

## **Transcript Episode 16**

### **When a function turns into a mindset: About SCM Functional Excellence**

**Moderator: Thomas Holzner, Guest: Peter Ziegler**

Intro: The DigiPodcast – Digital trends in Supply Chain Management

#### **Thomas Holzner**

Supply Chain Management has a lot of variety and adds a big value for Siemens and its customers. But what is necessary to create added value? Today I have Peter Ziegler as my guest who plays a major role in creating value by heading the SCM function, Function Excellence. Hello Peter, thank you that you could take the time to be here.

#### **Peter Ziegler**

Hi Thomas, thank you for having me on this podcast!

#### **Thomas Holzner**

Peter, you are heading "Functional Excellence" of Siemens Supply Chain Management. I would characterize your team as the strategic backbone of SCM. So, what can our listeners understand by this?

#### **Peter Ziegler**

So, before explaining SCM Functional Excellence, I think it is important to see the overall context in which we operate: The global Siemens SCM teams are managing over 60.000 suppliers in over 100 countries and are responsible for a purchasing volume of roughly 30 billion euros, about 50% of our Siemens' revenue. And this is where SCM Functional Excellence comes into play. And before I get deeper, I just want to say this: We understand "Functional Excellence" not as a function - it is rather a mindset!

And SCM Functional Excellence is to be understood not as a single organizational box but as strong network of expertise across all Siemens businesses and across the regions that drive the strategic development of SCM and at the same time lay the foundations for professional procurement. In a nutshell I would say, SCM Functional Excellence teams basically strengthen the Siemens' SCM ecosystem through state-of-the-art data and platform solutions, knowledge and competence management plus, of course, professional expertise for implementation. I may state and we have benchmarks, that we provide expertise, insights and ready-to-use solutions in a fairly broad and deep topic scope.

**Thomas Holzner**

And these topics are?

**Peter Ziegler**

Quite a few. We cover all relevant SCM aspects, methods, processes, tools in the fields of I would say general strategy, benchmarking, transformation. Then carve-out, merger & acquisition projects. We cover the broad aspect of SCM performance controlling as well as the highly demanded supply market intelligence area. And on corporate level we are also hosting and driving the whole topic area of cost & value engineering. And I know that, Thomas you already had Klaus-Peter Schneider on this powerful topic in one of your last podcasts, haven't you?

**Thomas Holzner**

Yes Peter, that was a really great podcast with a lot of positive responses. What are the fundamentals of Functional Excellence?

**Peter Ziegler**

Yeah, what we call our "fundamentals", which is basically all the methods & support which we can give for material- & negotiation strategies, for our supplier- and contract management, but also in an increasingly way, supplier innovation and supplier risk management topics. Further I would say also fundamental is the wide increasingly topic of SCM sustainability - both environmental and governance-related tasks. And finally, what we really call our backbone, is the whole area around data management and digital platforms. I'd like to point out one thing: It is especially the interplay and interlocking of these topics and experts, the common data sharing, combined with open and cross-business networks, that develop a unique power and effect for SCM at Siemens. By the way: our Functional Excellence slogan, Thomas, is: Collaborative, innovative, impactful – we call it "CII" – not to be mixed up with "CIA".

**Thomas Holzner**

Nice, so next time we meet the FBI probably. Could you give us a quick idea of what this means in particular?

### **Peter Ziegler**

Ok, I try. Let's take the example of sustainability. Regarding the aspect of "collaborative": We have established a Siemens-wide SCM sustainability network with a core team and an extended network of experts, enthusiasts, interested colleagues across all businesses, regions, pooling organization, EHS including the Siemens sustainability office, IT, technology. More than 250 lighthouse use cases have already been developed here in this network with over 1300 users sharing best practices and working together.

Regarding the aspect "innovative", I think we have also quite a few. One example would be in that context our cost-& value engineering team which developed the "green digital twin".

### **Thomas Holzner**

I know the "digital twins", we worked a lot together here. But what is a "green digital twin"? Did you color it now green?

### **Peter Ziegler**

In a certain way. It's a comprehensive methodology based on our CVE platform with which we can calculate the environmental footprint of components and products quite precisely. Perspectively along the whole value-chain, from what we call cradle-to-grave. That means from raw material up to our products and perspectively recycling. Currently our CVE network in the business has 66 pilot cases running and as I said, the basis is our cost and value engineering ecosystem based on the Siemens teamcenter software. We are incorporating this very promising asset as a pillar in our overall SCM sustainability roadmap. And furthermore: This solution also strengthens the DI software's digital twin suite and helps winning new customers.

This example also illustrates at the same time the aspect "impactful". With our solutions like these digital green twins or for instance our carbon web-assessments we are not only impacting the supply side – our direct suppliers and the suppliers of our suppliers – but are more and more focusing on our Siemens products and the overall Siemens business impact.

### **Thomas Holzner**

Great examples of the high importance of Functional Excellence! But how can you shoulder this?

## **Peter Ziegler**

So, we have to say, that we of course cannot shoulder these tasks alone. Our Functional Excellence teams and as well as the cost and value engineering teams in the businesses, are to create the foundations, provide data, methods and transparency, give decision- and implementation support or advice. But the responsibility for implementation – that's the real hard thing of course - naturally lies with our strategic buyers and our R&D-colleagues in the businesses, regions, or in the pooling organization. It is important that our Functional Excellence experts are deeply integrated in the SCM organization. And what's the saying? "Alone we can do so little, together we can do so much!"

## **Thomas Holzner**

I assume that this team spirit and this standing together was also crucial why SCM mastered the corona pandemic quite well. As I remember quite well, you already gave a clear alert in January 2020, based on "SupRiM"?

## **Peter Ziegler**

Yes, that's true. And also to be very clear here: We as FE have of course contributed to this success, for example by providing up-to-date information on recent developments in the supply markets as you said, or on the criticality of individual suppliers and also giving concrete recommendations. And we provide dashboards, systems and data that enable transparency and risk assessments. As an example, you mentioned SupRiM, the supplier risk management companion with artificial intelligence functionality.

But the key for this success is and has been the hard work of all Siemens procurement and logistics experts around the globe and the trusting and open relationship that we have established in the entire Siemens-wide SCM network over, and Thomas, you know it, many, many years – again: across businesses, across regions, across functions.

## **Thomas Holzner**

I think that's your typical mindset, because I also know you for quite a long time, more than 20 years, when we met first time in the consultancy as colleagues. So, thanks a lot for your insights! So therefore, I don't want to spoil it, because now comes the interesting part: Who is Peter Ziegler?

## **Peter Ziegler**

Who is Peter Ziegler? I would say family father of three adult or almost adult children. Someone who comes from one of the most beautiful team sports – handball, who - as a native of Munich - has seen and experienced quite a lot in the world professionally and privately. And who of course loves the mountains in all facets. And in the end Thomas, I would say, someone who trusts in the good in a person and believes in the best results through effective teamwork.

## **Thomas Holzner**

And this I can only confirm. So, thanks a lot Peter for your extremely broad and intensive insights. To all our listeners: I hope, you enjoyed our episode of this DigiPodcast. If you have questions contact Peter via LinkedIn or if you want to find out more information about the SCM DigiNetwork, reach out to our internet page: [siemens.com/diginetwork](https://www.siemens.com/diginetwork). I am looking forward having you as a listener at our next episode. Yours Thomas Holzner from the Siemens SCM DigiNetwork, Goodbye!