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Procurement - a key lever for “Siemens 2014” building on successes

Building on the major successes already achieved, Siemens is continuing to focus on its global, systematic supply chain management. In 2008, for the first time in the company’s history, a Supply Chain Management (SCM) function with company-wide responsibility was established at Managing Board level. Barbara Kux was appointed to head the SCM organization. Under her leadership, SCM has since made a major contribution to the positive development of Siemens’ profitability. Today, 55 percent of the company’s total procurement volume is bundled. In 2008, the figure was slightly less than 30 percent. Emerging countries now account for 26 percent of Siemens’ procurement volume, compared to 20 percent in 2008. Between 2009 and 2012, the accumulated contributions to profit attributable to SCM were in the upper single-digit-billion euro range. In 2012, the prestigious Dow Jones Sustainability Index confirmed Siemens’ pioneering role by awarding the company the top ranking for supply chain management.

On this foundation and its underlying strategy and following the creation of an internal global network that operates in accordance with recognized rules and commands all necessary levers, further savings potential is to be realized within the framework of Siemens 2014 by integrating SCM activities more closely into the company’s businesses. One goal is to further intensify cross-function cooperation, for example, between SCM and product development by using the design-to-cost method. Applying this comprehensive approach, the company aims to achieve a contribution to profit of at least €3 billion in 2013 and 2014.

The impending further development and the integration of the SCM function into business operations that Barbara Kux has proposed, will be prepared and established under her leadership in the months ahead, in collaboration with the four Sector CEOs. When this transition process has been completed, Barbara Kux will leave the company on the expiration of her contract. All other related personnel and organizational matters will be settled at a later date.

Siemens AG (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the fields of industry, energy and healthcare as well as providing infrastructure solutions, primarily for cities and metropolitan areas. For over 165 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is the world's largest provider of environmental technologies. Around 40 percent of its total revenue stems from green products and solutions. In fiscal 2012, which ended on September 30, 2012, revenue from continuing operations totaled €78.3 billion and income from continuing operations €5.2 billion. At the end of September 2012, Siemens had around 370,000 employees worldwide on the basis of continuing operations. Further information is available on the Internet at: www.siemens.com.