



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# WORK.



**ZÜBLIN STRABAG**  
TEAMS WORK.



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best for our trains, for our business and for the infrastructure. We have also decided jointly, from the technical and commercial sides, what the best procurement model is.”

With a clear strategy in mind, DB has established the DB2020+ plan, focusing on three key elements: becoming a profitable quality leader, a top employer and an eco-pioneer. To optimise DB’s core business and take advantage of international growth opportunities, the German mobility leader has created an additional five-point plan. “It’s important to us to have a clear strategy. Our underlying strategy was DB2020+, but aiming for uncompromising excellence, we have sharpened it with the creation of our agenda for a better railway through the five-point plan. In order to achieve our goals, we must increase our punctuality in passenger and in freight transport,” says Günther. “We need to increase customer satisfaction, we will invest a greater amount of money in our infrastructure, in new lines and trains. We want to become more reliable and provide better information as well as a comfortable journey to every customer. We’re expanding our services, restructuring our rail freight



Photo: Georg Wagner © Deutsche Bahn AG



## EXECUTIVE PROFILE

### **Uwe Günther**

Uwe Günther studied Electrical Engineering and Business Administration.

Before joining Deutsche Bahn (DB) in 2007, he was active in various procurement leadership positions in the aviation as well as in other industries.

From 2011 to 2014 he led the infrastructure procurement department of DB. Since July 2014 he is Chief Procurement Officer of Deutsche Bahn AG.





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**Business  
Chief**

**DEUTSCHE BAHN CHIEF PROCUREMENT OFFICER, UWE GÜNTHER, TALKS EXCLUSIVELY TO BUSINESS CHIEF – WHY ARE PARTNERS IMPORTANT?**

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activities and making our rail service greener to drive sustainability. In the end, the most important thing is to improve service quality for our customers. Every month, we set a new customer record by welcoming more passengers onboard our trains; and we want to remain a mobility leader in our field.”

As Deutsche Bahn puts sustainability at the heart of its business, it is also a proud co-founder of the industry initiative Railsponsible, which aims to promote environmentally and socially responsible supply chains throughout

the railway industry. “Railsponsible forms the basis for a common understanding of what makes a sustainable supply chain. It fosters a clear focus on supplying goods and services sustainably and allows us to create the same standard across the industry. Together with the other Railsponsible members we look at how we measure the sustainability of different suppliers within the supply chain and define key performance indicators (KPIs) as we only collaborate with suppliers that fulfil our CSR requirements.”



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# **“We are currently implementing a P2P process, which means designing an entirely digital process from the order request to the payment of the invoice”**

—  
**Uwe Günther,**  
Chief Procurement Officer,  
Deutsche Bahn

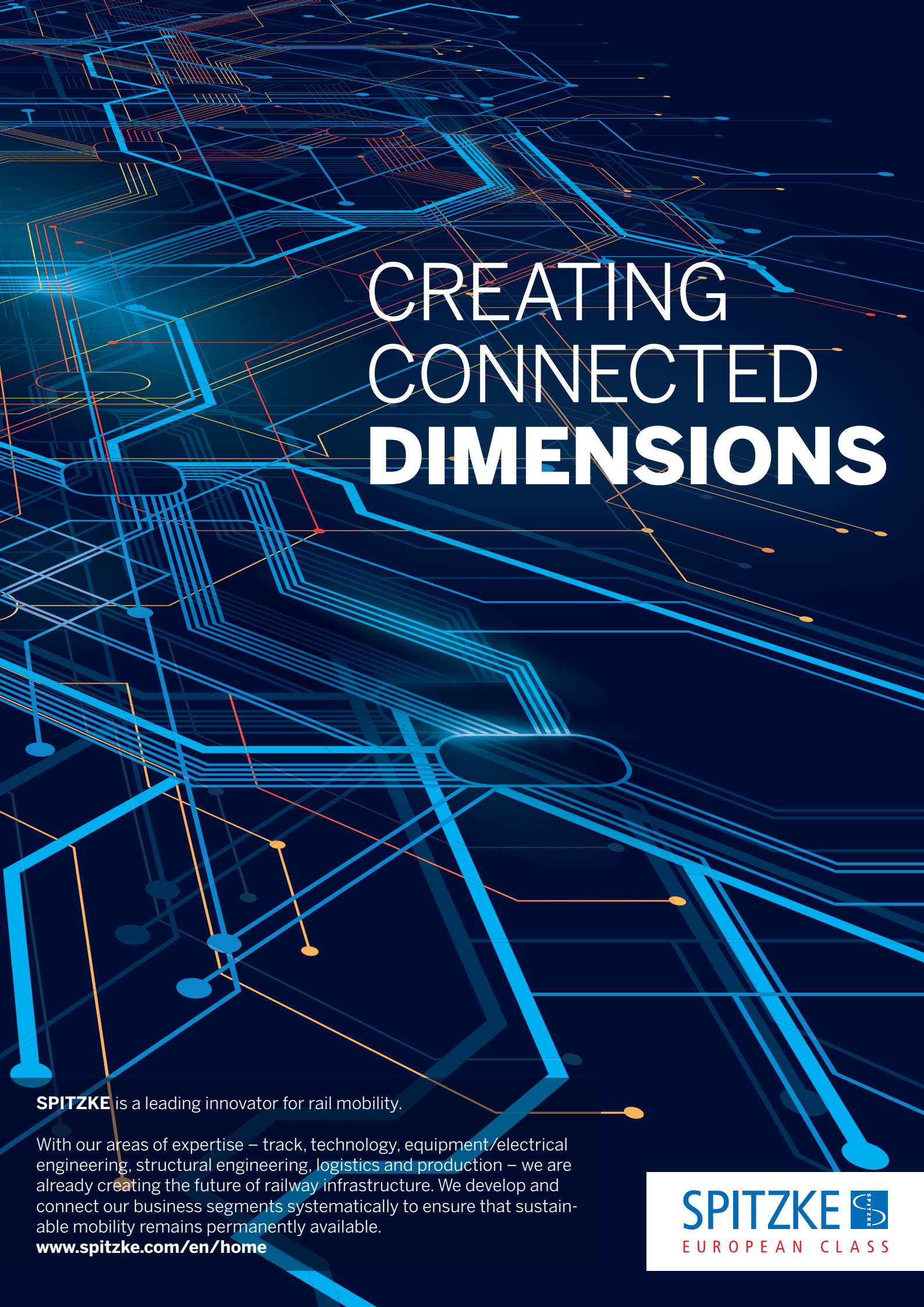
With DB maintaining a key focus in areas such as Smart Mobility, Smart Logistics, Smart Assets and Smart Admin as part of its digitalisation roadmap, this strategy has been aligned with the Finance4DB program which helps to improve DB’s finance function and drives digitalisation. In order to make its end-to-end processes easier and its internal procurement process more efficient, DB has utilised Plan-to-Strategy, Source-to-Contract and Procure-to-Pay (P2P). “We want to improve the transparency of our internal demand

and use a digital system to send out digital tenders,” says Günther. “We are currently implementing a P2P process which means designing an entirely digital process from the order request to the payment of the invoice.”

## **FORMING KEY PARTNERSHIPS**

In terms of Supplier Management, Günther lays out four key areas which the company’s procurement function manages. “First we define the quality of the service and the goods we need and check that the supplier can provide them while complying with our standards. Next, if necessary, we look at the development of suppliers in preparation for competition. We then select the best suppliers for our requirements and after the tender, we make a supplier appraisal and give every supplier a rating. If a supplier performs poorly, we consider the fourth phase, which we call the adjustment phase.”

Having established key partnerships with a range of different companies – including Ed. Züblin, Spitzke, Thales Germany, T-Systems, UWC, CRRC and EY consulting – Günther affirms how vital developing relationships with other



# CREATING CONNECTED DIMENSIONS

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businesses is to achieving success in the digital sphere. “In procurement, we have a clearly structured supplier management system. However, the most important thing is for there to be mutual trust and cooperation with our partners. If a supplier wins a tender

with us, it usually signifies a long-term collaboration. That’s standard for our partnerships,” he explains. “We have very good construction partners to build new tracks, bridges or tunnels. A long tunnel, for example, might cost over €500mn so we need to ensure we

**Ed. Züblin**

Ed. Züblin AG is an important and long-standing supplier in the infrastructure sector of Deutsche Bahn AG. The company is able to handle demanding projects responsibly and has been one of DB AG's leading infrastructure suppliers for many years.

**Spitzke**

As a system supplier, Spitzke has a high degree of specialist knowledge and understanding of the railway system. Supplier evaluation is always at least "good" in various performance areas. The company supports DB by independently developing innovative and new construction and logistics concepts to achieve its ecological goals. For its outstanding performance over the years, Spitzke received the DB Supplier Award 2018 in the category infrastructure.

**Spitzke Fahrwegsysteme**

Spitzke Fahrwegsysteme is an efficient and long-standing supplier of sleepers, turnout sleepers and concrete masts for the infrastructure of Deutsche Bahn AG. Since 2013, the company has been continuously

classified as a Q1 supplier and meets all product-specific qualification requirements. The continuous improvement process, which enables the company to identify errors and eliminate their causes on a sustained basis, deserves special mention. This is reflected in a comprehensive FMEA process. The company supports DB AG through close cooperation with the Quality Assurance for Procurement and Technology department of DB Netz AG in the continuous improvement of technical standards. With a high level of competence and willingness to innovate, suggestions are introduced into the discussions and the company's own production facilities are further developed. Support for quality assurance is currently being tested by providing statistically processed quality data.

**Thales Germany**

Thales Deutschland GmbH is an important and long-standing supplier of control and safety technology for Deutsche Bahn AG. It is a reliable partner in project management and a supporting pillar of DB Netz's



innovation projects in the field of LST digitalisation.

### **T-Systems**

T-Systems International GmbH has been an IT service provider and strategic partner for Deutsche Bahn for over 20 years. With its portfolio from servers and network technology as well as maintenance and services, T-Systems is a participant in all relevant tenders of Deutsche Bahn. T-Systems was awarded the DB Supplier Award 2018 in the category General Requirements and Services.

### **UWC**

UWC is a high potential supplier of freight wagons and rolling stock parts, with DB signing its first contract with UWC at the end of 2018. During the assessment phase, we aim to observe the high competences and production capabilities that UWC already has in place. We're happy that UWC is joining our supplier pool for cargo wagons.

### **CRRC**

CRRC is the world's largest provider of rolling stock, including high speed

and regional trains, locomotives and freight wagons. Since the beginning of the collaboration with CRRC, we have been very impressed with their product range, production capabilities and especially with the quality of their products. We've already placed orders in two product categories (shunting locomotives and cargo wagons) and are working together on the delivery of these products. They will be in operation at DB from this year moving forward.

### **EY consulting**

An Ernst & Young consultant was retained for our project "OPEX-stabilisation – Introduction Regio Production System" between 1 March 2018 and 31 December 2018. The cooperation with the EY consultant as well as the execution and the quality of the work delivered were absolutely exemplary. The consultant was extremely committed and goal-oriented which meant the substantial goals could be achieved. The documentation presented by EY at project closure was of high quality.



# T-SYSTEMS – YOUR DIGITIZATION PARTNER

T-Systems is partnering its customers as they address the digital transformation. The company offers integrated solutions for business customers. The Deutsche Telekom subsidiary offers one-stop shopping: from the secure operation of legacy systems and classical ICT services, the transition to cloud-based services (including international networks, tailored infrastructure, platforms and software) as well as new business models and innovation projects in the Internet of Things. T-Systems can provide all this thanks to its global reach in fixed-network and mobile communications, its highly secure data centers, a comprehensive cloud ecosystem built around standardized platforms and global partnerships, and the ability to offer top levels of security.

## **STRONG NETWORKS**

Deutsche Telekom is constantly refining its net infrastructure as the motor of digitization and invests billions of euros for this purpose every year. The Internet Protocol (IP) is increasingly becoming the technical basis. Next-generation networks (NGN) and all-IP networks make it possible for companies to offer their services and applications over the Internet using new business models. A series of innovations for fixed-network and mobile communications form the basis of this integrated network strategy, such as the creation of a NarrowBand IoT network in eight European countries or investments in 5G, the core prerequisite for real-time communication.

## **THE INTERNET OF THINGS: CONNECTING EVERYTHING**

Market researchers surpass each other with estimates of how many “things” will be connected to the Internet by 2020. As a matter of fact, millions of new things are already being connected every day. Most of them are products that had nothing to do with the Internet until now, from baby monitors, parking spaces and electricity meters to whole production systems. All these things not only send data via the cloud to the storage pools for later analysis, they also communicate among themselves. No wonder, then, that companies from SMEs to multinationals want to mine the “gold of digitization” and advance their digital business models together with partners. To this end, T-Systems offers its customers easy and fast access to public and private clouds, to the best network – be it mobile or fixed-line networks – and to tailored platforms in highly secure data centers that comply with Germany’s strict data privacy laws.

## **A CLOUD MADE IN GERMANY**

Cloud solutions transport the data from myriad sources and sensors safely to T-Systems’ data centers, where our corporate customers can use the accumulated information for analysis. That provides a firm foundation for both new and existing business models. Customers want to use the secure German cloud, be it as a reaction to current political events, scandals over eavesdropping or Internet crime. That is why Deutsche Telekom has developed a cloud ecosystem over the years that conforms to Germany’s strict data privacy laws.

## **SECURITY AND QUALITY**

Cloud computing, mobile solutions and big data all pose entirely new challenges for IT security. What is more, cyberattacks on corporate networks and IT systems are getting ever more sophisticated and have become a huge threat to the economy. Data privacy and data security are thus crucial criteria for success in all technical developments. That is why Deutsche Telekom established the new “Telekom Security” business unit under the umbrella of T-Systems. Telekom Security concentrates all the company’s security activities, and channels the experience of its some 1,200 security experts. The Group is doing everything it can to protect its own ICT systems and networks from Internet-based attacks. Furthermore, it offers customers – from citizen to corporation – new security solutions. To this end, Deutsche Telekom continuously adapt its Magenta Security portfolio to changing requirements.



have a very competent partner which can offer not only a reliable product but also provide the best innovation whilst remaining within budget.”

### **FUTURE PLANS**

With the customer always at the forefront, Günther believes there is further room for growth and affirms that DB is seeking success through business optimisation and digital transformation. “In the end, the most important thing is to improve the satisfaction of our pas-

**“We want to invest a greater amount of money in our infrastructure for the implementation of new trains, with the aim to increase customer satisfaction”**

—  
**Uwe Günther,**  
Chief Procurement Officer,  
Deutsche Bahn

**“In the end, the most important thing is to improve the satisfaction of our passengers”**

—  
**Uwe Günther,**  
Chief Procurement Officer,  
Deutsche Bahn

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# 8 Billion

Passengers per year benefit  
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**“Sustainability is very important for the procurement function at DB. Railsponsible means that we have a common understanding of what makes a sustainable supply chain”**

—  
**Uwe Günther,**  
Chief Procurement Officer,  
Deutsche Bahn

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sengers. While we have significantly increased the efficiency of our service, there is always room for improvement,” explains Günther. The organisation is aiming for 80% punctuality across its network, and Günther stresses the importance of getting every single member of staff on board to achieve this goal. “It’s important for everyone within the company to think about what they can do to improve that KPI.”

Over the next few years, customer expectations are predicted to adapt

and change further. Günther, however, remains well-positioned in his understanding of what DB must do in order to sustain success in the field. “The customer has an ever-increasing expectation for punctuality, technology and information available onboard the train and it’s vital that we reflect that. The customer is paying for the service we provide so we have to make it the best it can be.” To maintain the service with as little disruption as possible, DB is mindful of when and how it carries

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Year founded

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Approximate number  
of employees

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out improvements. “For example, we try to bundle all the different construction works we need together when making an investment in a new track. This means that we are trying to realise a tender for a track of over 100 or more kilometres with a single construction company,” explains Günther. “A good example is the new track between Berlin and Munich which we opened

for operations at the end of 2017. Now, every month we have a new passenger record. We’re using more trains than ever before in that area and we’re a real competitor against airplanes. That’s a significant success story for us.”

Looking to the future, Günther affirms his company can continue to grow over the next few years. “Deutsche Bahn will continue to be successful as the

**“We’re winning a greater number of tenders and as a result of that I believe the procurement volume will increase in the upcoming years”**

—  
**Uwe Günther,**  
Chief Procurement Officer,  
Deutsche Bahn

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business itself and the company's excellence are constantly growing. We are catering to more and more passengers, and our cargo business is growing too. Customer numbers in the logistics area are increasing across over 70 countries worldwide. We're winning a greater number of tenders and as a result of that, I believe the procurement volume will increase in the upcoming years. However, that requires the development of my organisation, also in terms of digital know-how, and we would like to become a real world-class procurement entity," he explains. "I also want procurement to become a place for the personal development of every employee. I want procurement to be the place to be where everyone can develop, increase their know-how and become a better part of our railway business at Deutsche Bahn." ■



# DSI: Local presence, global competence

WRITTEN BY  
**DALE BENTON**  
PRODUCED BY  
**RICHARD DEANE**





## **Carlos Leigh, Regional Chief Executive Officer, DSI Underground LATAM, discusses how DSI Underground brings international expertise to underground mining**

**I**n today's mining industry, key traits required to succeed are service, safety, competitive cost and quality. DSI Underground Group CEO, Michael Reich, understands this and drives it across the company's global operations. "At DSI Underground, we aim for excellence, leadership and profitable development in our underground markets around the world. We are committed to conducting our business with integrity everywhere," he says. Founded in Germany in 1865, DSI Underground Group has firmly established itself as a global market leader, providing ground support products and systems for underground mining and tunneling customers in more than 70 countries worldwide. The company has more than 1,700 specialised and experienced employees that work with customers to provide next-level services and support. "We approach every customer in every market with the same mind-set: local presence combined with global







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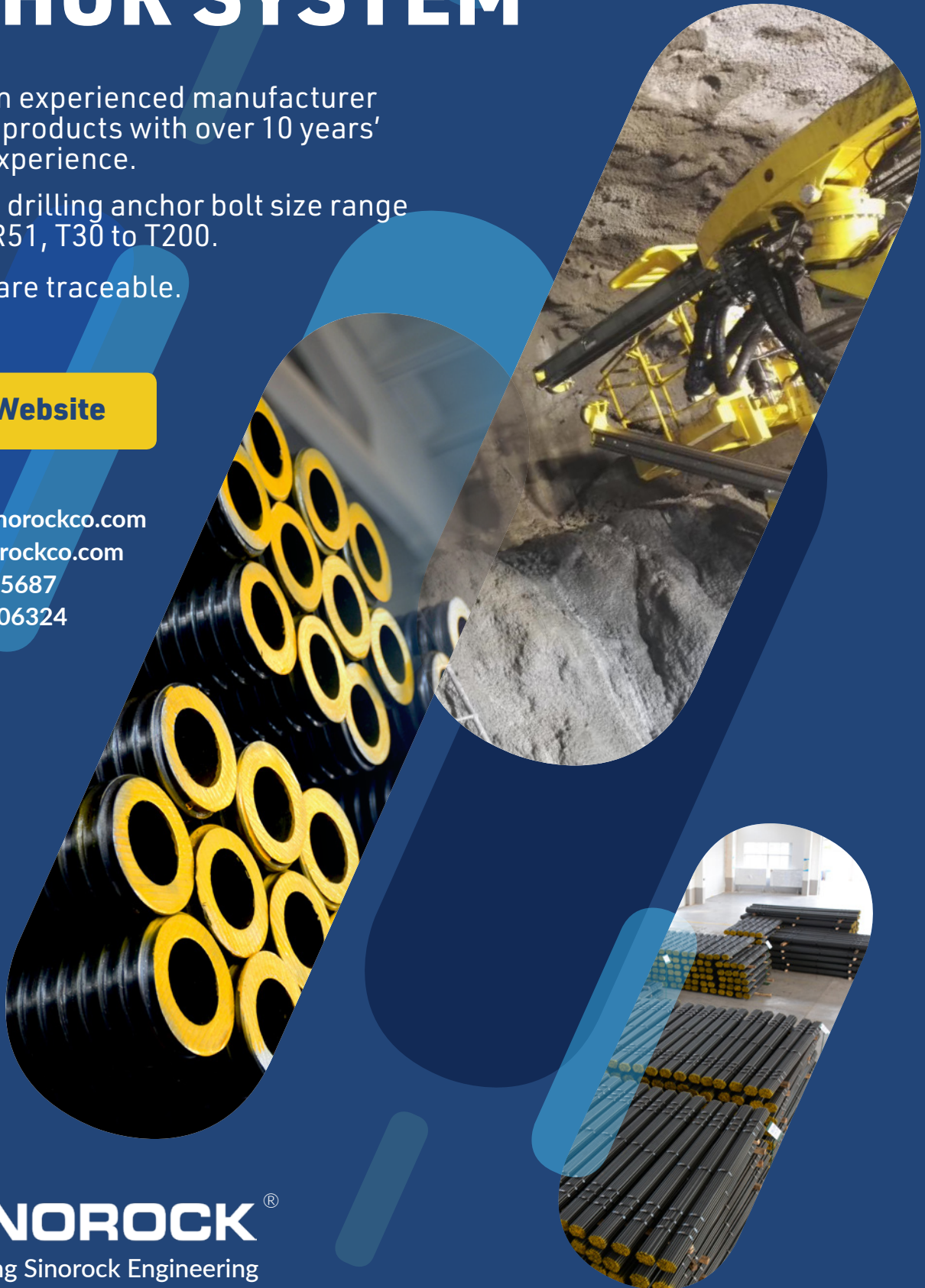
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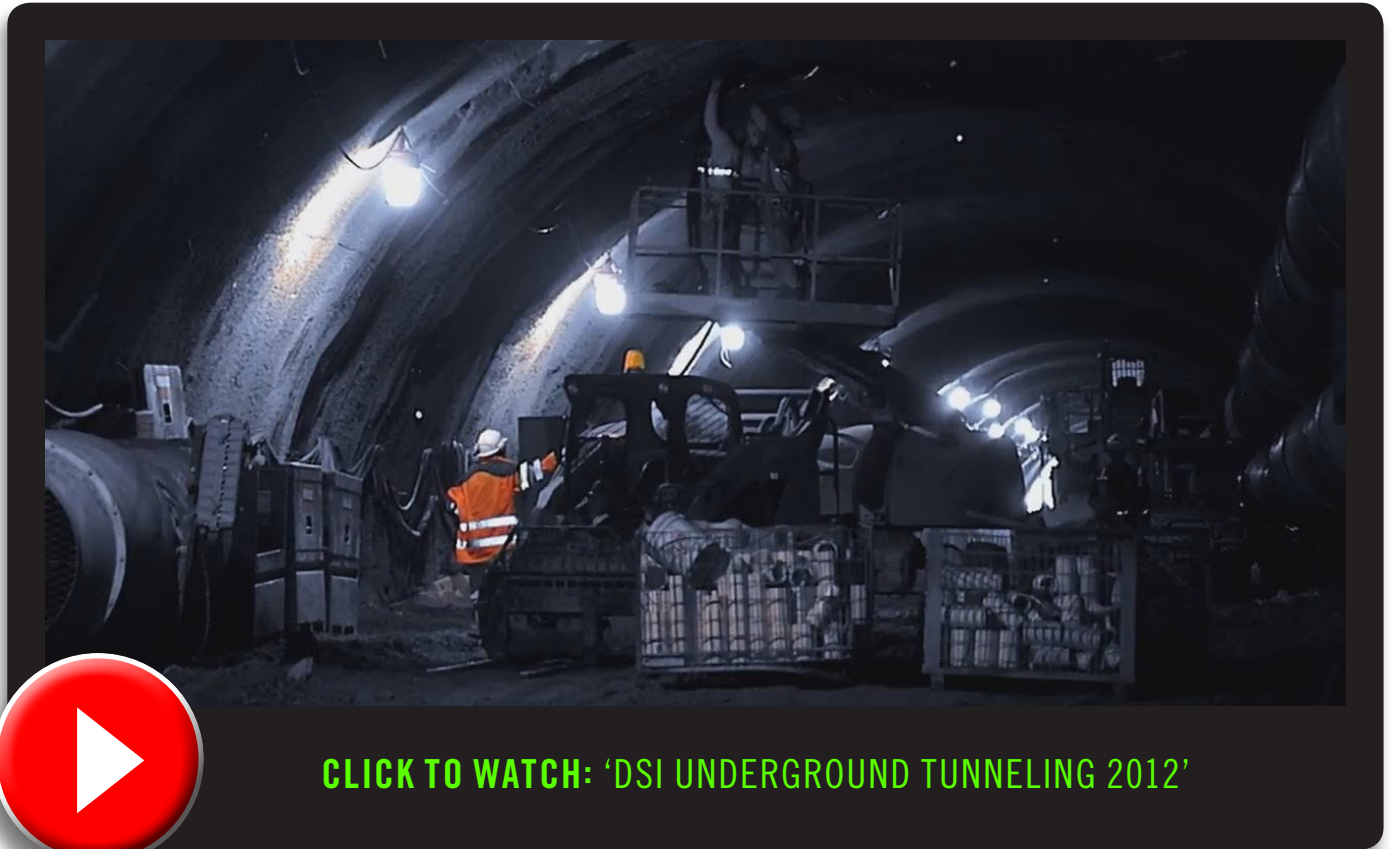
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competence,” explains Carlos Leigh, the company’s Regional Chief Executive Officer. “We’ve been successful in this approach and as we increase our service support, we have created trust with our customers. They trust in DSI and the support we provide with our products.” It is this trust and brand recognition that DSI has established over decades in operation that will support the company’s continued growth plans in the Latin American (LATAM) markets.

The firm has a strong presence in Mexico, Chile, Argentina, Brazil, Colombia, Peru and Ecuador, and

Leigh notes that underground tunneling is currently a growing market, meaning that it has quickly become a crowded marketplace for companies like DSI. This is where the company’s approach to support services makes it stand tall above the competition. “DSI delivers higher quality products in the market,” says Leigh. “But it’s the technical capability of our teams that makes the difference. We have technical sales teams, and mining and engineering professionals in all of our markets. They are right there at the work sites, communicating and working

**“We approach every customer in every market with the same mindset: local presence combined with global competence”**

—  
**Carlos Leigh,**  
Regional Chief Executive Officer,  
DSI Underground LATAM





with customers directly.” Communicating with the customer and understanding the evolving needs of their mining operation is key for any service provider to be able to offer products and support that enables them to operate successfully and safely. Leigh believes that the evolution of the company’s products and capabilities comes directly from working with such a vast network of global customers. “We find that when a customer shares their needs with us, they join us to develop new products specifically for them,” he says. “In the

end though, we see that specific product for that specific problem can be applied to other customers in other mines. Tunnelling customers have the same or similar problems and so over time we build this net of expertise and continue to improve our support around that expertise.”

For Leigh, this net of collaboration is what separates DSI from other service providers as its support to each customer in each market comes from its work with previous customers. But how does the company measure success? The

## EXECUTIVE PROFILE

### Carlos Leigh

Carlos Leigh holds both Finance Engineer and MBA qualifications, having studied at Diego Portales and Barcelona Universities in Chile and Spain. After six years as a bank executive, in 2002 Leigh joined a family-owned business called Soprofint, where he led the company’s negotiations – this was sold to DSI in early 2007, and Leigh became Managing Director at the new DSI Chile office. For three years, he worked to develop and grow the South American business, before joining Jennmar International in mid-2009. Following a successful six years developing Jennmar’s business across Latin America, he returned to DSI as part of a new business acquisition through the region in 2016. In 2018, Leigh became Regional CEO at DSI LATAM.





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customer is at the centre of everything it does and so DSI ensures it not only listens to its customers from a product perspective, but also looks at how the company can improve its relationship with them. Market intelligence proves key here and Leigh explains that DSI has the best possible market intelligence at its disposal. “The work site is everything,” he says. “We have our professionals at the work sites on a weekly basis, working directly on the operation to see what’s happening in real time. It’s very difficult to follow your customer’s needs sitting at a desk. In tunnelling

it just cannot work that way and so we have to be right there in the trenches with our customers.”

Safety is paramount to any company and DSI works towards a very specific goal of achieving zero accidents in its own production plants, and then works with customers to develop the best product and the best support possible in order for customers to achieve their own safety goals. In the Latin American mining market, the topic of mine safety is a particularly pertinent one and Leigh looks at the evolving mining landscape and



how significant improvements have been made to enable a growing marketplace for DSI. “The improvements over the last 20 years have been incredible. If you compare with the past, it’s much better, but not enough yet,” he says. “I believe this because the market as well is changing. More and more professionals are studying; miners, engineers and technical engineers are all coming from universities with a different view as well. That is improving professionals in the

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Carlos Leigh,  
Regional Chief Executive Officer,  
DSI Underground LATAM





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**“It’s very difficult  
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trenches with  
our customers”**

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**Carlos Leigh,**  
Regional Chief Executive Officer, DSI  
Underground LATAM



work site, it's improving our own capacities to support our customers, and everything as a package is improving what is meant by safety in mines."

DSI is a recognised leader and with that position comes a responsibility to define and develop this evolving marketplace. Leigh understands this responsibility. "Our customers expect the best product, the best support, the best service, and the best product development catering for their evolving

needs, so that's what we have to do," he says. "This is continuous work, and every day is a new challenge to create a much better product, a much better system, and to be at a level that our customers demand from us."

As the LATAM market continues to grow, Leigh hopes that DSI can continue to deliver its internationally recognised success. One of the company's key strategic goals over the next five years is to maintain its leading position and



Leigh understands that in order to achieve this, DSI must continuously evolve, challenge itself and always be there for the customer. “Our approach will to be there for the growing market. If we can actually drive that growth, perfect – but to be there is the most important part for us,” he says. “In order to do that, we need to improve every day for the changing customer needs and this will only become more demanding in the future. I believe we

have the best people in the market and that net of international expertise, coupled with our customer base, which is everything. To be a leader is our responsibility and working with these experts allows us to be more than prepared for that.” ■



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