

B&C CUSTOMER SUMMIT 2018

The second round of the B&C Metal Meets event took place under the motto “New Business Models”. On 22.02.2018, more than 40 leading heads, motivated by the current mega trend of digitalization, got together to discuss the latest developments in the metals indus-

try. B&C is already looking forward to the next round in the KölnSky in 2019, this time under the motto “Metal meets Agile”.

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METAL MEETS
**NEW
BUSINESS
MODELS**

MES – OLD HAT WITH NEW, DIGITAL RELEVANCE

Information in the supply chain should be exchanged and processed as quickly as possible, so that any potential problems can be detected early enough and relevant counter measures can be initiated. Certainly, this is an area in which digitization can be of great assistance, providing the foundation is in place. And this is where MES experiences its reawakening: MES is the foundation for the comprehensive information exchange within the supply chain network and the prerequisite for efficient processing.

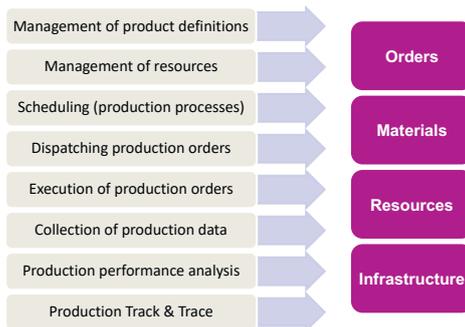


Fig. 1: Core MES functions

The MES uses this information exchange to support its core functionality, to create transparency of production flow (passive character) on the one hand, and to efficiently steer production processes (active character) on the other hand. Within the organization, the MES uses this information to ensure the optimal use of the

capacities on hand and thus the efficient production execution. Looking outside the organization, the information may be used to support the integration with suppliers, customers and service providers.

A lot of companies use the MES systems only for the execution in their production, but are barely aware of the gaps and therefore the potential to increase the efficiency in the entire value chain, which can be enabled through the expansion and completion of the MES functions.

To reveal this potential, B&C applies its MES maturity model: eight core functions (Fig. 1) of the MES are depicted on four dimensions: work orders, materials, resources, infrastructure. In particular, the core function, “production data collection”, aims at the evaluation of all individual information along the supply chain (machine, personnel, material, work orders).

The MES platform offers the right infrastructure to serve as “digitalization bridge” between shop floor and top floor, providing the result of this vertical integration to the horizontal supply network. In integrative analysis workshops, the current stage of development in the diagnosis fields is discussed and evaluated together with the customer. During this, the relevance of the fields, defaulted based on B&C industry experience, is checked and, if necessary, adjusted to

the specific customer requirements or goals. As a result, B&C provides the customer with a maturity stamp (Fig. 2), which on the one hand can be

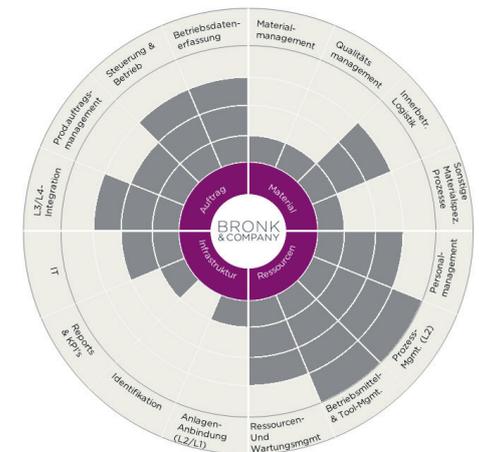


Fig. 2: B&C MES maturity stamp

matched to the customer’s goals and, on the other hand, can be compared to the industry benchmark from the anonymous B&C database. Deficits and potentials can thus be identified quickly and dealt with through appropriate, targeted measures. This means that, through a goal-oriented expansion of the MES, the necessary basis for the next digitization steps can be created.

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B&C is reorganizing the production sites of Schwalbe in South East Asia and is implementing new production planning and control systems, as well as introducing a complete S&OP process. In the future, this will allow Schwalbe to handle the supply in its global distribution network more effectively

and efficiently. Schwalbe is the market leader for bicycle tires in Europe and is known for the first „flat-less” tire, the Schwalbe Marathon Plus.

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DIGITALIZATION – HOW DO I ORGANIZE THIS?

B&C industry study: “Digitalization is driving new business models”

This paradigm sounds so self-evident that it is sometimes forgotten that the systematic development of a business model requires a ‘certain amount of organization’, if it should also have a positive financial impact. So, our customers ask more frequently: How do medium-sized enterprises organize something like this? How do large corporations do it? Is there a general best practice?

In a current, 2018, industry study, B&C has examined how the metal industry is faring in terms of digitalization. It comes as no surprise that digitalization has arrived in the top management and is therefore driving home the need for action. The question regarding the importance of digitalization for the development of the future business model was evaluated as very high by the participants of the study, at substantially more than 90% (Fig. 3). All participants have already understood that the successful operation and development of the business model require an organizational frame and the ongoing development of the organization.

So, who should take this job on? The experience of B&C shows that it is absolutely paramount for the creation and the execution of a digitalization agenda, that the CEO takes care of this himself. The majority of participants in the study (~ 70%), however, also see

the “Chief Digital Officer (CDO)” in a core position: he is seen as an important addition to the existing management functions.

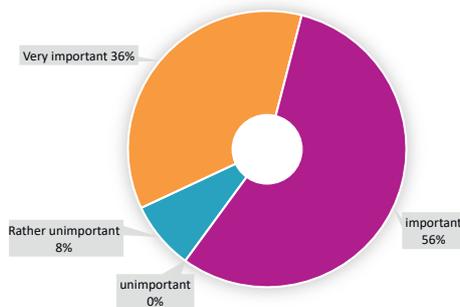


Fig.3: Importance of digitalization for the business model

The participants of the study thus see the main value addition through a specific CDO function in the operationalization of the main corner stones

of the digitalization strategy. Almost 80% see the main task of the CDO in the systematic planning and execution of the digitalization strategies. A further central task, according to 65% of respondents, is the furthering of the “digital mind-change” in the organization. The results could indicate that the role of the “executor and driver of digitalization” has already been established in organizations in the metal industry. However, the study has revealed a major surprise here:

70% of organizations questioned are not planning the creation of a CDO function at all and only approx. 20% of organizations already have implemented a similar function or a CDO as such. Based on our project experience and the results of the study, B&C considers the following points to be paramount in this respect:

- » The topic digitalization must be integrated into the organization’s targets and its strategic alignment
- » The organizational prerequisites to execute the “digital agenda” must be set up
- » Processes must be consistently aligned and adjusted to new/available technological foundations
- » Start now!

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B&C AT „ZUKUNFT STAHL 2018“

B&C was represented at this year’s annual conference by the “Handelsblatt” and also contributed in terms of content. In a workshop, the core elements of the “Agile Supply Chain” were introduced and the participants were invited to share their experiences in order to come to a common understanding of the status

of the agile supply chain concepts in the metals industry. Also, B&C conducted a panel debate on the question of how organizations can translate the digitalization hype to real added value.

More information (in German) can be found here: veranstaltungen.handelsblatt.com/stahlmarkt