

Talking to: **Deutsche Bahn,**  
**Schneider Electric** and **HP**

**Hildegard Wortmann**  
Senior VP at **BMW**

**UNILEVER:** the power  
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# Phoebus powers up to extend online offering

They have a bewildering number of labels: Generation X, Generation Z, the Internet Generation, iGeneration, Millennials and Post-Millennials to name but a few. They all have one trait in common: widespread use of the internet from a relatively young age.

This immersion in technology leads to a view of the world where online is not just normal – it's actually preferable. It means that all businesses need to meet the needs of this growing demographic with products and services that provide an experience that these users are comfortable and familiar with. While 10 years ago it would have been far-fetched to suggest that banking would have much in common with gaming, this is exactly what's now happening in the market

Take Atom Bank as an example. It's the UK's first bank built exclusively for mobile. Taking inspiration from gaming technology, it's redefining what a bank should be, making things straightforward, personal and easily accessible. And it's available through an App with log-in supported by face and voice recognition.

For Phoebus Software Limited (PSL), the emergence of Atom – in tandem with a genuine hunger by 'traditional' players to want to up their game – posed a challenge: How do you take one of the industry's most reputable lending and savings platforms and make it more relevant to today's market?

As PSL's sales and marketing director Richard Pike explains, the jump is not as fanciful as it might first appear. "PSL is not just about delivering a great product that is

fundamental to the success of all our financial services clients. As a company we place great value on partnerships and are driven by the needs of our clients, which means that we continuously innovate on their behalf," he says.

So when Atom was searching for a partner to provide servicing across its commercial and residential lending propositions, the Phoebus solution – together with a willingness to be actively involved – made a perfect fit.

After agreeing a five-year contract, the two companies worked together closely to deliver Atom's commercial lending solution within six months of agreeing the requirements, with the first applications now being processed. The Phoebus commercial lending solution provides the platform for Atom's internal team to originate loans for customers through intermediary lending. The implementation of Phoebus' software also includes many additional interfaces and integrations to support Atom's state-of-the-art digital offering.

Craig Iley, managing director business banking at Atom says: "Servicing a business loan should be simple, straightforward and add value to the customer's overall management of their finances. We chose PSL for the depth of functionality that already exists in their servicing platform and their willingness to work with us to adapt their system to support the innovative technology."

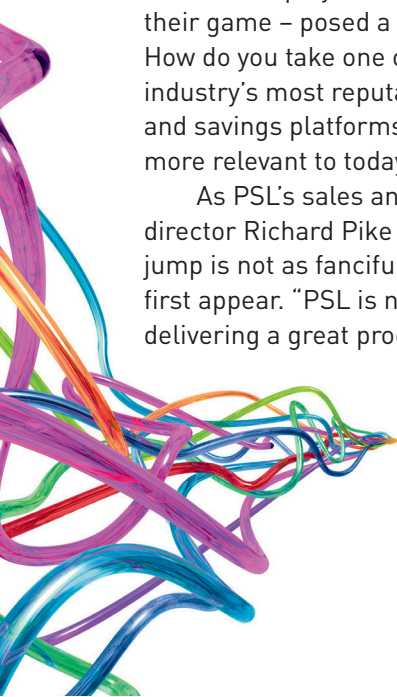
Yet PSL is not solely working with digital-only entrants who are developing new 'green

field' solutions for the market. More 'traditional' players are also investing more heavily in online and digital for a number of important reasons.

First amongst these, is the significant commercial benefits that online capability delivers. Companies can drive significant costs out of their businesses by encouraging online behaviour. For customers, having the ability to see balances and check payments online reduces the need for telephone calls and letters.

In addition to lending, originating and servicing deposit accounts has always been a strength of the Phoebus solution and with the UK securitisation market remaining flat, the traditional method of raising funds through deposit taking has become more attractive for bank and lenders, with online and digital offering a viable route to this funding. In 2016, PSL launched its latest online originations solution for retail and commercial deposits to accommodate this market requirement.

"There is now a real demand in the market to take advantage of the many benefits that online can deliver," observes Richard Pike. "As a result, PSL has committed significant R&D to ensure our clients can take advantage of this channel and we have a number of new solutions now available. This is all built on the robust and proven loan and savings management solution which our clients rely on and trust, but which now offers a different dimension and opens up a range of commercial possibilities."



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# Foot on the pedal

**HELLO AND WELCOME** to a bumper March edition of Business Review Europe.

We feature exclusive insights from many household names this month, starting with BMW and its branding boss Hildegard Wortmann, who masterminded the successful return of the MINI. I spoke to her about the move from cosmetics at Unilever's Calvin Klein to the automotive sector, and how a passion for motoring is realised every working day. Sticking with motoring, our top 10 by Jess Shanahan looks at Europe's top manufacturers, with BMW unsurprisingly making an appearance.

Wortmann's former employer Unilever also contributes this month, answering our questions on how it leverages the disruptive power of some of the most innovative start-up companies out there.

Our cover feature comes from ecommerce giant ao.com, which has steadily become a go-to online portal for essential household appliances, technology and much more beyond. Find out how the company plans to take its impressive growth even further in months to come. Finally, a nod to our feature with HP, where I interviewed Volker Schmitz on the printing and personal systems specialist's supply chain operations.

As ever, join the debate **@BizReviewEurope**

*Enjoy the issue!*

*Tom Wadlow*  
**Editor**

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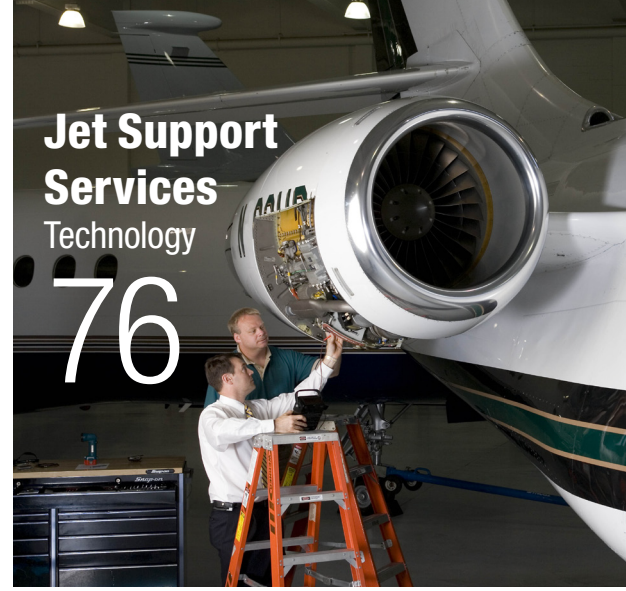




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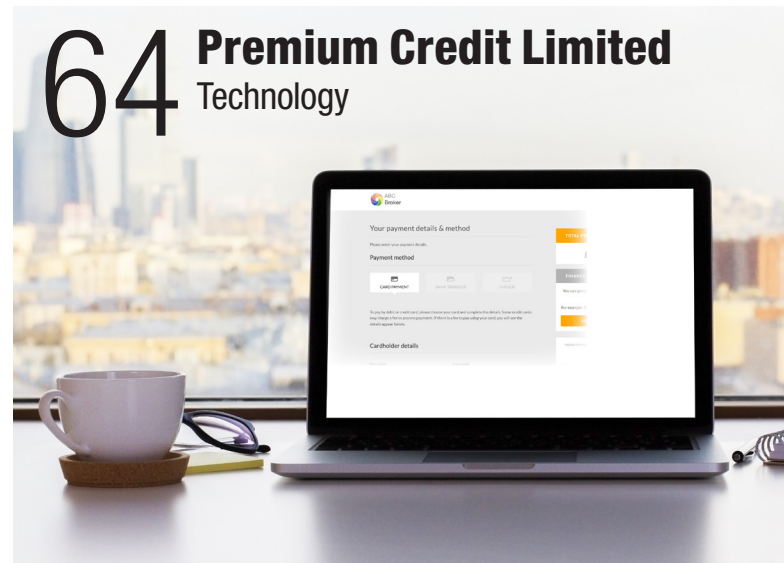
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PROFILE

# A FRESH PERSPECTIVE

*Hildegard Wortmann, Senior Vice President at BMW, has brought a new approach to product development and branding since making the move from Unilever in 1998. Having already revived the legendary MINI icon, she is convinced that now is a better time than ever to join the industry*

**Written by: TOM WADLOW**









## PROFILE

**“THE Z8 FOR** me is still one of the most perfect pieces BMW has ever made,” enthuses Hildegrad Wortmann, BMW’s Senior Vice President of product management and brand.

“I can’t believe it was such a long time ago when they produced it, but it has stood the test of time. I wish I could drive one. If you know someone willing to sell for an attractive price then let me know. I’ll have it one day.”

An impassioned motorist and longing admirer of BMW’s creations, it was arguably fate which brought BMW and Wortmann together after eight years at Unilever. Having

helped mastermind the rise of Calvin Klein’s illustrious cosmetics brand, it was on a Friday afternoon in 1998 that she made the leap to cars.

“I gave the BMW marketing head at the time a call to ask if they had anything I could work on, and he said in a very true deep Bavarian tone ‘come along and have a chat’, which I did. A couple of weeks later I had a contract. I was very fortunate that everything fell into place.”

### **Reviving a legend**

Not long after the turn of the millennium, BMW brought back one





of the motoring world's greatest ever icons, the MINI. A landmark project for the company and for Wortmann, the risks associated with modernising a proven legend were obvious – the brand had succeeded, its place in history safely secured. If the relaunch was going to be pulled off, a fresh perspective was needed.

“One reason why BMW took me on board was to bring a different approach into automotive, this having come from Unilever and Calvin Klein,” Wortmann says. “For me it was a once in a lifetime chance to be allowed to relaunch a brand

**“The Z8 for me is still one of the most perfect pieces BMW has ever made”**

– Hildegrad Wortmann,  
BMW's Senior Vice  
President of Product  
Management and Brand



**BMW Z8, 2000/03**  
© BMW AG





### *Mini Clubman*

© BMW AG

with such an amazing history and personality. We had to change a lot to make sure it remained relevant and worthwhile for modern times.

“I have a huge amount of respect for what the MINI brand stood for, and on the other hand seeing what our engineers did on the product was fantastic. We soon realised what extraordinary potential the brand still had to offer. It was a raw diamond in my hand which we treated like a new start-up company within BMW.”

Authenticity is a keyword which appeared numerous times in our conversation about the general rules of physics when it comes to what makes a successful brand. The MINI project was no different.

Once renowned for its maximisation of space, go-kart feel when driven and distinctive appearance with all four wheels on the corners of the bodywork, the new MINI maintains these vital characteristics. “It also remained true to its original quiriness,” Wortmann adds. “The strong personality, the fact it wasn’t just another small car, really appealed to customers.”

### **Back to the beginning**

Despite the remarkable branding success delivered by the new generation MINI, it was only in June that brand was added to Wortmann’s official job title. Having been responsible for product management worldwide for seven years, it became clear that product development and branding are inseparable.

“Why did we do it? The product and brand in one hand allows us to start with the communications thinking and brand positioning at the earliest possible opportunity i.e. the stage we start developing a product. Everything stems and starts from the brand, and we can put this in practice now.

“And although we are not yet communicating at this stage to







*The iconic MINI  
Cooper SD model*  
© BMW AG

the outside, my brand team has a much greater idea of what the brand is about, and how it can be positioned. The product guys in turn get a much better understanding of what they need to design in order to get the brand into the product.”

So what can Wortmann reveal about new innovations and vehicle designs in the BMW pipeline? The cards are close to her chest, at least for now. “Watch this space, there’s definitely lots of cool stuff to come,” she says.

### **Trust**

The conversation soon returns to the value of authenticity, and with it, trust. With branding now very much at the heart of Wortmann’s job, I ask a simple question: what is a brand?

“In the proper sense, a brand is something you promise,” she explains. “A promise in today’s times where customers look for orientation and have an explosion of choices becomes ever more complex. It’s a matter of trust in



## PROFILE

which you can invest and rely on.”

Consumer-brand relations have become increasingly intertwined and intense, resulting in an individual consumer’s portfolio of brands shrinking despite the almost unlimited access opened up online.

“The consumer’s digital life is adding complexity, and each individual only has 10 or 15, maximum 20 brands in their portfolio that they depend on, admire and trust,” Wortmann adds. “Our job is to make sure that the BMW brand is one of those in people’s individual worlds.”

How can brands such as BMW ensure this happens? “I don’t want to sound conservative, but a

**“For me it was a once in a lifetime chance to be allowed to relaunch a brand with such an amazing history and personality”**

– Hildegrad Wortmann

brand is something that should be safeguarded and not played around with. We are seeing disruption and trial and error in so many different ways today, which is something I am all for in terms of innovation activities, but a brand is something that you need to be extremely careful with.

“The brand should always be the starting point for any discussion to do with new products, services and campaigns – what is the brand style, what does the brand require, what does the brand promise. The product should never come second to the brand.

“Customers understand a lot of different experimentations and changes, but value the core. Brands cannot be fake, as customers see straight through it. Brands should have a purpose over a long period of time but at the same time we should not stand still.”

### **Meritocracy**

It is this complexity, innovation and disruption seen in the automotive sector today that fuels Wortmann’s belief that now is the best time



A FRESH PERSPECTIVE



**MINI Cooper S  
Countryman**  
© BMW AG





### *BMW Z8 and New MINI*

there has ever been to join. Far from recognising automotive as a ‘masculine’ industry, a question she is asked all too often, Wortmann is a passionate believer in simply putting the right person in the right job.

“I don’t think of automotive as being a male dominated industry,” she says. “The old metal sheet stuff has completely transformed into digital technologies. You can change, create and influence at will.

“I want to have the best people in a high performance team which is

passionate and motivated. I have some fantastic women in my team and also some fantastic men too.”

And for those budding engineers and creatives seeking a career in the ever-transforming motoring trade, Wortmann concludes by urging fearlessness.

“Everything is possible, you just have to grab it and do it. The only person who can hinder that is yourself. If something goes wrong, what is the worst that can happen? In most cases, the answer to that is nothing.” ■



“If something goes wrong,  
what is the worst that can  
happen? In most cases, the  
answer to that is nothing”

– Hildegard Wortmann



## HILDEGARD WORTMANN: A BRIEF BIO

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Hildegard Wortmann is in charge of the planning, steering, and controlling of the worldwide BMW product portfolio. Within this function she is responsible for the business areas Connectivity and eMobility.

Together with her international team, Wortmann has launched the innovative BMWi sub-brand with its latest products BMWi3 and BMWi8 as well as adding new family members to the range like the all new BMW 4 Series Gran Coupe.

Entering the BMW Group in 1998 she was in charge of the MINI relaunch and global brand management which is still considered an iconic brand case. Since 2010 she is heading the worldwide product management for BMW.

Wortmann has a strong international background in global marketing, branding and communication as well as product strategy. Having studied business science, she also holds an MBA (London). Wortmann started her career with Unilever where she held various positions in product, international brand management in several countries and finally moved on to the luxury goods business of Calvin Klein at Unilever.





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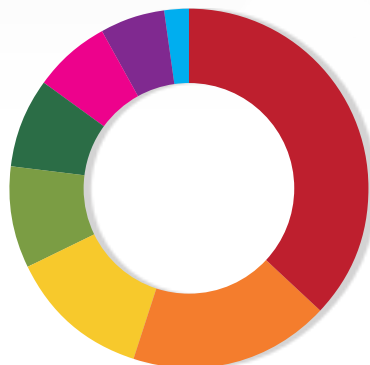
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TECHNOLOGY



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**BUSINESS REVIEW EUROPE SPEAKS TO ALINE SANTOS, EVP GLOBAL MARKETING FOR UNILEVER, ABOUT THE UNILEVER FOUNDRY PROGRAMME, DESIGNED TO BRING CUTTING EDGE STARTUPS TO THE NEXT LEVEL WHILE BOOSTING ITS OWN TECH CAPABILITIES**

**Written by: TOM WADLOW**





**UNILEVER IS HOME** to some of the world's most powerful brands. It is unlikely that your weekly shop doesn't contain one of its hundreds of household products, but such a leading market position does not maintain itself without tireless behind-the-scenes improvement programmes.

Investing in smaller companies is one such way that Unilever remains at the cutting edge of manufacturing. Recognising the limitations of

immense size versus the ability to adapt quickly to technological change, Unilever Foundry touts the best startup talent around.

We asked Aline Santos, Unilever's EVP Global Marketing, about the importance of startup collaboration.

### **How important is collaboration with startups to Unilever?**

We all know that the explosion of new marketing technology and





game-changing consumer trends has had a profound impact on our industry and how we take products to market. Our commitment to sourcing and integrating the most cutting-edge technology is fundamental to securing our future success.

It's no secret that startups are leading the way in innovation, so by collaborating with these new visionaries, we can pioneer the future together.

**“BE OPEN TO ADVICE AND CRITICISM BUT WITHOUT LOSING THE INTEGRITY OF YOUR BUSINESS”**

– Aline Santos, EVP Global Marketing for Unilever



## TECHNOLOGY

As an established organisation, it's important that Unilever cultivates an ecosystem of people and brands who challenge our way of working and force us to move with the pace of change. Startups help us do this by bringing an entrepreneurial mindset to the business. They enable our brands to look at new ways to develop everything from cutting edge technology to advanced data analysis.

### **What are some of the benefits to Unilever of working with companies smaller than itself?**

Unilever is always looking for more efficient and effective ways

**“AS AN ESTABLISHED ORGANISATION, IT'S IMPORTANT THAT UNILEVER CULTIVATES AN ECOSYSTEM OF PEOPLE AND BRANDS WHO CHALLENGE OUR WAY OF WORKING AND FORCE US TO MOVE WITH THE PACE OF CHANGE”**

– Aline Santos

to engage with people. We see collaboration with startups as another way we can develop truly effective products and campaigns that will benefit consumers and brands.

We recently looked back at our first 100 pilots with startups to learn from our experience. Over two thirds of our brands saw an increase in revenue and three quarters saw above average campaign engagement. 80 percent of the pilots reduced the time from pitch to execution and 60 percent have changed their approach to marketing briefs since working with Unilever Foundry.

For startups, over 40 percent of our pilots resulted in a longer-term partnership and 45 percent of these then rolled out into multiple markets. So, while there are plenty of big brands who realise the possibilities, innovation and creativity that arises from working with startups – we also know our focus on scaling up makes us different.

### **What does Unilever look for in a new tech partner?**

We look for partners that can provide solutions for both Unilever brands and its consumers. When it comes to innovation, our brands are





prepared to take a leap of faith but at the end of the day the underlying tech has to be robust. We would always look for startups that have started their own pilots early so that when it comes to piloting with larger brands like Unilever there is a product that's ready to scale up.

**Tell me about Unilever Foundry. What is the aim of the programme and how does it work?**

Unilever Foundry is the entry point for

innovators to work with Unilever's 400+ brands. We have a unique focus by taking established startups on the route to scale up using a Pitch-Pilot-Partner approach to dramatically cut the time it takes to get a new initiative to market.

The aim is for both startups and Unilever to benefit from working together. While we benefit from the agility startups bring, we bring our scale to startups that are ready for the next big stage of growth.

Is sustainability and sustainable growth the key motivator for Unilever?





The Unilever Sustainable Living Plan is a huge priority for Unilever, it's at the heart of everything we do. For the second year in a row, we have evidence that the Unilever Sustainable Living Plan is driving growth for the business.

In 2015, Unilever Sustainable Living Brands (purpose driven brands) grew even faster than they did in 2014, and grew 30 percent faster than the rest of the business. This is a key area of brand innovation for us,

where we are using our capabilities to encourage consumers to adopt more sustainable behaviours and ultimately promote cultural transformation.

**How do events like Unilever Foundry 50 at unbound London help you to find the talent and innovation Unilever needs?**

Initiatives such as unbound London creates a framework for bringing new technology into the business





and exposing our teams to the latest innovation in the market. This year we're looking for the startups that will be powering our future and paving the way for consumers and brands.

**Can you detail a recent success story?**

One of Unilever Foundry's existing partnerships is with Next Billion, a Singapore-based startup enabling companies to engage hard-to-reach

consumers in emerging markets.

This year, Unilever Foundry joined forces with Next Billion to launch Mobile Movies in Bangladesh. Mobile Movies is an initiative that is driven by networks of local agents who organise free film screenings for communities in rural areas.

Through Mobile Movies, we will be able to empower informed attitudes to hygiene, establish a stable supply chain to meet the needs of



## TECHNOLOGY

rural communities in Bangladesh and create jobs for the agents.

Initial field activities commenced from January this year and to date, 15 female entrepreneurs have been engaged as agents and over 700 presentations have been delivered. The surveys conducted at the sessions show a promising increase in the level of awareness of general hygiene practices.

Over the 12-week trial, more

**“IN RURAL AREAS WHERE ADVERTISING HAS LIMITED SCOPE AND ACCESS TO EDUCATION IS A CHALLENGE, THIS PARTNERSHIP IS AN EXEMPLARY EXAMPLE OF A DISRUPTIVE INNOVATION THAT TAKES US A STEP CLOSER TOWARD OUR AMBITION OF MAKING SUSTAINABLE LIVING COMMONPLACE”**

– Aline Santos



than 30,000 locals were engaged and close to 15,000 samples of Unilever's Lifebuoy and Pepsodent were distributed.

In rural areas where advertising has limited scope and access to education is a challenge, this partnership is an exemplary example of a disruptive innovation that takes us a step closer toward our ambition of making sustainable living commonplace.





**What advice do you have for technology startups looking to scale up and move to the next level?**

Brands will always want to see evidence proving your product works and not just technically. They'll want to see the numbers and real world stats from pilots and focus groups, user engagement, sales uplift or brand impressions – so start collecting now.

And be ready to collaborate. Be open to advice and criticism but without losing the integrity of your business. Remember, you're working together towards a solution that neither party could achieve on their own. Collaboration isn't always easy, but it's worth it. ■

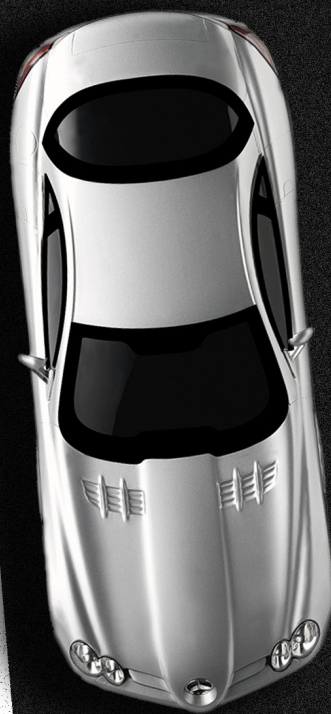




**TOP 10**

# Top 10 car brands

**BOTH PRIVATE AND BUSINESS USERS LOOK FOR RELIABILITY, LUXURY, PRACTICALITY AND ECONOMY WHEN CHOOSING A CAR, IT'S THESE FACTORS THAT HAVE HELPED US TO BUILD THIS LIST OF THE TOP 10 EUROPEAN CAR MANUFACTURERS**



Written by: **JESS SHANAHAN**



# Models in Europe





## TOP 10

These European car brands not only sell the most cars across the world but they innovate too. Some are known for practical, reliable cars while others are pushing the boundaries a little more with technology that will propel us into the future.



## 10 PEUGEOT

[www.twitter.com/Peugeot](http://www.twitter.com/Peugeot)

With a recent resurgence in the fleet car market, Peugeot is focusing on quality of its cars and customer service. The 308 launched in 2014 and has been seen as a turning point in the perception of the brand.

## 09 FERRARI

[www.twitter.com/Ferrari](http://www.twitter.com/Ferrari)

Perhaps not a brand you see regularly on the roads but the enduring prestige of Ferrari means it has to have a place on this list. Not only that but the manufacturer's presence in the pinnacle of motorsport, Formula One, means every new model comes packed full of the latest technology.

The La Ferrari is living proof of this with a similar hybrid set up as F1 cars from 2009 to 2013 with their kinetic energy recovery systems (KERS). The KERS in the La Ferrari can provide a boost to the 6.3-litre V12 to bring total output up to 950bhp







## 08 FIAT

[www.twitter.com/fiatontheweb](http://www.twitter.com/fiatontheweb)

Fiat cars are not only some of the best-selling over the past few years but they're classed as some of the best overall, having moved past the old perception that they're prone to breakdowns. The endless charm of the Fiat 500 has seen sales pick up for the brand but the expansion into the larger vehicle market with the 500 X and 500 L means these cars now appeal to a whole new demographic.

## 07 VOLVO

[www.twitter.com/volvocarsglobal](http://www.twitter.com/volvocarsglobal)

Volvo has a certain prestige and it often appears in lists of luxury cars alongside the German heavyweights such as BMW, Audi and Mercedes. Volvo is also a popular choice for people looking for company cars. This is down to the fact that there are models, such as the Volvo V40, that can achieve fuel economy in excess of 80 miles per gallon.



*The La Ferrari has a similar hybrid set up as F1 cars from 2009 to 2013 with their kinetic energy recovery systems (KERS)*





## 06 BMW

[www.twitter.com/BMW](http://www.twitter.com/BMW)

This German car brand seems to appear in top 10 lists regularly thanks to its prestige vehicles, the popularity of its diesel models as company cars, and the introduction of high-tech models such as the electric i3 and hybrid i8 supercar. BMW is a great all round brand that covers all bases from economic hatchbacks, to luxury saloons, to sports cars, to 4x4s, and more recently leading the charge with its electric vehicles.

## 05 PORSCHE

[www.twitter.com/Porsche](http://www.twitter.com/Porsche)

This is another luxury brand that appeals to a wide range of customers. There are the high-end prestige vehicles such as the variety of 911 models (ranging from £76,000 up to £154,000) but there's also a basic sports car in the 718 Cayman that starts at just £39,000. Porsche also offers the larger Panamera saloon, with space in the back for family, and two SUVs in the Macan and Cayenne.

It's also one of the few brands where classic models retain their value with 70s and 80s 911s doubling in value in the last five years.





## 03 VAUXHALL

[www.twitter.com/vauxhall](http://www.twitter.com/vauxhall)

For business users, the practical and economic Corsa and Astra models from Vauxhall remain popular but they're also some of the best-selling cars for private users too.

The introduction of the OnStar system means Vauxhall now has a powerful technological advantage over other manufacturers within this price range. OnStar allows the driver to call a personal on-board assistant with the touch of a button to get directions to anywhere without having stop and program the satellite navigation. It also has some amazing safety features which will call the OnStar call centre in the event of a crash and an wi-fi hotspot to make sure you're connected at all times.

## 04 VOLKSWAGEN

[www.twitter.com/Volkswagen](http://www.twitter.com/Volkswagen)

While this European brand may have sold the most cars over the few years, its lack of prestige sales and high-tech features stops it from reaching the top spot. The brand has been bolstered by sales in China despite the emissions scandal back in 2015, which saw its sales in the UK fall by 14 percent. Volkswagen cars remain popular in the business sector with the Golf being a practical choice for many but there are large saloons available too in the Passat and CC models.

***Vauxhall's OnStar system allows the driver to call a personal on-board assistant with the touch of a button to get directions to anywhere without having stop and program the satellite navigation.***





## 02 AUDI

[www.twitter.com/Audi\\_Online](http://www.twitter.com/Audi_Online)

Audi is introducing more and more cutting edge technology into its cars thanks to partnerships within motorsport and its dedication to pushing the boundaries with the latest innovations. New cars come with a virtual cockpit, which gives users all the information they could need on car condition, navigation and entertainment, right in front of them. This is powerful when combined with Audi Connect, which acts as a source for information about traffic, weather and directions. It includes search functionality, social media integration and secure high speed Wi-Fi.

Since the 1980s Audi has pioneered the quattro system, which at the time turned the rally world on its head. Instead of a standard four-wheel-drive system that features a heavy transfer box, the quattro system makes use of a much lighter centre differential. Quattro is available on all Audi models, bringing sporty technology to the heart of everything from an A1 up to an R8.









# 01 MERCEDES

[www.twitter.com/MercedesBenz](http://www.twitter.com/MercedesBenz)

Taking the top spot with its perfect mix of prestige, desirability and practicality is Mercedes. The brand's models have been through a facelift over the past year and this investment has paid off, making it one of the top selling luxury car brands.

Not only is Mercedes enduringly popular with private users but business sales make up a large part of its offering.

With slick, professional models such as the C-Class, it's an easy choice for anyone looking for a company car.

There's been a lot of investment in technology and Mercedes' new E-Class comes with a range of exciting features including Drive Pilot, where the car will pilot itself at speeds of up to 130mph on a motorway. The car will also park itself

***Many Mercedes models have been through a facelift over the past year and this investment has paid off, making it one of the top selling luxury car brands***





and come to you when summoned by an app, it's a truly clever car that's on a par with tech giants such as Tesla.

While Mercedes is known for its luxury saloons, it also makes performance cars under the AMG badge. Mercedes is set to step into the hybrid hypercar market too, just as fellow Formula One teams such as Ferrari and McLaren have done.

**This list just goes to show that a combination of luxury, practicality and business appeal, can make a manufacturer popular. All these European brands sell cars across the world and while there will always be a handful of popular models, those at the top of the list will continue to innovate and push the boundaries of what's possible.**





# BUILDING THE FUTURE OF FP&A

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Launched in 2003, SkyScanner finally reached Unicorn status earlier last year. Its February funding round saw the UK-based travel search engine raise almost \$192m from new investors - valuing it at \$1.6bn - which it said it will use to fund acquisitions, expand internationally, and fend off takeover offers from larger rivals in what is a fiercely competitive sector. They now have 40 million app downloads globally, 60 million unique visitors to the website and applications a month, and last year reached £120 million turnover, generating £11 billion in total transactions. They also employ 750 people.

Skyscanner's growth over the last few years has been remarkable, and much of this is down to the excellent work of its FP&A function in enabling the company to scale and move into new markets. At the 2016 FP&A Innovation Summit in London, Tony Finnegan, Manager of FP&A at Skyscanner discussed how the function had changed during his tenure as the company had grown, and the way the function was riding the crest of the wave without holding back growth, despite working in what is an extremely complex business model.

The key driver for FP&A at Skyscanner, as it is for most in the digital age, is speed. It is competing with giants such as Trip Advisor in a fast-moving marketplace, and must therefore be extremely agile to remain competitive.

According to Tony Finnegan, there are three phases that their FP&A team passed through as they grew to unicorn status. Phase 1 saw FP&A activities carried out by a general accountant, who dealt primarily with budgeting. Phase 2 saw an increase in the amount of ad hoc analysis, with more staff allocated to help the function. Phase 3 - where the firm is now - has seen FP&A become a standalone function, utilizing proactive business analytics and operating reviews to drive growth. In phase 3, it is a clearly defined business unit which operates separately from other departments, and looks to help different teams work better for the business as a whole.

In order for this to be a success, FP&A needs to operate a continuous learning loop when the business grows at rapid levels, and evolve their skill set in line with expansion. The most important thing he noted, however, is autonomy and the ability to act as a business influencer rather than a centralized function. Autonomy is particularly important for Skyscanner because of its exceptionally complex organizational structure, with different 'squads' overseeing each section: one for hotels, one for flights, and one for car hire. Such a structure makes it impossible for FP&A to be centralized. Most of the time, they are not sharing financial information with FP&A analysts but product owners, most of whom are not from financial backgrounds, which means education is paramount. The product owners have got to have a good idea of how what they're doing is impacting the business model. For example, when making a change to the product, they need to know whether it is driving more exits, if it's driving more revenue, and so forth.

Once a product owner has a sufficient level of commercial awareness, Skyscanner's FP&A team starts to shift ownership out to them entirely, leaving them alone to monitor their information and performance. Once this is achieved and each 'squad' has the necessary knowledge and ownership, they are able to conduct 1000s of tests around everything they do, enabling far greater agility and speed of processes. The FP&A team itself, meanwhile, can come together from a macro view. This drives the product, growth and performance, generates insight, and gives them visibility of what each squad could be doing to learn from one another and ensuring that they are doing it.

The 2017 FP&A Innovation Summit will take place in London this April 19-20, with even more leading FP&A practitioners from the likes of Nokia, British Council, and Office Depot taking the stage. They will discuss all the latest trends and innovations driving the finance function forward, from understanding how to automate areas of their FP&A process to speeding up their forecasting processes.

**For any questions about the summit, please contact Elliott  
(+44 20 3868 0031) or [ejay@theiegroup.com](mailto:ejay@theiegroup.com)**





# The growth of **ao.com**

Written by **Nye Longman** Produced by **Andrew Lloyd**







AO.COM

**John Roberts**  
ao.com Founder  
and CEO





# Investing in talent and technology, ao.com is poised to lead its industry through expansion and innovation

In a market full of online and bricks-and-mortar competitors, ao.com is defying the odds to reach its goal of becoming Europe's best online electrical retailer. Starting in 2000, the company came about when a friend bet founder and current CEO John Roberts £1 that he couldn't use the internet to sell electricals. Fast forward 17 years, and ao.com now spans the UK, Germany, and the Netherlands, with many more markets on the horizon.

With its lofty goal in mind, the company has implemented a number of technological solutions that have put it on a trajectory towards success. We speak to Adam Warne, Group IT Director, to discover how his department is working with the whole of the organisation to drive meaningful change.

He explains that technology is used in a wide variety of situations

to deliver positive results, and the best implementations are where the innovation isn't obvious. "Customers always say how amazing the experience is with AO and how intuitive the website feels," he says. "For example - we recognised the computing category was a complex one to shop, and so built our own product finder to help the customer choose the right computer for their needs using a few simple questions. It is these little things that people probably don't think about but we put a lot of effort into."

Another example of technology improvements creating 'wow' moments for customers is the Interactive Intelligence telephony platform. Warne says: "Customers don't phone us for fun, they call because they need something, and we want to solve their query as fast as possible. As a result we've built algorithms to predict the likely reason for the call so we can respond in the most appropriate way



# The power of Analytics and BI

*How Grey Matter is helping AO on its mission to become the best electrical retailer in Europe.*

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As technology converges across mobile, social media and the Internet of Things, businesses are being presented with new opportunities and pressures to rise above legacy business models. The digital revolution is placing data at the very centre of today's businesses. Gaining insight into these assets is key to understanding and predicting customer behaviour.

### ADAPTING TO THRIVE

Companies running 'business as usual' will be slow to respond to the changes brought about by ever evolving markets and technology advances. Less than 50% of the companies listed on the FTSE 100 in 1999 remain. In this time of 'Digital Darwinism', anything that can be digitised and automated will be, if not by you then by someone else. Implementing modern solutions provides business leaders with the opportunity to stay relevant and ahead of the competition.

*"It is not the strongest of the species that survives, nor the most intelligent, but rather the one most adaptable to change."*  
**L.C. Megginson (not Darwin)**

### THE POWER OF AZURE ANALYTICS & BI

Grey Matter is working with AO to enable business leadership in digital technology and operational capability. Identifying new ways of utilising data maximises the potential of technology investment while bringing innovation to both staff and customers.

By leveraging the power of the Microsoft Azure platform, Grey Matter is providing AO with adaptability, growth and access to increased Business Intelligence. Microsoft is key in leading the charge in the digital revolution as highlighted by Microsoft's CEO Satya Nadella, "The opportunity we have in this new world is to find a way of catalysing this data exhaust from ubiquitous computing and converting it into fuel for ambient intelligence. This fuel will power improved experiences, understanding and interactions."

Implementing Azure gives AO near instant scalability, storage and compute power. The time savings alone are considerable, bringing valuable reporting insights to AO in minutes rather than hours. Technology doesn't stand still. The addition of new Azure services will ensure that AO can adapt as the new technologies open up opportunities for their business and allow them to create customer experiences that are second to none.

Grey Matter is excited to continue its 12 year relationship with AO and aligning with AO's vision of becoming the best electrical retailer in Europe.

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**Phone: +44 (0)1364 654100**

**Email: [miken@greymatter.com](mailto:miken@greymatter.com)**

**Web: [www.greymatter.com](http://www.greymatter.com)**

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Gold  
Microsoft Partner





possible. For example, if your delivery is due today and it hasn't been delivered yet the most likely reason for the call is you want to know what time it's arriving. Instead of putting you into a frustrating menu system, we just tell you what time it's due, and if there's something else you need we can put you straight through to talk to somebody who already has your order on their screen. Integrating the best of breed telephony product with our bespoke CRM platform has yielded some very positive results for both our customers and our employees."

### **Continuous innovation**

"It's my role to ensure tech brings a benefit to the company, and that it is never a reason why we can't progress," says Warne. "It's always been about how we can make the shopping experience more amazing than it already is. Part of the technology function I manage is about taking the abundance of ideas we have and turning them into reality as quickly as possible to deliver tangible results."

With an IT and technology team of over 100, spread across multiple locations and territories, the opportunities to innovate are numerous, but ao.com has its own unique way of producing fresh thinking.

Warne explains one of

**Adam Warne**  
ao.com Group IT Director



**“Part of the technology function I manage is about taking the abundance of ideas we have and turning them into reality as quickly as possible to deliver tangible results”**

**– ADAM WARNE,**  
Group IT Director, ao.com



# BE READY FOR THE FUTURE

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10,000 customers | 100+ countries | 25 billion experiences

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the ways in which this is achieved. “We consistently allocate every team enough time to do something of their own – it could be a brand new innovation project, building technology to make us better as a business, or simply something to make the teams life easier.”

By mapping processes and gathering data, ao.com has also been

able to use technology to drive change in the logistics part of the business, as Warne explains: “When we looked at what to improve, we decided to start putting some telemetry in place to measure what was happening to the business. Due to the high volume of items we handle every day, we became aware that we had humungous amounts of data, some information, but very little insight.

“It’s at this point that one of our existing partners, Grey Matter, worked with the team to produce some inventive ideas to overcome our big data problem. The solution used a combination of technologies to remove storage, processing

**ao**  
**50k** *sq. ft.*

The amount of space that **ao.com’s** Bolton offices occupy







and analytics barriers that were preventing us from progressing at the pace we're accustomed to. Finding the right solution isn't always about picking the most popular technology, it requires an in depth understanding of the use cases, the people, and most importantly, the culture. If you work with partners who don't understand all three of these factors as well as Grey Matter do then it's like trying to force a square peg in a round hole.

"Once we had the right platform we started to use our experienced data science team to help us understand what the data was telling us and very quickly started to make some informed

decisions about where to store products, how and when to move them efficiently, and how to make significant improvements to an already world class logistics business.

"It's important to realise that technology alone wouldn't have improved the performance. We relied heavily on the input, domain knowledge and foresight of the logistics team to put the technical icing on the operationally excellent cake."

While making the operation more systemic, Warne and his teams



# TOP 3 TRENDS

## for Digital Transformation in 2017.

With digital technology evolving, organisations across all industries are feeling increased pressure to adapt to the immense changes the digital world brings. Without a doubt digital transformation is no longer simply 'an option'.

Philip Grannum, EVP UK at Interoute shares his views on digital transformation and speaks about key trends and opportunities for enterprises in 2017.



### ONE.

#### CREATING THE RIGHT CONNECTIONS

A lot of companies think adopting a cloud-first model equals digital transformation, but if you look at this approach; pure cloud doesn't address the majority of IT already in place in the enterprise today which can contain valuable data that is, for one reason or another, unfit for the cloud.

For real digital transformation, you need to create a connection across your entire infrastructure to integrate it. Interoute's approach is to use a combination of methods to bind all your IT assets together, uniting digital and cloud with legacy IT. Once you have a digital platform as your foundation, you can then make sensible decisions on what you want to do without being constrained by a particular form factor or technology. ■

### TWO.

#### SMARTER SPENDING

Cloud and digital transformation programmes will continue to drive new IT spend. While some commentators expect 2017 to be flat on IT spending overall, we expect to see IT increase its spend on cloud and digital transformation. In particular, we'll see investment

in emerging integrated digital platforms that enable a business to move faster, deploy resources quicker and exploit new market opportunities. ■

### THREE.

#### CHANGE REMAINS A CONSTANT

Whatever organisations think they're going to do, they will change their minds. They're moving from a traditional, physical environment to digital platforms that are hugely scalable. This changes the way you think about how to design and architect things. People start out wanting a more hands-on approach and quickly realise they don't need that.

Enterprises in the future will use services as the basis for responding to their markets. To use my car analogy, the enterprise won't really care what's below that aluminium head; it will just assume it all works and will measure its performance on that assumption.

It's definitely an evolution and we're going through phase one of that right now. But, as an organisation, if you're at phase one and you think you're going to move to phase two, take a moment to think. Is there a bold option where you can move straight to a phase three or beyond? If there is, you may get the jump on your competition and transform into a market leader. ■



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have ensured that the process was well communicated, understood and converted into positive results. He explains: “We make sure that happens through a ridiculous amount of analytics, measurements, and communication. We use information radiators around the business to make it obvious if we are doing well or not so well.

“We have five underpinning values that drive everything we do at ao.com and they are fun; caring; smart; driven; and bold. No matter who you ask in the business – whether it be somebody in the contact centre in the UK or a group director in

Europe – everyone knows what they mean and how they live by them.”

### **Technology**

Alongside ensuring that innovation is hardwired at a team level, ao.com also continually invests in best of breed technology in order to remain competitive and deliver high levels of customer satisfaction, from the first click on the website site to the product delivery and beyond.

To ensure the business keeps ahead of the market Warne recently launched an initiative to migrate its legacy infrastructure, systems and services onto a private







**£476.7m**

**ao.com**  
revenue (2015)

cloud platform. This brought numerous benefits to ao.com, as Warne explains: “We really liked the idea of having a unified compute platform, that could give us public cloud flexibility but with the security of a private cloud. And it was essential that this is provided and supported by one vendor to try and simplify things as much as possible. Interoute’s private cloud is global, available across 17 zones and built into its private and secure network. It gives us the operational stability and cloud flexibility we need to ensure our underlying ICT infrastructure is market leading.

“As well as being able to rapidly deploy and deliver our services in new territories, the private cloud platform means that now when we run projects, the time needed for the infrastructure to commission services is massively reduced. Previously it was weeks and now we are talking minutes and seconds.”

ao.com has taken the learnings from its back office systems and has also invested in private cloud to run its ecommerce websites which for an online retailer can offer scalability and flexibility when it’s needed most. “As a





support. Because we can now scale our platform based on our traffic predictions we can operate a very efficient platform that handles significantly more traffic at a reduced average cost.

“Fast and scalable websites aren’t only about the platform they run on, it’s just as important to optimise the front end technology and have control over the traffic. It’s a specialism that you can spend a lot of time trying to perfect and so we appointed Intechnica who provide us with an unprecedented level of web performance knowledge and guidance and also a suite of products that are all about preserving and optimising the website experience for all our customers. The visibility

customer you expect a website to be fast and, more importantly, available for use,” Warne explains. “When Black Friday hit the UK market in a big way in 2014, we realised that scaling up our physical web platform to keep up with customer demand was a battle that could get very difficult to fight alone, so we chose to partner with Interoute, whose private cloud solution has all the benefits of scalable public cloud but with enterprise class security and customer



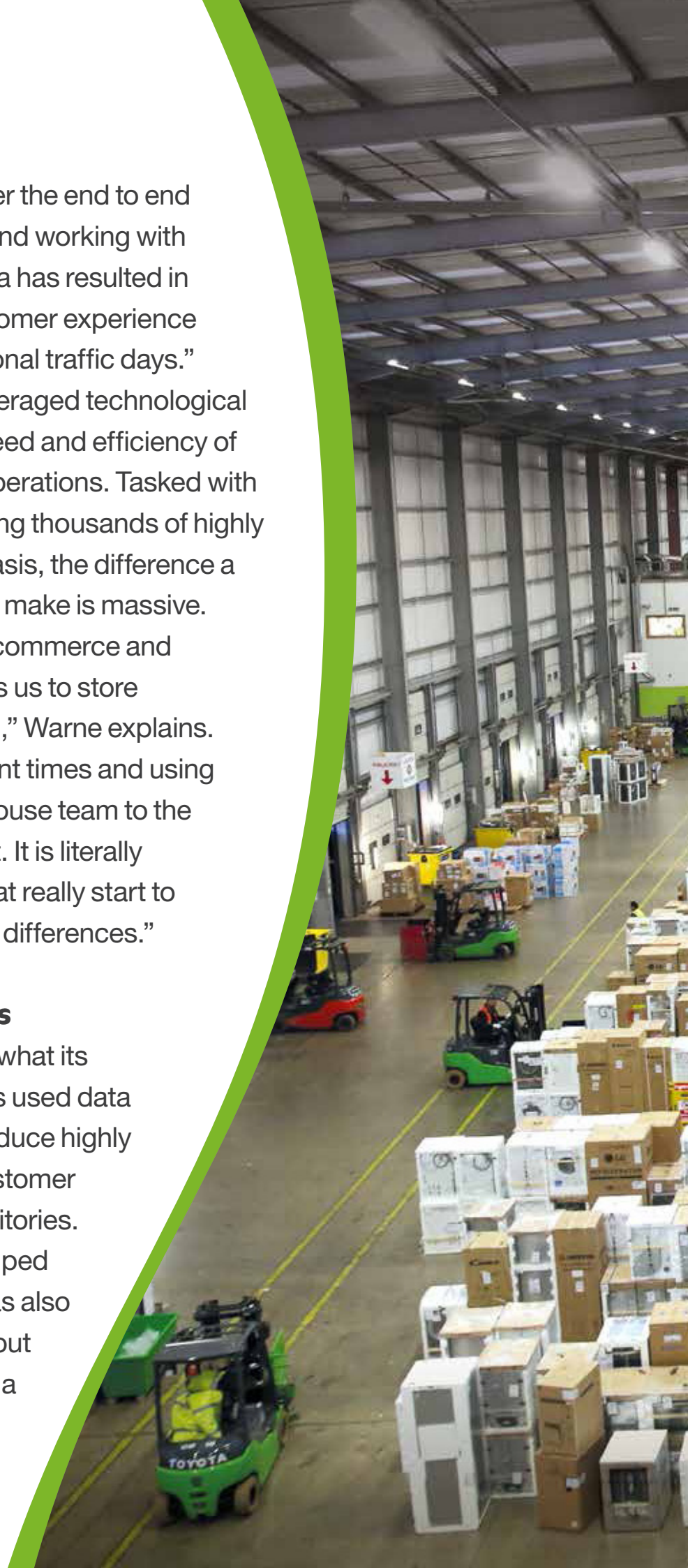
and control we now have over the end to end web platform is unparalleled and working with both Interoute and Intechnica has resulted in having an unblemished customer experience record during some exceptional traffic days.”

The company has also leveraged technological advances to improve the speed and efficiency of its wholly-owned logistics operations. Tasked with moving, storing, and delivering thousands of highly varied products on a daily basis, the difference a seemingly small change can make is massive.

“Using the data from an ecommerce and logistics perspective enables us to store products in the right location,” Warne explains. “We are optimising movement times and using software to direct the warehouse team to the place they need to be in next. It is literally seconds and centimetres that really start to add up and make significant differences.”

### **Meeting customer needs**

Instead of simply predicting what its customers want, ao.com has used data – both big and small – to produce highly functional and appealing customer retail websites across its territories. This method has not only helped with website creation, but has also enabled the company to rollout new product lines alongside a





**“It is literally seconds and centimetres that really start to add up and make significant differences”**

**– ADAM WARNE,**  
Group IT Director, ao.com







fresh take on delivering online content. This attention to detail along with its relentless focus on its customers' needs has led to its business having a consistent Net Promoter score of 80 and being rated 9.5/10 by Trustpilot.

“There’s nothing more frustrating than being at home all day waiting for a driver to turn up,” Warne says. “We wanted to provide a mobile app to track exactly where a delivery is, so a customer only has to be in for a small part of their day. The app proves an accurate ETA of when the delivery will arrive and also empowers the customer to take control of their order, providing the ability to do a number of things, including changing their delivery day.”

Another avenue that ao.com has developed has been product content. Not content with providing 2D images and a technical specification, the company has pulled out all the stops to offer something special. “We want to provide the right kind of content for customers so they can make

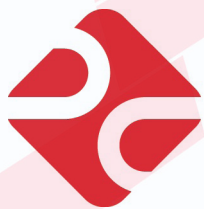
the right decision for what they want,” Warnes explains. “We have gone to great lengths to create our own 3D models of products – we literally rebuild products in 3D with millimeter accuracy and render them to a lifelike quality - I think Pixar would be jealous!”

“We also use these 3D models in our product videos. It’s just one of the unique differentiators that allows us to show customers how the technology works on the inside of the products. For example, customers can see how a Direct Drive Beltless washing machine works. You can’t get this insight anywhere else online, and certainly not in a high street store.”

Having taken its networking, logistics, and customer platforms to the next level, Warne and his teams have demonstrated the awesome transformative power of technology. Always keen to move faster than its industry peers, ao.com is now eyeing yet more product categories and further European expansion. With a winning combination of talent, technology, and partners, the business is set to continue as a success story for years to come. ■







**PREMIUM  
CREDIT**

# CREDIT WHERE CREDIT IS DUE

Written by **Dale Benton**  
Produced by **George Tweed**



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## How Premium Credit has redefined its premium finance process and customer journey to continue to deliver its market leading insurance premium finance product

**P**remium Credit is the leading insurance premium finance provider in the UK and Ireland. The Company's credit facility offers customers the ability to spread the cost of their insurance over several months. With over two million customers and supporting 2,700 intermediaries and finance brokers, the scale of business means that to Premium Credit, digital enablement is tantamount to the future success of the company. With a number of digital technology projects rolled out over the past few years, Premium Credit is striving to grow penetration of finance and improve the customer experience the company delivers.

Premium Credit has two main lines of business. Products like Fairway Credit and School Fee Plan offer finance to

pay for annual memberships and fees. However, the main business comes from its partnerships with insurers and brokers to offer finance to insurance customers. "It's a very efficient and effective method of providing finance," says Tom Woolgrove, Chief Executive, Premium Credit Limited.

### **Digitally enabled**

Historically, completing insurance premium finance proposals and credit agreements within the insurance broker market would be a 100 percent paper business. Now, more and more companies are undertaking digital customer journeys. Premium Credit is breaking new ground, integrating itself into those broker journeys to enable intermediaries the ability to manage





**Tom Woolgrove**  
**Chief Executive Officer**

Tom joined Premium Credit as CEO in January 2016. He was previously Interim Deputy CEO at OakNorth Bank, a new challenger bank combining traditional banking and digital services to offer debt finance enabling smaller businesses to grow.

Before that, Tom completed an appointment as Interim CEO of Flood Re, the new industry led, Government enabled, reinsurance vehicle for safeguarding affordable UK flood insurance. His last permanent executive role was as a member of the Direct Line Group Executive Committee, leading UK Personal Lines, the largest business unit. Tom was a significant contributor to the successful Direct Line Group IPO, including road shows and ongoing engagement with investors and analysts. He was President of the Chartered Insurance Institute in 2014 and a member of the ABI's General Insurance Committee. Other roles were at Lloyds Banking Group, HBOS and Gemini Consulting. Tom has experience of acquisitions and disposals, as well as delivering integration benefits. He has an MBA from the University of Chicago Booth School of Business, where he was a Fulbright Scholar, and holds a Masters degree in Engineering and Management from Oxford University.



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# 400

Number of **Premium  
Credit Limited**  
employees

the whole customer journey and process electronically.

Looking at it from the perspective of the end customer, this will allow e-signatures, processing of online payments through a mobile or tablet device, and having the ability to access their credit agreement documents electronically.

“Wherever possible, we are making the customer journey self-service or digital. For brokers, it’s about integrating as best we can with their existing systems and tools to make the process seamless,” says Woolgrove.

“The overall goal is to make it easy for customers to interact with us in any way they want, which in today’s world means that most of that interaction is available online and is designed to be as simple and straight forward as possible.”

With technological innovation and an ever-growing increase of power at the customer’s fingertips, it’s difficult to pin down a single moment that kick-started this digital process for Premium Credit. Simon Moran, Chief Sales &

Marketing Officer, has been with Premium Credit for 18 years and goes as far as to say that this process is best represented in phases.

Commencing around 10-15 years ago, large scale electronic data interchange between systems laid down the foundation for the next phase of more self-service opportunities for the end customer and for brokers. The current phase for Premium Credit is allowing that to be more and more channel agnostic, with the company’s exchanges and interactions with customers and brokers available across all devices.

“We are increasingly able to support customers to move between channels when interacting with us and that’s the same for our brokers. Access to information and customer journeys via mobile has grown rapidly” says Moran.

“It’s been an ongoing journey as we react to end-user demand, build the technologies to meet that demand, and plan for the next technological advancement.”





## Penetrating the finance market

Premium Credit, as the leading premium finance provider, has always invested in creating digital ease of access for customers. This included a previously existing customer portal that allowed customers to conduct basic tasks, but initially, overall flexibility was limited. But through financial investment and a commitment to technological growth from the company's private equity owners Cinven, Premium Credit has been able to continuously improve its customer experience and grow the penetration of its products to become more efficient as a business.

This is where the company's EPICC solution comes in. EPICC, short for Electronic Payments for Insurance Customers and Clients, is a point of payment platform that integrates into the insurance brokers' underlying customer journey.

"Our market research with customers and brokers identified an inconsistency in the frequency and quality of premium finance offered. EPICC solves this. At the end of the



### Simon Moran

#### Chief Sales & Marketing Officer

Simon Moran joined Premium Credit in 1998 as Sales & Marketing Director. In March 2005, Simon was appointed Chief Sales & Marketing Officer with overall responsibility for all insurance premium financing business development. Prior to this, he was Sales & Marketing Director of Transamerica Insurance Finance Company (TIFCO), establishing the model for commercial premium finance in the UK. His skills and experience were first developed in the general insurance sector where he held senior positions in underwriting and sales commencing with General Accident in 1987.

insurance broker's journey, where they have established an insurance policy with the customer, we can now insert ourselves into the payment journey and provide payment choices for customers and a consistent offer of premium finance," says Moran.

Moran describes EPICC as market-leading and a big step change for Premium Credit, as it moves them from being simply a specialist premium finance company, to a full payment services provider. Through the EPICC solution, Premium Credit allows

## PREMIUM CREDIT LIMITED

customers to self-select payment options, ensures a consistent offering and compliant journey for brokers and provides analytical data on penetration. When and how did the customer open an email communication? Have they taken action and taken finance? EPICC allows more transparency in terms of where the customers are on their journey with the company.

As a further benefit to the broker, Premium Credit re-skin the journey and all communication to the brokers brand, effectively improving the

customer experience overall.

Through a long testing period, Premium Credit has been rolling out EPICC to brokers and customers to learn more about the solution, its capabilities and where it can be improved to better serve the customer. The solution has allowed the company to test different forms of communication, which in turn allows it to see the varying levels of response and penetration of its products in the market.

“The overall feedback has been very



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positive and customers have found it clear and intuitive,” says Woolgrove.

“They like the flexibility to be able to pay online, the confidence it allows them to have in the journey and the options available to them. They feel informed. It’s a very positive experience for customers and brokers. We believe that by presenting finance digitally alongside other forms of payments we will increase penetration.”

Like any technology, EPICC is something that will continue to be developed and iterated as customer demands change. Woolgrove sees EPICC as a core platform which the company can build upon. By measuring the way in which customers interact and use the system, Premium Credit can develop the software and assess how it can be incorporated into wider business sectors. Sectors like Fairway Credit’s golf club

membership finance, for example, would benefit from the ease and simplicity that it provides to the customer journey, reducing the administration burden.

“Initially it is focused on corporate and commercial customers, but we will extend it to retail customers, and to other business lines such as our Fairway Credit, School Fee Plan and My Commute for Less,” he says.

“We believe it’s a way of increasing how we interact with our intermediaries and our customers. Effectively EPICC is a long term strategic platform that will better enable this.”



### **Mark Dearnley** **Chief Information Officer**

Mark joined Premium Credit from HMRC in October 2016 to lead the transformation of our digital journey and enhanced capabilities for our partners and customers. Mark; named Oracle Global Business Unit CIO of the year in 2012, has extensive digital experience across a number of market sectors and has held senior positions at Vodafone, Cable and Wireless, and Boots.com. He brings strong technical insight, leadership and change delivery capability at a critical time for Premium Credit.



We've had a great digital transformation journey with Premium Credit, starting with their office move, enabling them to create a flexible workstyle, and helping map out where our solutions could be applied to maximise take-up for all their staff. Altiotech meticulously evaluated the best technologies for the needs of Premium Credit and its workforce, ensuring compatibility, efficiency and performance were retained in all our deployments, whilst adhering to their conservative budgets. Our solutions experts delivered above and beyond expectations, which returned excellent value to Premium Credit, with technologies such as: CleverTouch and Epson Interactive Brightlink projectors to enhance training, creative thinking and collaboration. Moving into a New Cloud centric arena,

focussing on the Microsoft Cloud, hosting their third datacenter in Azure to providing real time analytics with Microsoft SCOM. Delivering frontline security to a £4 billion business, offering comprehensive threat protection against advanced and evasive targeted attacks, along with real-time, in-line threat intelligence that protects critical data, applications, and infrastructure. All of this without affecting network performance and internal coherence. We at Altiotech have established a strong, technology focussed partnership with Premium Credit, fulfilling their business needs and continuing to deliver solutions that meet future requirements. Altiotech is confident of achieving the same results for its other customers in the manner we have done for Premium Credit.



## Legacy systems, future growth

With a complete restructure of a technological process, challenge is inescapable. For Premium Credit, as with many large businesses, legacy technology infrastructure represents a key challenge.

“It’s about establishing what the change capabilities are for the company. We aren’t early adopters, we are identifying established technologies and tailoring those to our intermediaries and our customers’ needs,” says Woolgrove.

“The key challenge is understanding what people want and need, and delivering against it. It’s not about rolling out the latest “big technology”, but about delivering what customers want.”

Looking to the future, the goal is to continuously improve efficiency and become more digitally enabled as a company. Future investments will include enhancing the customer portal, delivering more self-service tools and applications, and enhancing the analytical insight the company offers.

“We will continue to grow our offering and grow into other segments of business. Looking longer term, our core product system allows multi-language and multi-currency, and we are continuously creating opportunities to expand our business,” Woolgrove says.

“It’s about giving ourselves all of these future opportunities to grow and become a smarter and more efficient business.” ■





*Support worth*  
**MAINTAINING**

Written by **Dale Benton**  
Produced by **Danielle Harris**





# In the aviation industry, the price of maintenance is often a heavy one and any opportunity to significantly reduce that cost of maintenance is one that simply cannot be ignored

**F**or nearly 30 years, Jet Support Services, Inc. (JSSI), has offered the business aviation industry maintenance programs that allow aircraft operators to significantly reduce maintenance costs and stabilise maintenance budgets, while providing a professional level of support and service.

The maintenance of an aircraft is the backbone of aviation and this is where JSSI stands tall against its competitors as the only independent maintenance program provider.

“Our independence and global buying power allows us to negotiate and deliver highly competitive rates to the market and demand the highest level of service from our suppliers,” says Neil Book, President and CEO of JSSI.

This independent position is the foundation JSSI was built upon and Book believes that, without it, the manufacturers would have limited

competition and therefore could control the pricing as they see fit.

“JSSI keeps them honest and ensures they deliver a fair price and adequate service,” he says.

Founded in 1989, JSSI provides the highest standard of service and excellence, as well as developing innovative products and technologies to expand into new markets. For Book, the technological development aspect of the business is close to his heart, coming from a rich technology-based background with roles in telecommunications and technology at AT&T, SMobile Systems and Juniper Networks.

Through his experience, Book brings a different perspective to aviation, something that he feels is key to being successful.

“In the technology space, you must run a business with a healthy sense of paranoia, knowing the competition is always working on





# JET SUPPORT SERVICES

“In the technology space, you must run a business with a healthy sense of paranoia, knowing the competition is always working on technology that could potentially render you obsolete”

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technology that could potentially render you obsolete,” he says.

Technology implementation in the aviation space is slower moving when compared to other industries. The development of a new aircraft type, and bringing that to market, can take from 15 to 20 years. Bringing the same technology industry approach to the aviation sector, Book believes is a big competitive advantage.

“Bringing that mindset to aviation has allowed us to evolve and grow the JSSI business very quickly by delivering new and innovative solutions, expanding our product portfolio and taking steps to create differentiation from our competitors,” says Book.

### **Size, scope and scale**

JSSI has close to 2,000 aircraft listed on its maintenance programs. If the company was an airline, it would be the largest in the world. JSSI is buying maintenance services on behalf of those 2,000 aircraft and the cost savings and superior service represent significant customer benefits.

“An operator on one of our maintenance programs has the

benefit of JSSI’s scale,” says Book. “We allow an operator with one, two or three aircraft to have the buying power of 2,000 aircraft behind them.”

JSSI’s maintenance programs synthesize maintenance costs into an hourly rate. For an operator on a maintenance program, JSSI offers coverage of any unscheduled or scheduled maintenance events.

“If an operator informs us of how many hours they plan to fly, JSSI can provide an exact quote for how much it will cost to maintain that aircraft,” says Book.

It is this budget stability, cost reduction and level of service that in turn generates a higher residual value for an aircraft. Book identifies this as a key part of their value proposition.

### **The perfect product**

With close to 2,000 aircraft and 1,300 customers, Book is keen to stress that providing each customer with the individual interaction and touch point that they deserve is integral to the business. JSSI has over 100 technical advisers stationed all around the world to meet the needs

## JET SUPPORT SERVICES

and demands of all its customers.

“Unlike our competitors, we do not manufacture jet engines, airframes or parts. Our product is our people,” says Book.

“They are the most critical component of our business and frankly, every one of our clients can also pick up the phone and speak with me directly if they have an issue or simply want to say hello.”

Being an independent company, challenges from competition are inescapable. JSSI is competing with large-scale manufacturers, such as Rolls-Royce, GE, Honeywell and Pratt & Whitney. These are global brands operating across multiple industry sectors.

“Their names are literally on the side of the aircraft or engine,” says Book. “The biggest challenge is often helping prospective customers understand the key differentiators that JSSI, as an independent provider, delivers.”

But this isn't a challenge that JSSI avoids. In fact, Book actively welcomes the challenge as the business can call upon an incredible track record over its 28 years that proves the business

model is resonating well in the market.

The biggest testament to this is best represented by the fact that JSSI just had the most successful year in the company's history. In 2016 alone, JSSI enrolled close to 300 aircraft with contracts valued in the region of \$400 million.

“We demonstrate the financial and economic benefits, along with the service benefits that come with JSSI,” says Book. “Whereas larger companies are more rigid, one of the things we pride ourselves on is our flexibility, ingenuity and entrepreneurial spirit, which has directly led to our success.”

### **Destination data**

Over the last few years, JSSI has expanded into new businesses that support the core business, with the launch of JSSI Parts, Jet Engine Leasing and a dedicated Asset Monitoring Platform (AMP). JSSI Parts, developed in 2014, allows JSSI to leverage its significant buying power to deliver parts to the Business Aviation market at competitive prices.

“JSSI Parts is probably the fastest growing parts broker in the Business



“The biggest challenge is often helping prospective customers understand the key differentiators that JSSI, as an independent provider, delivers”







### **Neil W. Book** **President and CEO**

As President and Chief Executive Officer of JSSI, Book provides leadership and direction to the entire organization. Prior to joining JSSI, Book served as Vice President of Mobility for Juniper Networks, directing its mobile security business unit. His role at Juniper began in 2010, in connection with their acquisition of SMobile Systems, where he had served as President and Chief Executive Officer. Book began his career at AT&T where he held various management positions. He is a graduate of the University of Delaware, class of 1999.



Aviation industry. We experienced close to 300-percent growth between 2015 and 2016,” says Book.

AMP is a platform designed for banks to manage their portfolio of financed aircraft. Through AMP, JSSI provides real-time maintenance, flight hour and financial data across a wide range of aircraft models and engine types. Book sees the future of this application focused on using that data to create a better understanding of the costs associated with operating an aircraft.

“Being able to collect and analyse this data and deliver it back to the marketplace is an incredibly valuable tool. I believe there’s a significant opportunity to deliver this in a clear and cohesive way that adds value to our colleagues and peers across the industry,” he says.

AMP represents an exciting future for JSSI, as Book believes there is a growing need from financial institutions to monitor maintenance events, specifically what happens and why, and to better leverage

technology to understand and predict how financed aircraft operate.

“The future for us is leveraging data analytics to enhance the management of our business and offer new tools for our clients,” says Book. “We will continue to provide maintenance programs and strengthen our market leading position but I also see the company as a primary source of data to the banking community for their aviation needs.”

Despite the market leading programs and level of service, Book still relishes the challenge of competing with the giants of the manufacturing world. Outside of business aviation, JSSI is not a global brand on the same scale as a Rolls-Royce, but Book believes that this works in the company’s favour.

“We are the underdog. I always like to surprise people with what we can achieve and accomplish. In the next 12 months and beyond, JSSI will introduce some very disruptive programs and technology developments to the market – it’s a very exciting time to be involved with the company.” ■



# The digital future of investment.

Written by **Jennifer Johnson**  
Produced by **Craig Daniels**









**Meitav Dash**  
is one of the  
most prominent  
investment houses  
in Israel. And thanks  
to its recent digital  
transformation,  
it's also the most  
forward-looking





If a financial adviser asked a prospective client about the value of his combined assets, or how much his pension is worth, it's unlikely that the client could respond with precise figures. "People usually don't know the answers to those questions," says Gil Tsabar, Chief Information Officer at Meitav Dash, one of Israel's leading investment houses. "And they don't like to ask them because they're afraid of the answers."

Three years ago, Tsabar and the IT team at Meitav Dash set about transforming the firm's systems, processes and, most importantly, the way it interacts with its customers in the digital age. The company — which manages mutual funds, investment portfolios and pensions, among other purpose funds — realised that overhauling its tech capabilities would provide it with a competitive advantage.

As it stands, Meitav Dash controls over US \$37 billion on behalf of private, business and public sector clients. In 2014, it had already developed a plan called '2020' to outline the steps needed to facilitate the process of modernization.

### **Setting goals**

"We had a few targets that we put in front of us," Tsabar explains. "One of them was to provide a much better service to our customers, especially the young ones that don't want paperwork in their homes, or to wait for 20 minutes on the phone to

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## Cyber Security Threats – *how is Meitav Dash defending?*

### Gil Tsabar's view about Web Isolation



#### **BEING A FINANCIAL ORGANIZATION**

we are committed and regulated for taking highly information security policies and solutions.

Among many of them is the need to isolate the internet browser and web applications from the internal network.

One of the main challenges in this area is that a new threat can appear any minute and traditional solutions like anti-virus, firewalls, sandboxes and other signature-based solutions are not sufficient. This is an endless battle against the "bad guys". In Meitav Dash we needed a different solution to handle these known and unknown threats.

In 2014 we implemented **Crusoe**

**Security** for isolating internet and web applications from our network. **Crusoe** can use any current desktop virtualization protocol (Microsoft RDS, Citrix HDX, VMware horizon) for this purpose and support any operation system and any browser.

In Meitav Dash we implemented **Crusoe** with Microsoft RDS protocol. Doing this we eliminated web attacks vectors while maintaining similar user experience to our employees.

The **Crusoe** solution is clientless and scalable for all the organization and handles files downloads and uploads, automatic URL redirection, single sign on and Flash/HTML ad blocking.

The **Crusoe** solution also helps us to defeat phishing and ransomware attacks. Malicious encryption code can't access the internal network and suspicious links are also isolated.

Web Isolation was included in Gartner's report for "Top 10 Technologies for information Security" considering "remote browsing" to keep off malware from end-user's desktops and help the enterprise to significantly reduce the surface for attack.

I strongly believe in the concept and solution of Isolation. I estimate many organizations will follow and I invite them to ask us on the way we implemented it using **Crusoe Security**.



find out their account information.”

The drive to update the company’s digital infrastructure was strategically aligned with the background of its directors and senior management. According to Tsabar, the majority of Meitav Dash’s c-level staff launched their careers Israel’s banking/ insurance sector, where technology is better integrated and developed. Two years ago, they became the first investment house in Israel to offer mutual funds for online purchase. However, it was only a matter of time before other prominent investment houses sought to improve customer experience through digitisation.

“We saw that if we don’t transform, we will probably be left behind,” Tsabar says, “because others will do it, and they will then be more efficient and offer better services than we can provide.”

### Laying the groundwork

Meitav Dash started by ensuring ‘the basics’ were in place: faster servers, faster storage and heightened security surrounding these new systems. Given the amount of confidential financial information stored within the firm’s computing network, security was a paramount concern. Integrity Solutions

supplied the company with a managed security solution equipped to deter a variety of cyber-threats.

“Before, you’d have to go into an office to locate paperwork or break into a bank,” says Tsabar of the theft of business information.

“Now, you can just hack into a computer system. It’s much more risky. Efficiency of the computer systems and cyber-security were the first levels that we took on.”

Next, Tsabar and his team sought out various pieces of advanced software and hardware, sourcing products from renowned tech



## MEITAV DASH

suppliers like Cisco and INFINIDAT. After that, they took on data management and business intelligence systems, with the ultimate aim of reducing human intervention in business operations.

“We did a lot of work automating processes that were done by hand because we understood that in the digital world, a person can’t wait,” Tsabar says. “If he sends an email or fills a web form because he wants to come onboard and buy a mutual fund, for example, he can’t wait a week until he gets his approval. He wants it done the minute he signs up online.”

As such, it was also crucial that Meitav Dash’s online presence was equipped with a user-friendly interface, which could be navigated from a computer screen, as well as a phone or tablet. For this, the company enlisted Aman, an interface designer also based in Israel. When deciding which technologies he would source from external providers, Tsabar looked to partners to provide expertise that he didn’t have in-house. He actively avoids trying to ‘reinvent the wheel’ with a new business enterprise. “You have to find people and work with them to reach your goals,” he says.

### **Foregrounding collaboration**

When it came to assembling an in-house team to run all of Meitav Dash’s day-to-day IT operations, Tsabar looked for colleagues with experience









## MEITAV DASH

in business as well as computing technologies. He believes that the best technicians can also understand the value of their work from a business intelligence point of view. This integration of commercial

skills and practical knowledge has come to characterize the firm's approach to technology.

"I think that in a digital transformation there is much to be done on the human side," Tsabar says. "We in IT need to understand the language of business to talk with the business





people. Many times I explain myself as a translator — from computer languages to business languages.”

In the process of designing their new web interface, Tsabar and his team also made sure to collaborate with the most important user of all: the customer. Simplicity and transparency were the values at the core of Meitav Dash’s customer-facing digital initiative and the firm made sure to hold ‘brainstorm’ sessions with clients during the design process. While Tsabar reports that the company has made major strides, he realizes that the process of serving customers is an ongoing one.

“[Our technology] will have more functionality with time,” he explains. “We’ll learn what the customer wants. It’s progress. It’s not something you build overnight.”

### Looking forward

Naturally, big data will play a role in analyzing customer

“I don’t believe in the buzzword ‘big data’. I believe that big data is a nice way of saying business intelligence”

– GILL TASBAR, CIO

expectations.

And for Meitav Dash, the more information they have about a client’s needs, the more tailored their service can be. Ultimately, this is the aim of the firm’s digital transformation.

“I don’t believe in the buzzword ‘big data’. I believe that big data is a nice way of saying business intelligence,” claims Tsabar. “If you analyse your data correctly and intelligently, you will retain more customers and, using your data, you can attract new customers in the right way.”

While 2020 might still be a few years away, there is little doubt that ‘the future’ is already here for Meitav Dash. ■

in f YouTube

CBC  GROUP





# Transforming IT

Written by **Alex Young** Produced by **Craig Daniels**

# In a constantly changing, competitive industry CBC Group is using IT to gain an edge

Israel's Central Bottling Company Group (CBC Group) is realising the transformative power of technology. As a leading beverage producer and distributor, the company brings some of the world's most distinctive brands to households across the country. We speak to the company's CIO, Adit Shroitman, who has spearheaded IT development across the business, which has saved both time and money.

Alongside keeping internal operations running smoothly, Shroitman's remit now comes into contact with rapidly changing health regulations, consumer

preferences, and incoming competition. Day-to-day, she is tasked with leading the information systems unit in CBC Group, with overall responsibility for providing IT services with a focus on quality. Having secured major contracts with such companies as Heineken and Coca-Cola, the impetus to innovate has led the company to its current dominant position in Israel.

## Operations

All told, CBC Group controls eight companies based in Israel based on a mutually beneficial synergistic operational model. Furthermore, the Group









# THE CENTRAL BOTTLING COMPANY GROUP

## Nir Hezroni

Corporate Infrastructure Division Manager

Nir Hezroni has spent over 20 years designing and implementing IT infrastructure, with direct experience involving diverse projects such as data centers, telecommunications, and personal/public areas.

He has vast experience working for a range of global companies with varying cultures and locations, and has a particularly thorough knowledge of the IT sector of M&A.

Among his numerous accolades, Herzoni has designed a global IT methodology, linked it to corporate M&A processes and led the IT part of many acquisitions in amdocs (ITDS, Clarify, Xacct, Stibo, Cramer, SigValue, JacobsRimell, ChangingWorlds, MX-Telecom, Actix and more).

He has also built and operated support organisations and implemented ITIL processes across the IT group to improve service. Reporting to CIOs – Hezroni has run the IT budget, HR aspects, and asset management. He has overseen massive changes while communicating them across the company.



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also controls a further five companies outside of the territory which are currently supporting its international expansion plans.

CBC's group structure means that it is responsible for several companies dealing with a variety of different food and beverage segments. Shroitman explains: "With the diversity of business processes, from B2B to B2C, the business requires IT to be agile and to provide quick solutions without forgetting the overall picture.

"Sometimes we are required to mitigate conflicts between the different needs of the different companies and business

units and are required to build robust solutions that can be used from beverage manufacturing to dairy manufacturing."

She oversees a department consisting of 90 personnel – half of which are consultants and developers specialising in SAP systems, while the other half consists of IT infrastructure experts.



**The value of IT**

Alongside overseeing the technical side of IT operations, Shroitman also ensures that IT works to drive value across the entirety of operations. This has taken a number of forms over the years, but nowadays focuses on continuously improving





# THE CENTRAL BOTTLING COMPANY GROUP



efficiency, reducing costs, and utilising the business opportunities endowed by big data collection.

Although CBC's industry processes may differ to some degree, they are all run under a single SAP system. But the story doesn't end there, Shroitman explains: "Each company has its own manufacturing challenges that require us to build and support different business processes.

"The IT cost is transparent to the business and yearly business plans are built and communicated to all the companies; we aim to provide the best service and are measuring it constantly. This forces us as IT to utilise our resources in the most efficient way."

Providing a quick solution to answer regulation needs (particularly when it comes to recycling), developing a new innovative





game changing B2B application used by retailers to order 24/7.

CBC has a strong culture of continuous improvement, Shroitman says: “We measure our activities such as service levels, applications usage, and customer satisfaction - projects are also measured on parameters such as budget and timeline. We also discuss with our customers about the value that the applications

provide and get their feedback.”

Some activities are outsourced – particularly those that are either repetitive or less knowledge bound, but the company is also not afraid to bring in outside expertise that cannot be found in the organisation. “We do not hesitate to use experts in those fields externally,” she adds.

“Our IT department is considered a leading organisation by our



# THE CENTRAL BOTTLING COMPANY GROUP

colleagues and we are frequently consulted by industry peers. We host knowledge transfer sessions for other companies and show potential projects to their customers.”

## Connecting the future

“Our goals are to continue the digital transformation and offer more tools to strengthen the bond between the consumers, retailers and our companies and continue the post-merger integration process of the IT units in some of the companies we acquired,” Shroitman continues.

As a centralised solutions provider, CBC Group is responsible for a bridge and link between its differing constituent companies, ensuring that each has access to the latest IT innovations. One of the ways in which this has crystallised is in the form of a bespoke collaboration tool that enables these companies to view relevant data and share information.

Technological innovation is key. “Our business runs on technology. If our systems stop so does manufacturing, distribution, sales and customer service. Technology is a part of every business process and customer interaction,” Shroitman explains.

“New technology is constantly examined and implemented where needed. We encourage our employees and customers to bring us new ideas and implement those that contribute to our business. We also participate in start-up hubs.

WHEREVER YOU GO  
YOUR DATA IS READY.  
WELCOME TO DATA FABRIC







“On the infrastructure side we are investing in data centre HW such as storage and servers, we are continuing our move to a virtual infrastructure and examine the use of cloud services where needed. On the application side, we push the latest technology like “Get taxi” for technicians, SAP HANA is used for BW, and we also use predictive analytics.”

CBC Group is also working to roll out a number of company-wide innovations, including omni-channel capabilities, digital IVR, and social network activity monitoring. Moreover, the company is examining several products that will allow it to monitor customer trends on social media and is also examining the use of big data for targeted marketing and trends analysis.

Having built an exemplary IT framework across a number of varied business units, CBC Group has ensured that it will be firmly in control of its own destiny for years to come. Not content to rest on its laurels despite a commanding position in the Israeli market, the company’s forward thinking approach has ushered in next generation technology which is already proving to be a key competitive edge. ■

## Rami Rimartchok

Corporate Digital & Applications Division Manager

Rami Rimartchok has worked in IT and software development for the past two decades. His career has seen him manage IT teams across large organisations, as a single business unit and as a program manager for developing new services and products. Rimartchok has overseen the creation and execution of a new offerings plan including a strategy to attain revenue goals, as well as continued attachment of professional services and organic growth. He also successfully developed and implemented a digital transformation strategy. Responsible for building a dedicated SaaS department, he ensured service delivery performance met service level agreements according to customer needs while managing external hosting vendors like amazon and GoGrid.

CBC  GROUP





# INSIDE 'ZUKUNFT BAHN'

Produced by **RICHARD DURRANT**







# The **Deutsche Bahn** procurement organisation optimises supply reliability, cost levels and process efficiency

**D**eutsche Bahn and we, as its procurement organisation, achieved a great deal in 2016. After the downturn in earnings in 2015, the DB Group is now back on track for success once again: we have not only delivered positive financial results, but also laid the cornerstone for improving the quality of railway operations by launching our “Zukunft Bahn” quality programme. The target for 2017 is to make our performance even more stable.

Procurement is changing rapidly. While procurement teams will always need to drive cost savings, they are constantly endeavouring to become a more complete business partner in order to unlock innovations and drive ever-greater value. They are faced with the continuous challenge of analysing procurement to transform their focus, their people and their whole operation. And time is not on their side.

It is by no means an easy journey to develop the scope and capabilities of your business function while continuing to meet your daily operational commitments.

## **“Zukunft Bahn” – the future of rail operations in Germany**

Joining forces for more quality, more customers, more success – last year we launched our “Zukunft Bahn” quality programme to tackle those matters which our customers found most unsatisfactory. Our customers have already noticed that we have made considerable progress in many areas. Elsewhere, however, we have not achieved results as quickly as we had hoped. We are pleased to say that we were able to improve the average annual punctuality rates year-on-year across all segments: from 94.2 to 94.8 percent for regional passenger traffic and from





**Uwe Günther**  
(CPO Deutsche Bahn)





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72.8 to 76.0 percent for freight traffic. In the long-distance segment, punctuality improved by several percentage points, from 74.4 to 78.9 percent.

So what are our overall goals for this year? We want to improve punctuality even more and increase customer satisfaction. On our way to becoming a profitable quality leader, one of our targets is to raise revenues and earnings before income and taxes (EBIT). We shall continue to raise our appeal as an employer to reach our objective of ranking as a top employer. In our role as eco-pioneer, we shall endeavour to reduce carbon emissions and noise even further.

**‘DB is investing around one billion euros in digitalisation projects alone throughout the Group’**





## **Achieving the objectives of Zukunft Bahn with the best suppliers**

We achieved our targets as a procurement organisation in 2016: we delivered our target contribution to the DB Group earnings with the help of our ProFit programme and ensured supply reliability. Exploiting all commercial and technical procurement levers was and still is one of the keys to our future success. We firmly believe that our long-term strategies for the individual inventory groups and, in particular, our close consultation with our colleagues in the technical and quality assurance organisations and our internal customers who place the orders, are still the basis for successful cooperation and the key to success.

For the DB procurement organisation, the year 2017 will again involve a high level of operational contract awards which will give us the chance to demonstrate our operational excellence on a daily basis. Our unequivocal target is a zero error policy. The systematic application of our reorganised supply management scheme is intended

to deliver not only supply reliability, but also improve compliance with delivery deadlines. We plan to roll out a “Digitalised Supply Management” project to achieve these objectives and design a digital supply chain in consultation with our internal customers and selected system providers. As the DB procurement organisation, we are also actively involved in four central competence centres of the DB Group (Operational Excellence/Technology, Digitalisation, Transformation and Sustainability).

Suppliers are our partners when it comes to safeguarding the success of the DB Group. Their goods and services are an elementary part of the value chain and are also crucial for the competitiveness of Deutsche Bahn. Our supplier management makes procurement a strategic competitive factor. By working hand in hand with reliable partners, we guarantee high quality standards by implementing a harmonised control process. Our supplier management policies are valid throughout the DB Group and are an intrinsic element of the major IT systems at DB. Over



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the medium and long term, we shall optimise the supply reliability, cost levels and process efficiency of the DB Group thanks to the continuous improvement of our supplier portfolio. As our objectives are only viable on the basis of responsible management at our partner companies, we play close attention to compliance with sustainability principles within the management system and to the continuous improvement of

the sustainability practices of our partners and their suppliers.

Close cooperation with the best suppliers is the only way we can achieve the designated objectives of Deutsche Bahn.

### **Heading for World-Class Procurement**

Efficient procurement is based on undisputed best practices. The following factors are the key to the





Number of employees  
at **Deutsche Bahn**

**300K+**

success of Deutsche Bahn procurement:

- A procurement strategy that is a firm element of the DB Group strategy, combined with clearly defined purchasing policies
- A procurement organisation that makes use of local expertise to achieve flexible Group-wide coordination and regards purchasing as an interdisciplinary

top management task

- Strategic sourcing based on the systematic identification of fundamental starting points and the use of individually targeted levers to reduce costs
- Supplier management which focusses on increasing values together with our key suppliers, but which is also





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willing to consider new potential suppliers

- Integration of strategic and operational functions via e-tools in our day-to-day business
- Promoting breakthroughs instead of incremental savings as benchmarks and developing supplier volumes on the basis of supplier performance
- Information systems which provide full transparency with regard to procurement volume and facilitate monitoring of compliance with contracts, rules and regulations etc.
- Purchasers with pronounced technical and strategic skills and by providing genuine career flexibility.

We are heading for World-Class Procurement.

According to an external benchmarking carried out by consultants from h&z, our procurement organisation was awarded the status of “Professional Procurement”. But we didn’t and we won’t rest on these laurels. We have made great progress over the past couple of years improving from a 10.9 score in 2015 to a 12.4 score in 2016 (especially in the category internal client management). We firmly intend to continue on this positive course to achieve the “World-Class Procurement” status.

### **DB seizes the opportunities of digitalisation in all dimensions**

Digitalisation meanwhile appears

***The DB infotainment system, ICE portal, keeps passengers entertained during train journeys. It provides the latest travel and local information, as from spring, passengers will also be able to watch TV series and feature films***





in many forms at DB and new aspects are appearing every day. Electronic newsletters and sightseeing tips on the ICE portal keep passengers entertained during long train journeys and also provide customised travel information. As from spring, passengers will also be able to watch TV series and feature films. Also beginning in spring 2017, Flinkster customers will not only be able to book cars through our car sharing scheme, but also electric scooters. Industrial customers already have the option of real-time tracking and tracing of their freight consignments and can even monitor temperature fluctuations or vibrations inside the containers. The first fully automatic rail vehicles are already being tested. Driverless shuttle buses already operate scheduled services on the roads and self-driving, networked trucks (platooning) will follow.

DB is investing around one billion

euros in digitalisation projects alone throughout the Group and has additional venture capital amounting to 100 million euros which will be used to provide strategic support for start-up activities between now and 2019.

## **Digitalisation in procurement – more than just IT...**

Digitalisation is therefore also a key topic for procurement.

We have drawn up our own digitalisation roadmap for purchasing, based on the following four points:

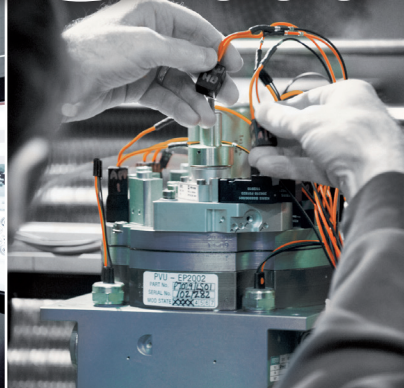
- Digitalisation of IT and processes in the DB Procurement Network
- Digitalisation of knowledge management and knowledge transfer, profiling/recruiting skills
- Customer perspective: using IT to simplify procurement processes; easier access and order processing
- Customer perspective: in our role as procurement organisation, we support the implementation of digitalised business models at







# excellence ...



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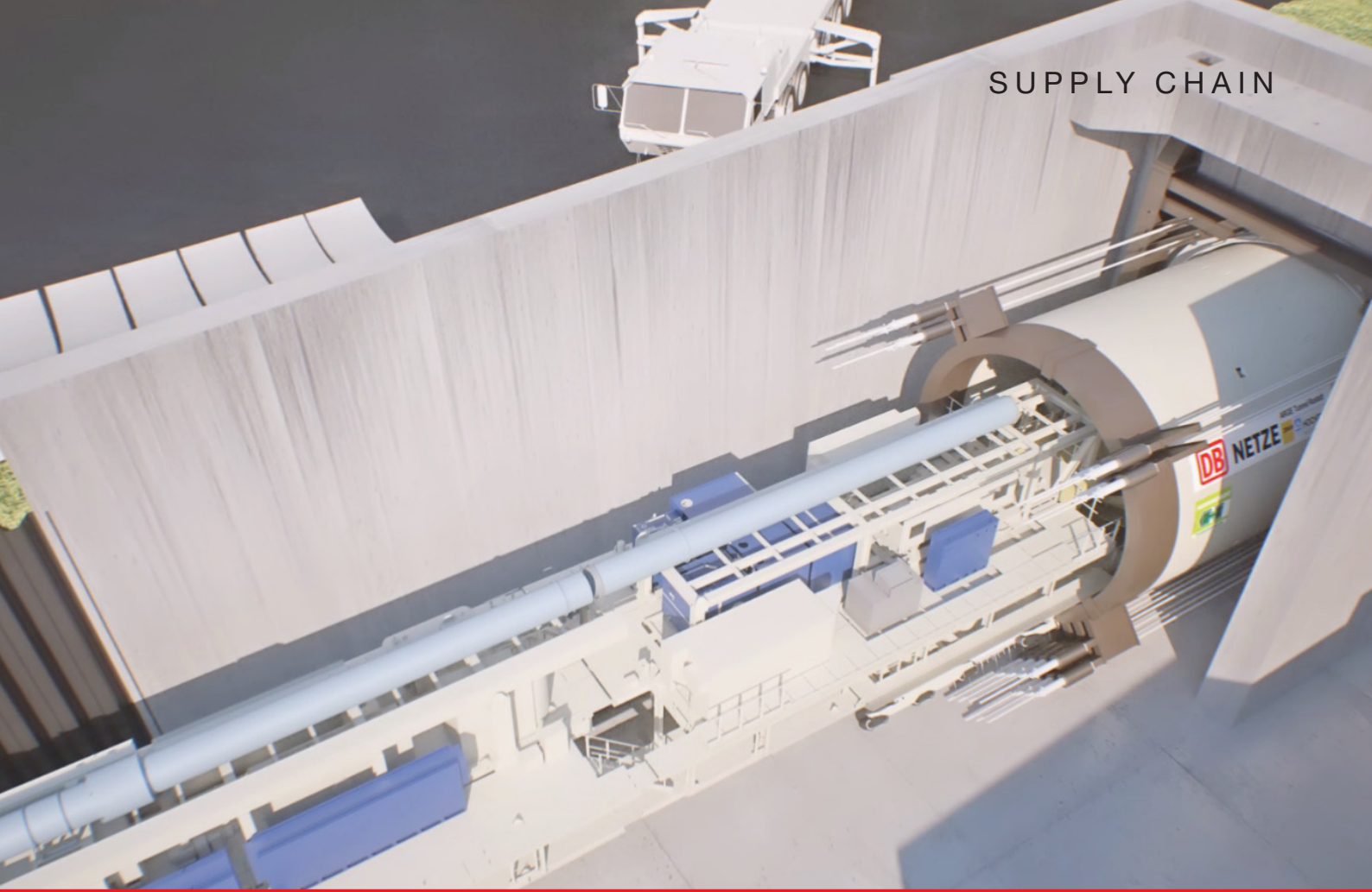
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### ***Development of the construction volume using the 4D model in the pilot project Filstalbrücke***

our customers' companies (e.g. innovation partnerships, start-up management, lean purchasing, purchase of new technologies, such as cloud services etc.).

The following are just some examples of procurement digitalisation schemes that have already been implemented in practice:

- **E-contract award**

Electronic contract award refers

to an IT solution which handles the inquiry management process in all product sectors of corporate purchasing for the DB Group. With the help of this software, contract award can be announced electronically in compliance with legal contract award regulations and offers accepted electronically.

E-contract award provides the DB Group with auditable documentation of all communications with bidders throughout the contract award



process. The entire contract award documents are available in a clearly structured form, which leads to an immense reduction in the outlay required for filing hard copy and documentation. The process is monitored and handled in the form of e-contract award in compliance with contract award legislation and with all relevant directives.

The electronic contract award file satisfies all requirements of EU public contract award legislation and also includes digitalised tender documents, offers and contracts.

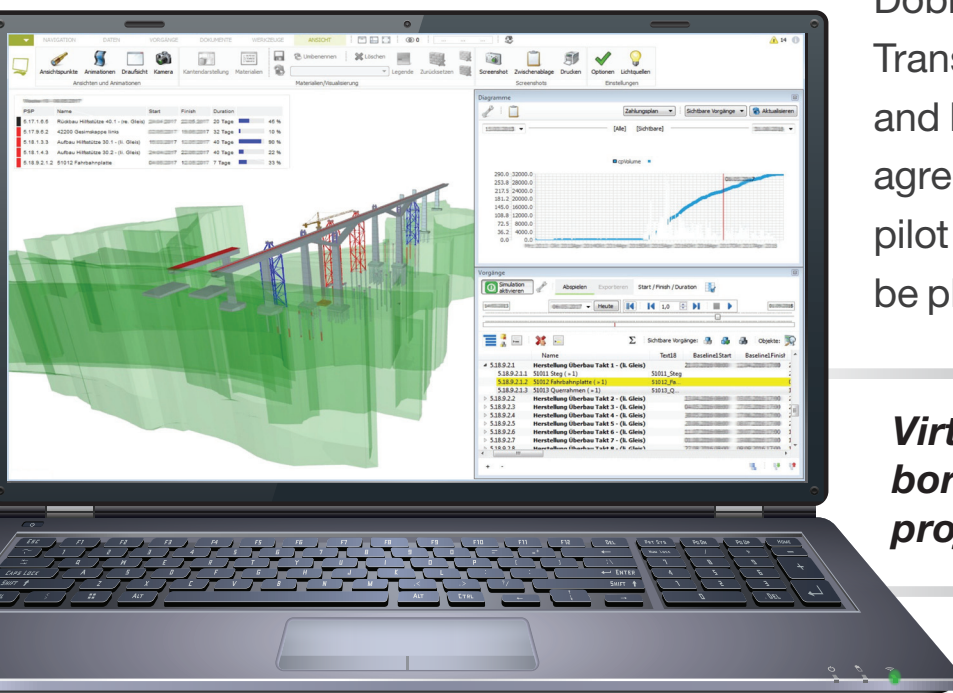
- **Digital building at Deutsche Bahn**

Building Information Modelling will entail more changes than just the

technical platforms for planning, building and project management.

For us as the largest operator of railway infrastructure in Europe and as one of the largest building project clients on the European continent, Building Information Modelling, generally referred to as BIM, means a gigantic leap forward. The Federal Ministry has helped DB to fund BIM as part of its 'Investments in the Future' programme and has provided around 20 million euros. Together with a further nine million euros of Deutsche Bahn's own funds, we will then have almost 29 million euros to promote the transparency and quality of planning and project management.

In October 2016, Alexander Dobrindt, German Minister of Transport and Digital Infrastructure, and DB AG signed a financing agreement for 13 DB Netz AG pilot projects on rail which are to be planned with the help of digital



**Virtual assembly of the tunnel boring machine in the pilot project Tunnel Rastatt**





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## GPH-650R

The GPH 650R is an LTE/GSM-R dual card dual active smart phone.

### Our Company

- The leading GSM-R terminal provider from China.
- Long term OPH/GPH provider of DB
- Awarded Supplier of the Year for DB in 2016.

### Key Technologies

- Touch operating with gloves
- Physical keys is used to initiate REC
- Group call, point to point speech call
- PTT Function Design
- Dual, MIC noise reduction technology
- IP54, railway-oriented and suitable to severe outdoor conditions.
- Working Alone Alarm
- SIM lock functions
- Cell Lock & Cell Forcing
- Bluetooth



### EIRENE Functions

- Group Call / Broadcast
- Railway Emergency Call
- Functional Numbering Management
- Enhanced Multi-Level Precedence and Pre-emption (eMLPP)
- Railway Communication Dialing

### Product Description

- The First GSM-R smart phone in the world
- Support GSM-R/LTE dual modes dual active.
- Customized based on Android System, satisfying the application of railway industry.



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Building Information Modelling (BIM). The German government is investing around 20 million euros in these pilot projects, and DB will contribute approx. a further nine million euros of its own funds.

The digital planning and building method is based on transparency, trust, openness and cooperation on the part of everyone involved in the project and throughout all phases of the project – from the initial idea and analysis of requirements, to planning and approval procedures, contract award and execution right through to billing and commissioning. Building Information Modelling can also be used to manage operations, servicing and maintenance, and

dismantling. Our experience of BIM to date in the course of the Rastatt Tunnel project is consistently positive: the quality of planning and project management could already be significantly improved, so that BIM is to be used for all future large-scale Deutsche Bahn projects.

### **Procurement rewards the best suppliers**

The DB procurement organisation was well represented at InnoTrans in Berlin (international trade fair for transport technology) in September 2016. The fair is an excellent opportunity for networking and for us to meet existing and potential suppliers. Our former CEO Dr Grube took the time

**‘As the largest operator of railway infrastructure in Europe and as one of the largest building project clients on the European continent, Building Information Modelling, generally referred to as BIM, means a gigantic leap forward’**



to visit some of our partners (such as EVRAZ, CRRC, PESA and Knorr-Bremse) in person on his tour of the fair together with our CPO Mr Günther.

The highlight of the week was, of course, the presentation of the DB Supplier Awards and the Supplier Innovation Award. This was the seventh time that DB had presented Supplier Awards in three different categories (General Requirements

and Services, Rolling Stock and Parts, Infrastructure) to companies that stand out from the competition in their market segments, show outstanding achievements in terms of sustainable contract fulfilment, and help us to achieve our objectives and implement our ambitious corporate strategy DB2020+ by delivering premium performance.

In addition to the above, DB also

## THE WINNERS OF THE DB SUPPLIER AWARDS IN 2016:

### • **GENERAL REQUIREMENTS AND SERVICES:**

Ferdinand Gross GmbH & Co. KG: Since 2012, this company has been DB's sole supplier and has supplied the company with around 22,000 fasteners of all kinds, such as screws, pins, spacers and washers, with absolute reliability.

### • **ROLLING STOCK AND PARTS:**

ALSTOM Transport Deutschland GmbH: ALSTOM's South-West Diesel Network project succeeded in delivering the 38 LINT 41 and LINT 54 diesel multiple units with practically no defects and on schedule for deployment as from the change of timetable in December 2015.

### • **INFRASTRUCTURE:**

Shenzhen SED Wireless Communication Technology Co., Ltd.: The Chinese company has supplied mobile telephones to DB since 2012 for use in DB's GSM-R (Global System for Mobile Communications-Rail) internal mobile phone network. DB is highly satisfied with the quality of the telephones and full range of services offered by SED Wireless.

## And the first **DB SUPPLIER INNOVATION AWARD**

goes to...  
Siemens  
Mobility for  
the ICE4!





presented the very first Supplier Innovation Award in recognition of particularly innovative products and services which support the Deutsche Bahn AG portfolio and also exhibit a high level of innovation and sustainability. In specifying the criteria for the award, DB sought professional help from the Fraunhofer Institute for System and Innovation Research, ISI Karlsruhe. This ensured that the criteria are based on international standards and that the method for identifying suppliers who demonstrate an above-average innovation level is applied internationally. In contrast to the list of companies nominated for the Supplier Awards, contestants for the Supplier Innovation Award had to apply for the award on the basis of the published entry conditions. The central criteria were the level of innovation and uniqueness of the submitted entry, its application

potential and capacity for integration, as well as its sustainability and contribution to earnings.

The winner of

# 1994

The year that  
**Deutsche Bahn**  
was founded

the 2016 Supplier Innovation Award is Siemens AG, Division Mobility for the overall product ICE 4. Siemens received the award in recognition of the highly innovative character of the ICE 4, the great flexibility it affords for train configuration and the interior fittings, which make better use of the available space. All of these aspects were developed in close cooperation with the project team at DB.

Thanks to its innovative engineering, modern travel comfort and prizewinning design, the ICE 4 ushers in a new era of high-speed transport. This is the backbone of our future long-distance concept. We shall increase our range of long-distance services by 25 percent by





the year 2030, linking up more cities and regions with one another.

The innovative engineering is based on lightweight trailer bogies with inner bearings, SIBAS PN electronic vehicle steering and a modular drive system consisting of independent powercars with identical traction technology. This method, a joint development by Siemens and Bombardier, enables flexible configuration of the ICE 4 to meet different traffic requirements. The 12-part train is driven by six powercars.

Despite its high seating capacity for

830 passengers, the 12-part train is comparatively lightweight. Compared with an ICE 1 with 12 trailer coaches, the ICE 4 has an unladen weight of 670 tons, roughly 120 tons lighter than its predecessor. This reduction in weight has been achieved by using a new type of trailing bogie with inner bearings, which is significantly lighter than the previous bogies. Moreover, the unpowered end cars can be fitted with aerodynamic shrouds. This means that energy consumption per passenger seat is up to 22 percent lower than that of a modernised ICE 1.





Like all models in the ICE fleet, the ICE 4 also has an air brake with additional dynamic brake which recovers energy during the braking process and feeds it back into the traction grid.

The DB long-distance transport division is planning to implement its largest ever range of customer services by the year 2030. By then, it intends to expand its range of long-distance services by 25 percent, which means the different regions and metropolises will be linked more frequently, faster, more directly and more comfortably. There will be an

additional 150 ICE connections per day and up to two ICE connections per hour between Germany's major cities. The ICE 4 will play a key role in this development. At the end of 2016, the ICE 4 underwent exhaustive testing under real passenger operating conditions and is scheduled to begin regular operation when the timetable changes in December 2017. It will then gradually replace the previous ICE 1 and ICE 2 fleets.

The next DB Supplier Awards and Supplier Innovation Award will be presented at the next Innotrans





in September 2018; entries for the Supplier Innovation Award can be submitted from the end of this year.

### **DB Procurement at the Railway Forum 2017**

In 2016, the InnoTrans was not the only important trade fair for the Deutsche Bahn procurement organisation. In February 2016, the fifth Railway Forum took place with Deutsche Bahn as competence partner. The Railway Forum is a meeting place where more than 500 managers and decision-makers from the railway industry get together to discuss future developments, trends, challenges and key strategies for their sector. It is attended by executives from the Deutsche Bahn procurement and engineering organisations, system manufacturers, suppliers from all parts of the value

chain, political decision-makers and leading scientists.

This year, Uwe Günther (CPO, Deutsche Bahn AG) and Kay Euler (CTO & CQO, Deutsche Bahn AG) again served as patrons of the conference. The Railway Forum 2017 will take place in Berlin on 30 and 31 August and will focus on the topic: “Competitiveness 2025: The Innovation Agenda of the Mobility Industry”.

For more information, please visit:

[www.railwayforumberlin.com](http://www.railwayforumberlin.com)

### **WiFi for everyone, everywhere**

In this digital day and age, passengers expect WiFi as part of the travel experience and politicians have also clearly demanded

“Free WiFi, also for second-class

**‘The DB long-distance transport division is planning to implement its largest ever range of customer services by the year 2030’**





passengers". The Deutsche Bahn WiFi project (WLAN@DB), which is part of the corporate "Zukunft Bahn" quality programme, has responded to this challenge and WiFi has meanwhile been available free of charge in the second-class coaches of ICE trains since 1 January.

"WiFi will also be available free of charge in the second-class coaches of ICE trains": this was one of the promises that DB had made to its customers at the beginning of 2016. DB kept its word and officially announced on 1 January: free WiFi was available on schedule as promised.

Our telecommunications procurement department had to tackle some major challenges related to the procurement of on-board Wi-Fi. But with a great team and excellent teamwork with our end user, DB Long Distance, the procurement process was destined for success. In summer 2016, we completed the contract award process for on-board Wi-Fi hardware, which has meanwhile

been installed. In autumn 2016, we awarded the contracts for SIM cards and data to three providers: Telekom, Vodafone and Telefonica.

Installation of the new technology was a huge project: some 250 ICE trains had to be fitted with the new WiFi equipment within just 16 weeks.

The ICEs now have state-of-the-art WiFi equipment provided by the Swedish company Icomera. It makes use of the fastest data networks

(LTE, UMTS) of all the

mobile radio networks

along the railway line and

can bundle the capacities of

several network operators. In the past, it used only the Deutsche

Telekom network. Each passenger

in a second class coach now has

access to a data volume of 200 MB per

day, which means they can now send

and receive e-mails, chat and surf the

net without any problems. Passengers

in first-class coaches have access

to an unlimited data volume.



**German Unification Traffic Project lineside signals: the latest high-tech control system**



## ***THE TARGET FOR 2017: BERLIN–MUNICH IN FOUR HOURS***

High-speed trains will soon be able to use the entire new line at speeds of up to 300 km/h. They will take customers between Berlin and Munich from city centre to city centre in record time, making train a genuine alternative to car and plane. German Unification Traffic Project No. 8 (VDE 8), the link between Nuremberg and Berlin, is nearing completion. The new-build Erfurt–Leipzig/Halle line went into operation at the end of 2015 and all the new line sections between Nuremberg and Berlin will be ready for use in 2017.

This 10-billion-euro project was

resolved by the German government back in 1991 in order to improve traffic connections between eastern and western as well as northern and southern Germany. At the same time, it closes the gaps in the German high-speed rail network. The new lines will also be used by freight trains. This new route offers enormous potential for implementing best-practice traffic concepts and marks the start of a new era of railway travel.

The inauguration of the new-build Erfurt–Leipzig/Halle line in December 2015 (VDE 8.2) significantly increased the pace of east-



westbound traffic: passengers travelling between Dresden and Frankfurt now reach their destination one hour earlier. The upgraded and new-build Nuremberg–Erfurt line (VDE 8.1) through the Thuringian Forest will reduce the journey time between the major cities in the south and north of Germany by up to two hours. The journey time between Leipzig/Halle and Berlin was already reduced by half, to roughly one hour 15 minutes, when the upgraded line (VDE 8.3) went into operation in 2006.

***RADIO-CONTROLLED TRAFFIC: ERFURT-HALLE/LEIPZIG IS THE FIRST LINE IN GERMANY TO RECEIVE A NEW LINESIDE CONTROL SYSTEM***

The European rail network is becoming more and more modern and the technical systems of the individual countries are gradually being harmonised. Work is currently underway on the installation of the European Train Control System ETCS, one of the major

elements for promoting the integration of railway operations between the individual European countries. ETCS is ultimately intended to replace the more than 20 national train control systems that are currently in operation in Europe. The core element is the permanent radio communication between the train and line control centre. This new technology will make rail connections faster and safer as there will no longer be any need for the time-consuming changeover between the different systems when the train crosses a national border.

The first German route to be equipped with the new system went into operation between Leipzig/Halle and Erfurt in December. This line, which is part of German Unification Traffic Project No. 8 (VDE 8), is now one of the most modern railway lines in Europe and, thanks to the automatic control system, can be used at speeds of up to 300 km/h. This would hardly be possible with conventional technology, as a train driver can no longer monitor and respond to signals manually when travelling at speeds of between 250 and 300 km/h.





## **The first anniversary of the International Procurement Office Asia: a look back**

One year after it opened in November 2015, our International Procurement Office (IPO) Asia can be proud of its first achievements. Our IPO Asia colleagues travelled nearly 250,000 kilometres over the course of the first year. The team visited suppliers at over 30 locations in China, Japan, South Korea and Taiwan, and established contacts with the procurement departments at the Chinese and Japanese rail companies. They saw many excellent suppliers that can manufacture in accordance with European quality standards and are equipped with state-of-the-art production and testing facilities.

At the end of 2016 we concluded a

master agreement with the Chinese company Railteco. The agreement provides for Railteco to manufacture a total of 17,000 hollow shafts by 2019. The shafts will be used to secure cargo on the freight cars.

This is the first framework agreement which has been signed with the support of the IPO. Railteco is a spare parts provider which has evolved from a small-scale manufacturer to a global player.

CPO Uwe Günther travelled to Shanghai to officially sign the agreement on November 16. The first purchase order has already been submitted. The first 2,100 shafts were successfully tested and are now on their way to Germany. The first delivery is expected in March 2017.





**Last year, our International Procurement Office Asia:**

- Identified almost 300 suppliers
- Began the qualification process with 50 suppliers (including eight who participated in db tenders)
- Signed the first ipo framework agreement in november 2016 (for hollow shafts)
- Generated nearly eur 1 million in potential

The team is currently assisting with 10 procurement procedures. Uwe Günther (CPO Deutsche Bahn) reported on his trip to China and Japan in November 2016: “This trip was highly educational and

strengthened my belief that the decision to open a procurement office in Asia was correct. Asia has enormous potential and it is up to us to exploit that potential in the interests of our internal customers so that together we can identify the best product for our passengers.”

**Sustainable procurement at DB**

Railsponsible’s activities in the past and the coming year

Since 2015, Deutsche Bahn has been a member of the rail industry initiative Railsponsible which promotes a sustainable and efficient supply chain in the rail industry. In 2016 Railsponsible





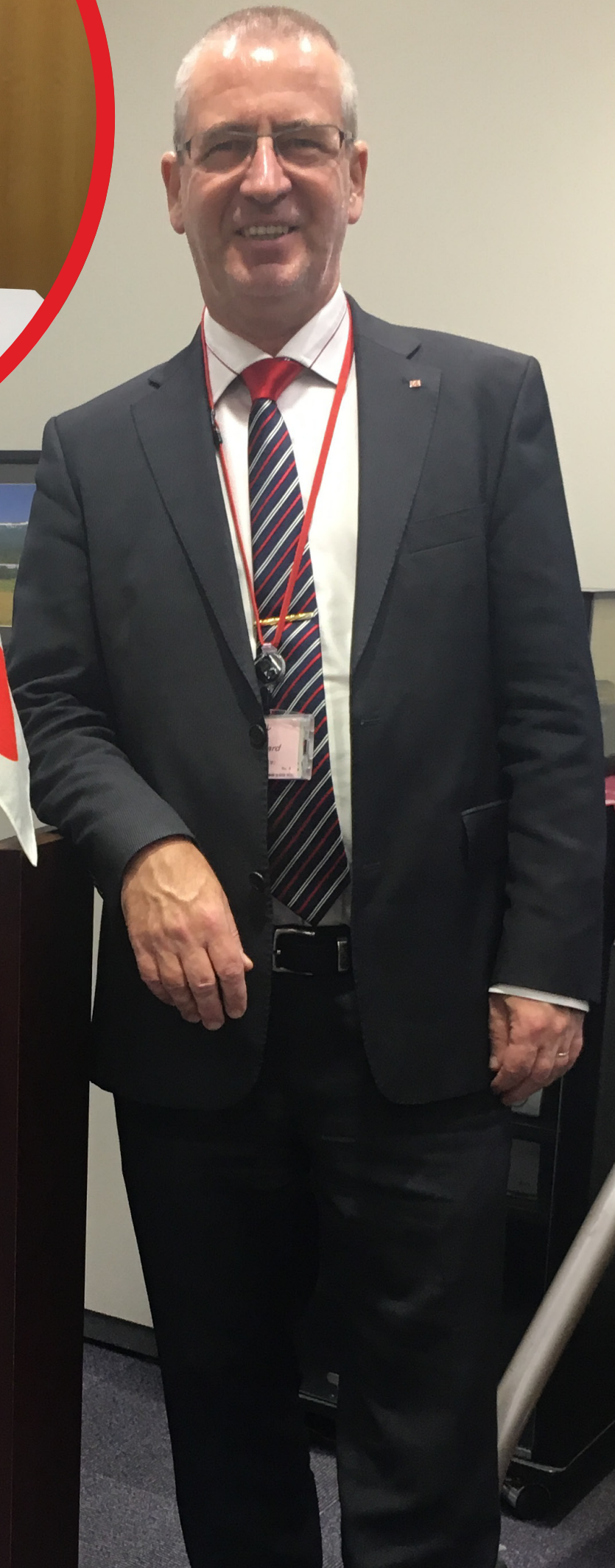
was happy to welcome its seventh member, the Swedish company Svenska Kullagerfabriken (SKF).

By the end of 2016, about 1,200 railway industry suppliers had been invited to take the EcoVadis assessment: around 480 of these companies participated and agreed to share their results with all Railsponsible members. Railsponsible doubled the number of supplier assessments over the course of last year, compared with the figure of 240 supplier assessments at the end of 2015. This was a key achievement for our new initiative that was made possible thanks to efficiency for both suppliers (who only need to fill in the questionnaire once and results are made available to all Railsponsible members) and also Railsponsible members (all members use a common standard and are in close contact with suppliers).

Railsponsible also finalised its 2020 Strategy which defines its roadmap for the coming years. For 2017, Railsponsible's main focus will be the implementation of all the work streams of its 2020 Strategy, namely:

- **#1 Empower staff members and executives:** share training tools and resources on sustainability and sustainable procurement, plan common training kits for buyers
- **#2 Build common programmes:** work on common activities around GHG emissions, health & safety, and eco-friendly products, develop recommendations for updating member companies' Codes of Conduct
- **#3 Railsponsible stakeholder engagement:** target prioritised events to promote a responsible railway supply chain, apply for membership to the United Nations Environment Programme's 10YFP Sustainable Procurement programme

Connected to the latter, in 2017 Railsponsible will also contribute to impactful discussions at a number of high profile events on sustainability and rail industry gatherings. So far Railsponsible plans to be represented by its members at conferences such as Produrable (March 2017, Paris), EcoVadis Sustain (April 2017,



***During Uwe Günther's recent fact finding trip to Asia to assess the need for a procurement office in the region, Uwe also visited China to meet with Railteco to formally sign a new supplier contract.***



Paris), 6th Railway Forum (August 2017, Berlin), Sustainable Supply Chain Summit (October 2017, London), as well as Annual Global Strategic Sourcing and Procurement Summit (September 2017, London). The member companies attending these events will be more than happy to answer any questions visitors may have on Railsponsible.

For more information, please visit:

[www.railsponsible.org](http://www.railsponsible.org)

## StationGreen

The Deutsche Bahn pilot project StationGreen promotes the construction of particularly

climate-friendly railway stations in Germany.

Ecological sustainability is a key criterion for making decisions about the construction and modernisation of railway stations. If the construction process has already begun, we concentrate on ecological optimisation to make the future operation of our stations climate-efficient.

On launching its StationGreen pilot project, Deutsche Bahn is implementing a construction programme for particularly climate-friendly stations in Germany. This pioneering project puts state-of-the-art ecological standards into practice.

In future, these stations will feature

**‘The Deutsche Bahn pilot project StationGreen promotes the construction of particularly climate-friendly railway stations in Germany’**



green roofs, building materials made of sustainable raw materials and high proportions of glass. They will also use geothermal, photovoltaic and rainwater percolation technologies which, amongst other benefits, will permit carbon-neutral operation of the passenger buildings in future.

The first two stations are already up and running: since 2014, trains at Kerpen-Horrem in North Rhine-Westphalia depart from a green station. The second green station, in Lutherstadt Wittenberg in Saxony-Anhalt, was inaugurated in December 2016. The projects are funded by the regional governments, from Deutsche Bahn's own funds and Kerpen-Horrem station also received financial support from the European

Union's INTERREG-IVB programme.

In addition to these ecological aspects, the new station buildings offer passengers additional convenience such as digital reception facilities, which allow the customer to access comprehensive information and to communicate directly with service staff via a monitor.

The broad-based sustainability concept of "StationGreen" in Kerpen-Horrem and Lutherstadt Wittenberg points the way forward for the overall ecological design of our railway stations.

By delivering on StationGreen and such a wide range of other procurement projects in the coming months, Deutsche Bahn will continue to deliver excellence for its passengers and corporate clients. ■







# SUPPLY CHAIN: THE GREAT ENABLER

Written by **Tom Wadlow** Produced by **Richard Durrant**





HP  
7711  
Foreign Content



***HP EMEA's supply chain continues to strengthen the company's market-leading position in printing and personal systems, helping it to better deliver for customers on a day-to-day basis. Listed at number 17 in Gartner's top global supply chains, the combination of agility, brain power and strength is paying dividends for all stakeholders***

“ Firstly, our supply chain is important for our customers.

The way we interact with customers, and take, update on and deliver orders is driving customer satisfaction,” says Volker Schmitz, Vice President and Head of EMEA Supply Chain at HP Inc. His mission: for the supply chain to go above and beyond for customers, delivering a competitive advantage for HP’s business and its partners.

On November 1, 2015, after 76 years of innovation, the printing and personal systems divisions became a standalone business as HP Inc., with servers, storage, networking and services forming

Hewlett-Packard Enterprise.

Such has been the seamless transition to what is now HP Inc., it is testament to the multifaceted and hugely complex work carried out by a company-wide cross-functional team that the business, and therefore customers, have suffered no disruption. In fact, the company’s global market position has actually strengthened over the course of the past year.

“The separation was the greatest cross-department collaboration the company has ever seen,” Schmitz explains. “The complexity was simply huge. Within Supply Chain we have changed so many





structures, systems, logistics routes, supplier relations and organisational structures, and to do it in under a year was a huge achievement for the company.” HP also had a 76-year legacy to honour, an identity and hallmark of quality that is vitally important to keep intact.

Transition complete, the new company is already starting to reap dividends from a more flexible, agile supply chain setup, backed up by what is still a \$48+ billion Fortune 100 organisation. “What has changed the most is our agility and how we are running our company,” Schmitz adds. “Before the separation our strategy was extremely broad, ranging from cloud services and software to various products, but now we are focused on two major franchises – personal systems and printing.”

With fewer organisational layers to navigate, quick decision making between strategically-aligned senior management has facilitated flexible, rapid development. A more nimble employee base of approximately 50,000 compared to 300,000 under Hewlett-Packard has also helped

create a leaner organisation.

If HP needed any more proof that progress is being made, Gartner has listed its global supply chain as the 17th best in the world with a perfect 10 in corporate social responsibility, identifying the company as a long-term leader in this area. Not only is HP delivering satisfaction for customers receiving its products, but also economic and social empowerment for the communities in which it operates.

### The great enabler

The supply chain is an important enabler in a number of areas, from customer satisfaction and cost effectiveness to cash flow and sustainability.

The ultimate result of a world class supply chain operation is to deliver numerous benefits to customers in terms of efficiency, reliability and cost, whether these be corporate clients running large scale business operations or a consumer ordering the latest HP PC or printer.

Schmitz and his team keep close tabs on net promoter scores,



which assess the likelihood of customers recommending and promoting HP to others. What they have found is a clear correlation between improvements in speed and predictability of the supply chain and boosts in this customer satisfaction metric.

A key part of this is engagement between HP's operational teams and its customers. Through continual dialogue and feedback, the company is able to communicate clarity and ensure reliability and responsiveness in its service. Strong customer engagement has doubtlessly lead to enhanced net promoter scores across the organisation.

Internally, HP's supply chain is an enabler of cost effectiveness and ultimately increases in margins and profits. "We are in a business which does not allow mistakes on pricing," Schmitz adds. "Our margins can be tight, so we are very focused on costs and making savings every day and every week.

"Cash flow is a big focus for us as well. It is not just about how we manage our inventories but also



  
**50,000**  
Number of PCs shipped  
by HP per minute

about how we manage our suppliers and customers. Cash is king and there are times where this is as important as cost reductions.”

### Personal systems and print powerhouse

The ultimate consequence of continuous supply chain improvement is that HP can now deliver to customers its best ever product portfolio. It is the worldwide leader in commercial PCs, workstations and printing, and outright leader for all PCs and printing in EMEA.

Add to this renowned graphics solutions and rapidly-growing 3D printing prowess, and it becomes clear that the supply chain requirements to fulfil this stature are formidable.

Schmitz explains: “Although we have just two distinct franchises, the variety of products and consequent supply chain needs are huge. Within printing we start with volume printers and corresponding supplies, and end up with graphics solutions and now 3D printers. A 20-metre long printing press will

require a very different supply chain compared to an ink cartridge that we sell millions of every year. Within Personal Systems we have high volume PCs and customised solutions, to high end workstations and accessories, which require targeted supply chain solutions.”

### HP's supply chain scale

To grasp an idea of the sheer scale of the supply chain operation required to keep HP's global engine room running, Schmitz breaks down oft-cited annual numbers into facts and figures by the minute. Every 60 seconds the company ships 35 PCs, 26 printers and 280 ink and toner cartridges into more than 100 countries in Europe, Middle East and Africa – a supply chain which does not sleep.

“We can talk about billions of dollars and millions of units over the course of a year, but something more tangible to grasp the scale of HP's supply chain is to picture what we ship in a single minute,” Schmitz says. “This is operating 24/7 and needs to be active 365 days a year.”



*“For me this is a triangle made up of inventory, costs and customer satisfaction, and balancing on the tips of this triangle is what we must do”*







2015

The year HP Inc.  
was founded

Orders are manufactured by a network of factories across the world, with the company's largest factory base being in Asia. Regional factories nearer to key customers handle more specific, complex requirements. Distribution is handled through a network of distribution hubs and subcontracted logistics activities. Centres of excellence right across EMEA, staffed by hundreds of workers, manage this huge supply chain.

A considerable amount of activity is outsourced via several vital partnerships with big manufacturing and logistics companies. A very early adopter of the outsourcing concept, Schmitz believes that this is a crucial component in HP's ability to achieve scale and remain agile.

### **Corporate citizen**

The environmental and social sustainability performance of HP is another area which stems from its supply chain, recognised by Gartner with a perfect 10 rating for Corporate Social Responsibility.

Environmentally, the company has



three major goals in place to achieve by 2020. These include commitments to using 40 percent renewable energy in global operations with a long term goal of 100 percent, zero-deforestation associated with HP paper and paper-based packaging, and a 25 percent reduction in its product portfolio's greenhouse gas (GHG) emissions intensity compared to 2010. The supply chain is already one step ahead in this regard; HP's supply chain is already 20 percent less GHG intensive than it was just six years ago.

HP is also reducing the environmental footprint throughout both its value chain and product lifecycles by shifting both product design and business models toward a materials- and energy-efficient circular economy. HP innovations that support a circular economy include core technologies such as inkjet and LaserJet cartridges made with closed loop plastics and breakthrough technologies like 3D print solutions as well as transformative business models that offer printing and personal

systems as ongoing services rather than products to buy and replace.

On the social side, HP has a vital role to play in the communities it is present. This is no more apparent than in China, where much energy has gone into boosting economic areas inland. Schmitz explains: "We have been working closely with the Chinese government to establish economic activity inland, as historically a high proportion took place on the coast. We piloted the first factory inland which actually turned out to be a far better setup as workers don't need to relocate for their jobs, and the area benefits from the development both of the factory itself and surrounding infrastructure."

Such infrastructure includes the development of what is known as the new Silk Road, a train route connecting inland China with Duisburg in Germany, via Kazakhstan, Russia, Belarus and Poland. Opened in mid-2011, the line now carries up to five trains a week full of HP goods, greatly reducing turnaround times and cutting costs. And HP continues to pursue further development of this route. Recently,







printers produced in southern China are also shipped via this route.

HP has also been championing the rights of workers in the supply chain for decades. For instance, in China the company has been working with its manufacturing partner to ensure legal rights in areas such as overtime payments. “Sustainability has been one of the best kept secrets about HP, but Gartner has rightly pointed it out as an area where we excel,” Schmitz says. “The big commercial customers are very conscious about where their goods come from and more and more this is becoming a key part in contractual agreements.”

In Europe, HP was in a leading position in supply chain management when it became visible in the revitalisation of the Greek port of Piraeus. Schmitz continues: “In the past all of our sea freight into Europe went via Rotterdam, but several years ago we identified an opportunity to go via Greece and worked closely with our partners to develop the harbour. We have used that base to reduce costs and turnaround times while also supporting the local economy.”

## 5 pillars of success – Customers first

The success criteria for a supply chain are often measured with financials, however for HP it is determined by the satisfaction of customers. And this means catering to wide ranging set of requirements.

Schmitz explains: “Different customers have different expectations, for example we know that big corporate customers want something different than a European retailer in our distribution channel. In some areas predictability is the key to customer satisfaction, in others it is about speed or special services. As well as using our own internal metrics, we communicate a lot with customers about their metrics of evaluating us to see whether we are performing the best we can.”

In recent years a concept of a ‘perfect order’ was introduced, which not only measures delivery performance but also follows the concept of the right product, at the right time, in the right quality and with the paperwork at the customer. A series of projects



## HP INC.

triggered strong improvements in the performance towards customers.

Some supply chains are more internal, however reaching out directly to customers helps HP to bring more external perspectives into the supply chain. For instance, managers in Schmitz's team are all made an operational sponsor of a corporate account, which involves direct interaction with key customers to further improve the service provided to them.

### Operational excellence

"First and foremost we need to run an operation that is the best it can possibly be, and there are many ways you can look at this," Schmitz says.

A supply chain function will never

operate at its best when not closely embedded into business processes and functions. It is key to be a reliable partner for internal stakeholders to deliver on their objectives such as revenue and market share. In addition, it is also about influencing other functions on programs which improve the end-to-end process, such as projects around forecast accuracy.

"On the one hand we can judge by our success in the market, which proves we can deliver the 35 PCs every minute. But on top of that we need to look at how we deliver those 35 PCs – you could simply do it with a lot of firefighting, but we are firm believers in strong process management."

This means drawing on a network of experts who own various processes in the supply chain. For each process HP has identified a process manager who is always looking for ways to improve, using all available metrics to make informed decisions.

Automation is another area which is helping HP boost operational





excellence. Robotics and smart automation techniques hosted in the cloud are taking on manual, repetitive tasks, cutting out human error and speeding up important processes. Around 300 such smart robots are currently operating at HP worldwide.

### World class financials

“A supply chain is not just responsible for simply producing and delivering, but doing so within a sustainable cost frame. We are in a business where competition is tough and products can change every two or three months. Whether it’s planning, sourcing, producing or delivering, we have functional owners who operate with the mantra ‘make it better’, finding new opportunities to save money on a component wherever they can or improve processes to reduce costs or improve cashflow. This ultimately helps us to have competitive prices on the market.”

“For me this is a triangle made up of inventory, costs and customer satisfaction, and balancing on the tips of this triangle is what we must do,” Schmitz adds.



### A winning team

Continuous development of employees makes up the fourth pillar. Employees based in European centres of excellence pool together knowledge from different functions into one place, which is backed up by extensive training programmes.

“In supply chain it is very important that we have specific skills and capabilities, and to ensure that we have very targeted development programmes, whether it be on analytics and spotting trends

in data or being certified to run big projects,” Schmitz says.

“As a company we have a new learning concept which involves a greater focus on interactive ways of learning, not just training classes but online support and groups which connect people looking for the same outcomes.”

### **Futureproof through innovation**

Finally, and perhaps the most significant in terms of strengthening HP’s position at the front of the printing and personal systems industry, is supply chain innovation.

“To operate a supply chain as described, it is also important to spend sufficient time and energy on innovation and improvements – this is what often is called ‘Bi-modal’, Schmitz continued.

One example in a series of initiatives to drive innovation is Instant Ink, a new subscription service to cater for replacement ink supplies. Customers pay a monthly fee and in return receive ink as soon as the printer communicates to HP that it is running low – this

ensures a continuous supply of ink while removing the need for clients to manually order.

Schmitz explains: “If you have a printer and run out of ink the usual step is to visit a contract supplier or retailer to acquire more, but we are asking why this can’t be done for you. We started this in several countries and are seeing huge growth rates and, because it is so easy, customers continue using it. It is one of the fastest growing web services in the world – and for us it is like a digital supply chain.”

In the future, Instant Ink is likely to fill printers made with components that have themselves been printed. While 3D printing is not new for HP, the latest product launches are based on technology that the company has developed in-house with its own intellectual property.

There are many implications for the supply chain when launching new categories like 3D printing, where a new ecosystem will need to be generated with a new supplier network.

“The really compelling thing is





*A 20-metre long printing press will require a very different supply chain compared to an ink cartridge that we sell millions of every year*







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FROM CONVEYOR

EMERGENCY STOP

EMERGENCY STOP



that we have started to 3D print components for our own printers,” Schmitz says. “There is no reason why we can’t print plastic components and when we started to change the design of those plastics, it has helped us to realise strong cost savings. We believe this can change the way manufacturing is done in the world, and HP is in a position to lead the growth of this. We are partnering with companies in sectors such as automotive, fashion and chemicals to explore opportunities and speed up this development.”

It is innovation in areas such as subscription printing and 3D printing technology that will allow

HP to maintain its global market-leading status, with Schmitz determined to deliver this at a sustainable cost and at speed.

He adds: “The quicker and cheaper we can develop this, the more we can increase volumes and make it a profitable venture. We did this with thermal inkjet printers decades ago, and we can disrupt the market again.”

Continual innovation in the supply chain will be key to enabling HP to further improve customer satisfaction levels in the months and years to come, maintaining a competitive advantage not only for itself but also its network of partners around the world. ■



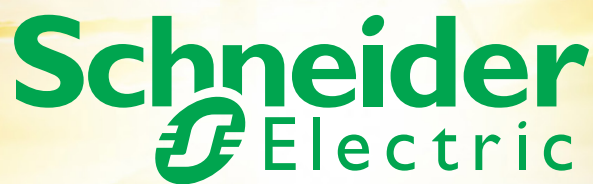




# SCHNEIDER ELECTRIC ESS:

Written by **Catherine Rowell** Produced by **Richard Durrant**



The Schneider Electric logo is centered in the image. It features the word "Schneider" in a bold, green, sans-serif font. Below it is a green circular icon containing a stylized white 'E' with a curved line through it. To the right of the icon is the word "Electric" in a smaller, green, sans-serif font. The background of the entire page is a photograph of a wind farm at sunset. The sky is filled with orange and yellow clouds, and the sun is low on the horizon, creating a lens flare effect. Several wind turbines are visible, with their blades extending across the frame. The foreground shows a wooden deck or walkway made of parallel planks.

**Schneider**  
Electric

Setting a precedent  
for times to come



# Schneider Electric's Energy & Sustainability Services (ESS) business is continually supporting organisations in realigning their strategies to meet global initiatives within energy and environmental sectors


In an ever-evolving energy industry, with companies placing increasing emphasis on sustainability, resource scarcity and renewable energy sources, Schneider Electric is continually looking at ways to support customers and business partners to reduce carbon emissions and address a large number of global concerns.

The company's Energy & Sustainability Services (ESS) business helps companies and public entities across the world navigate these

challenges — at both a local and international level. Services range from designing and delivering sustainable solutions within energy, water, and oil and gas, as well as providing cloud-based software to aggregate and analyse data. Sectors served include defence, education, utilities, finance, food, healthcare, hospitality, mining and transport.

Responsible for sales, consulting and delivery teams within that business across Europe, Vice President of





International Solutions Andy Dewis has been behind the company's drive towards supporting businesses' alignment of their energy and sustainability strategies.

"In previous years, with low energy commodity prices, organisations have been quite focused on managing a lot of the additional taxation and regulation that sits around commodities, and trying to secure and invest in their businesses to build longer term

commodity positions," Dewis says. With rises in commodity prices, organisations have had to readdress their current strategies and mitigate what could be a doubling their costs in a number of areas, ranging from raw materials through to energy.

Influential industry organisations such as the RE100 and changes to the greenhouse gas (GHG) rules has



seen a shift to low-carbon operations, at which the company has seen a significant response. “What we’ve seen is a number of large corporate organisations who are starting to grasp how their company strategies align with these global agreements on climate,” reflects Dewis, which has now created a new global business community surrounding these topics.

He adds: “Companies are beginning to redefine their strategies through as far as 2050 in terms of climate change and focus for the business,” working effectively with governments in terms of setting up essential goals in order to revert climate change and global warming. Schneider Electric sees this as the transition to a low carbon energy network really starting to bite at a corporate level with an increase in organisations starting to plan what the potential cost of the energy transition might be and how they can manage their financial and climate related strategies.

### **Enter Schneider Electric**

Schneider Electric supports organisations, from large global retailers to technology giants, in areas relating to energy, sustainability and company global assets. Whilst the focus for renewable energy sources has been inherent in order for Schneider Electric to develop its own sustainable initiatives, an increased number of organisations are now embedding sustainable business practices into their operations due to a number of factors. Dewis explains: “We’ve seen lots of organisations historically stating that they will set targets for 2020 and







**“What we’ve seen  
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align with these global  
agreements on climate”**

– Andy Dewis, VP of International Solutions



2030. Now those targets are coming a lot closer, and they are needing to find real concrete ways to act and drive change to meet the obligations they've set out, which is helping to drive and embed sustainability within business practice.”

To support these business operations, Schneider Electric continually places a focus on how information is captured, understood and turned into something meaningful, enabling companies to make vital improvements. This also incorporates

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the use of mobile devices, physical and mobile technology, such as IoT. Dewis explains: “IoT has become a hot topic on business agendas – how do you join up all of the million bits of data within these different assets and leverage them in a way that can help meet those goals or benefit those business and organisations?”

Furthermore, with the rise of digitisation, there is an increased capability for businesses to understand how energy can flow between different generation assets, linking with how end users consume energy. Dewis explains that this has resulted in an increased need for flexibility to be built between energy providers, such as EON, all the way through to organisations that are holding these assets, such as IKEA, which place a large emphasis on sustainable, energy saving initiatives. He comments: “Companies like IKEA have a ‘going-all-in’ strategy, where they’re building huge solar energy farms and resources to supply that to the grid, so they can be part of that energy supply chain.”

With climate change driving organisations to set new initiatives at a macro level, they will need to deploy a number of strategies to meet the goals set in an ever-changing energy landscape. With predictive energy management, alongside current demand



## Andy Dewis

VP International Solutions,  
Energy & Sustainability  
Services, Schneider Electric

Dewis has been with the Energy & Sustainability business for eight years in which time he has lead teams in operations, sales, products, R&D & business integration. Prior to joining the business Dewis worked in software sales and consulting roles focussing on utilities, energy and environmental. Dewis has a passion for addressing the challenges associated with sustainability and climate change and as well as his post at Schneider Electric he sits on a number of advisory boards to tackle issues across Europe.





and supply challenges, Schneider Electric sees a number of areas which align with these changes, such as the decentralisation of energy, and move towards increased renewables and onsite energy sources. Power plants will power organisations, but this energy will come from different sources, such as wind turbines, solar farms and renewable sources users have on their properties, in addition to dedicated energy supplies. This decentralisation of energy and change in the way energy is consumed has therefore led to the need for companies to become more proactive in terms of energy consumption.

Schneider Electric is also beginning to look at predictive energy usage with a number of customers, supporting them in responding to changes in energy demand and enabling consumers to acquire solar assets. Companies may want to sell energy to the grid, but there could be times when they may not generate enough energy to consume themselves, so they can buy energy through the grid. Dewis explains: “With predictive analytics we are able to help companies and consumers understand how these changes might happen and,



as they arrive, how they can optimise all of these different energy assets and energy supply elements that they have. So there is a balance between the physical generation through renewables, buying from an energy provider, and then selling back energy to other providers or back to the grid.”

This has enabled the company to support organisations to navigate these challenges effectively and drive the largest financial return. It also helps companies transition to an increased renewable outcome.

### **Investing in innovation**

To ensure the company remains at the forefront of the industry, Schneider Electric is investing €10 billion in sustainability-focused research and development over the next 10 years, firmly believing technology to be a critical factor to their success and leadership, at which Dewis states that innovation is truly embedded in the company’s business operations.

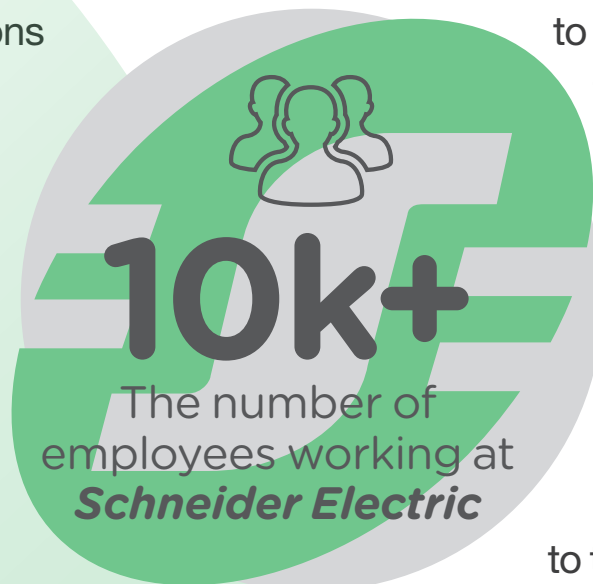
Schneider Electric’s Strategy and Innovation Initiative impacts every employee in order to drive innovation, enabling the company to listen to customers’ stories and help develop new ideas into real-life initiatives.

Dewis comments: “We recognise that we need to spend a lot of money in research and development in order

to stay ahead of the curve from a technology perspective, but we also realise that we need to innovate and work with our clients to try and anticipate their future needs.” This has led to the company adopting

a dual strategy, which is both customer and employee led.

In addition, this commitment to research, innovation and development has enabled Schneider Electric to reach fourth place in the Corporate Knights’ Carbon Clean 200 List. This continued focus on providing leadership in a number of different areas has allowed the company to use this as an internal benchmark.





**“We need to spend a lot of money in research and development in order to stay ahead of the curve from a technology perspective”**

– Andy Dewis, VP of International Solutions

Schneider Electric’s strive to become one of the most innovative energy companies in the industry has also led to the company’s recent acquisition of Renewable Choice Energy, a market leader in renewable energy strategy, green power and carbon offset markets. This integration will enable the extension of Schneider Electric’s current work in the global renewable energy space and support the company’s New Energy Opportunities (NEO) Network, a global network consisting of renewable technology developers and providers, financing companies and end users, which was launched in 2016 to help companies meet renewable energy and carbon goals.

Dewis explains that this move will “complement and bring more skills to Schneider Electric’s global operations.”

The company has carried out several other acquisitions and integrations, such as M&C Energy Group, Summit Energy and Feller, with the vision to create a solutions-focused business, supporting organisations and consumers across various segments.



Such work has been undertaken on a global scale, which Dewis states “is unparalleled within the industry.” Furthermore, the company has also completed landmark studies with large corporations such as Hilton and GSK, helping to define goals and strategies, setting a precedent for things to come. However, Dewis is only too aware that there is still progress to be made as the topic of sustainability becomes increasingly understood and engrained within business functions, at which the company will see strategy and execution become more closely aligned.

With increased integration of energy specialties — from buying energy to using energy to operating more sustainably — Schneider Electric will continue to bring new developments and expertise around decentralised energy, decarbonisation and digitisation for its customers. This year, the company will continue to focus on supporting clients to address these challenges, all the while providing its own world-class sustainable initiatives. ■



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