

Transcript DigiPodcast Episode 6

Talking about Solutions: The Payment Terms Navigator

Moderator Thomas Holzner, Guest Jürgen Schurig

Intro: The DigiPodcast – Digital trends in Supply Chain Management

Thomas Holzner

Hello and welcome to our DigiPodcast. I am Thomas Holzner from Siemens SCM DigiNetwork with the DigiPodcast. A Podcast on digital innovative topics from procurement in the future. Digitalization is becoming increasingly important for every company. At Siemens in particular, digitalization is a fundamental element for success. But how is digitalization practiced at Siemens Supply Chain Management, what do we focus on? The aspect of digital transformation and innovation is particularly close to our hearts. In our podcast we highlight different aspects and share best practices with various digital experts and listen to their stories. Let's be real: We all love online shopping! Many online shops offer a convenient possibility to pay for our purchases weeks later. But what about a company with thousands of those payments? To keep track of all those payments at Siemens Supply Chain Management, we have to organize the so-called Payment Terms. What exactly is behind it?

I will discuss now with my guest Jürgen Schurig in today's episode.

Jürgen is part of the Siemens Supply Chain Management community and one of the enablers for digitalization projects, data analytics, applications and connects pooling with digitalization, so-to-speak. Hello Jürgen, nice to have you with us!

Jürgen Schurig

Thomas, thank you very much for being invited to this podcast. It is really a pleasure for me, to give you some insights into our data analytics landscape and especially into the topic Payment Terms.

Thomas Holzner

Maybe as a short introduction to the topic: What are Payment Terms and why are they so important in relation to procurement?

Jürgen Schurig

What are Payment Terms? I think it's best to have two examples, to explain it. First: When you buy some food in the supermarket, and you pay immediately with cash, then the Payment Terms are zero. Zero days, because Payment Terms are counted in days normally. Second example:

When you order a craftsman to repair a roof, he will send you an invoice in which is stated until when you have to pay the invoice.

For example, after 30 days. And so, the Payment Terms are 30 days. And why are the Payment Terms so important? During these 30 days in our second example, you have your money still available after the craftsman finishes his work. And that means that you can spend it for other things until you get your wage from your employer at the end of the month and then, you pay the craftsman. Facing these topics and all the different Payment Terms at our suppliers, we at the Supply Chain Organization at Siemens, especially departments Functional Excellence and Pooling categories, decided to align the Payment Terms with the Payment Terms Navigator.

Thomas Holzner

So, what was the motivation for the Payment Terms Navigator? Because that sounds quite logic. What is the difference you have with the Payment Terms Navigator compared to before?

Jürgen Schurig

We have hundreds of Siemens locations, hundreds of buyers, thousands of suppliers and all with different Payment Terms. Our IT manages it, that all the relevant figures for Payment Terms are in a common data base. But in the past, the usage of such a big data base was too complicated and sometimes only specialists could retrieve the necessary data. That means we had no real transparency for all the colleagues in the SCM organizations about Payment Terms. And that's now the motivation: To provide a user-friendly, fast and easy-to-use application which consolidates all the relevant figures from the source systems, to create transparency. Let's say it in other words: Easy-to-use analytics of Big Data for the colleagues in the SCM community across all organizational levels. And so, we programmed an IT-application: The Payment Terms Navigator. It was developed by our own in a very very small team based on a commercially available dashboard software, to analyze our Big Data. And this application now provides a global transparency on the Payment Terms across all suppliers and Siemens organizations. And it's fast, easy-to-use, self-explaining and regularly updated. That means we reached our target and nicely, this application was also promoted in the Siemens DigiNetwork by an interactive webcast. And this let us reach our potential users across organizational borders.

Thomas Holzner

So, again Big Data, make it easy-to-use. But how did you make all these numbers comparable? I can imagine these amounts of data can be or must be very hard to organize.

Jürgen Schurig

Thomas, you are right. It was a very long way. We analyzed and validated the data from all relevant sources we could find. That means millions of line items and we had to harmonize all the different data sources and create, where necessary, mapping tables to make the data comparable. It was a lot of work. But that's the data analytics. You have to know where the data is located, and you have to understand the data itself to utilize the right data for the target group. That's the important thing, because it means always that you need to have the target group-oriented data in your application. In the result it seems to be very easy but the way to this is very long and hard.

Thomas Holzner

I understand and I suffered through all of it in the past. Well, congratulations for coming up with such an innovative solution! So, where does the Payment Terms Navigator go from here, or where can it be used?

Jürgen Schurig

The Payment Terms Navigator was the nucleus for several dashes to analyze the different KPI's within the SCM community. But over the time there were too many different dashes out there and so the Functional Excellence department together with the Pooling Categories implemented the Dash of Dashes ecosystem where these dashes are now consolidated. This new ecosystem from Functional Excellence provides a landscape with harmonized data, comparable KPI's and an easy usage. With the overall topic Payment Terms, we are shifting from a re-acting towards a pro-active approach based on the Payment Terms Navigator and this can be used everywhere globally.

Thomas Holzner

Last but not least: Who is Jürgen?

Jürgen Schurig

Jürgen is a member of the central SCM community since many many years. In addition, my lecture at the Technical University of Munich allows me to keep in touch with young students and especially their sometimes very new and innovative ideas. Besides this, I have my family as the center of my life. And in my spare time I enjoy mountain biking in the alps, simply to clear up my mind. Thomas, I want to close with a quote from Reinhold Messner, the famous climber: You are only really innovative, if you go to, where the others are not.

Thomas Holzner

Thanks a lot Jürgen, for your insights and especially for your last quote, I really love it! And to everyone outside of Siemens: If you want to learn more about the SCM DigiNetwork reach out to our internet page siemens.com/diginetwork. There you find all information you need. Yours, Thomas Holzner.

Outro: The DigiPodcast – Digital trends in Supply Chain Management