



The Renewable Enterprise Podcast Series

Drive your Business with SAP S/4HANA® Cloud for
Automotive Suppliers





Brad Little

Hello everybody. This is Brad Little, I'm Global head of application Services, you know Market disruption in the automotive industry is presenting major challenges to everyone including Automotive suppliers to respond. Adequately those businesses need to become renewable Enterprise has continually rethinking their business from a customer perspective and adapting to satisfy the evolving needs of existing and new customers. We've got a really interesting topic today, and I'm joined by Josean Mendez as well as Marcus Winkler from Capgemini gentleman, please introduce yourself Josean.

Josean Mendez

Hello. Good morning. Good day to everyone depending where you are. Josean Mendez here. I'm the Global SAP Executive handling the relationship with SAP and also having worked with the AutoCloud initiative since its Inception, Markus.

Markus Winkler

Yes. Hello everyone. My name is Markus Winkler. I'm heading the Global Automotive practice in Capgemini. And I'm very proud to be here in the call because I think especially these times have definitely challenges for the automotive industry, so very glad to talk about it with you.

Brad Little

Thanks, guys, for joining us. So, between Josean and Markus we have the intersection of all things SAP and all things Automotive. So, we really want to bring those two great minds together and talk about what we're seeing in the automotive industry Markus. I'll probably start with you, that you know the industry Is under extreme pressure in today's world. Can you comment on some of the business challenges that they're facing right now?

Markus Winkler

Oh yeah, definitely. I think there's not one single day where the automotive industry is not on the press. So meaning actually that we are currently facing a lot of disruptions in the market, disruptions which are coming from technology which are coming from the markets while other ecosystem players for example get into this market, but also the disruptions in terms of let's say consumer perception, climate change and so on and so on. So, it's a lot of things going on which forces the automotive industry to change and to change actually rapidly. There are things I mean, let's go through some of the challenges which are in front of us. I think it's a very interesting one because it's also this societal pressure gets more and more intense. It's about sustainability, mobility meaning actually, it's not only about that's a vehicle and tailpipe exhaustion, It's also about actually circular economy as such and responsibility for sustainability will be a key issue for the automotive players to react on. The other one is definitely customer centricity and the whole digitalization of



sales marketing and after-sales, the same is or a very similar, the digital transformation challenge is around smart factories smart engineering for example, the IoT challenge in this respect and then the vehicle technology as such going through some big changes towards central architecture for example towards going for electric as a platform. And also, the whole area of connectivity is very important and directly affects today's market players definitely, also suppliers.

Brad Little

Great perspective, thanks Markus. With lots of changes coming the need for flexibility is never more important it would seem. Josean and what's your take on this?

Josean Mendez

Oh, absolutely. I fully agree with Markus. And this is I will say the constant changes that we see in the industry and in the auto space particularly, it's not that this is an area that it's not new. I mean they have been changing over time. And the only thing that is changing now that it's happening even faster. And to cope with these requirements the suppliers need to look at becoming what we call the Renewable Enterprise. These are organizations that are constantly growing, evolving and adapting to new to the changes to the business environments, unleashing the power of digital technologies for the auto suppliers. This means continually rethinking the business from a customer perspective and adjusting fast to all the changes and business requirements by leveraging simply cloud-based processes that reduce the complexity and then allow them to control the cost.

Brad Little

Markus, your take on the automotive suppliers and overall Automotive ecosystem. Do they have a different set of challenges?

Markus Winkler

Yeah, definitely. I think the ecosystem as such is changing and therefore also the suppliers which are directly bound towards an OEM in terms of volume and parts and systems that they have to deliver, at the same time they have to find let's say new marketplaces for their products and even maybe services, so they have to innovate constantly and at the same time perform strong cost efficiency measures within their own processes.

Brad Little

Got it. So Josean, Capgemini we've been talking about the context of what it means to be a Renewable Enterprise. You know, what would you say this actually means in the case of our automotive parts suppliers



Josean Mendez

And first of all, I will say the elements we have discussed, but first of all, this about change is about be best in class, it's about agility, it's about speed, it's about being proactive and it's about you know, a smart approach to Innovation and how to consume all this new technology. Maybe I would like to share some examples here with our offerings, we have done this on SAP S/4HANA Cloud, and following, of course our Renewable Enterprise vision, we have actually created some offerings here. We can combine packaged solutions. For example, we have investments done in AutoPath. These are our pre-configured solutions where we have already put all of our knowhow, all of our industry knowledge, all that put together. For example, this has allowed us to deploy very fast, you know, we have an example of a cool electric company in North America where we were able to deploy in a few months. We also have our IP built into it. We have built on cloud platform following our concept of the MPSA in which we can, and we have built technology around this core that allow us to then innovate and to provide all this digital disruption but package now in a way that it can be consumed and bring value to the Enterprise and we are actually very excited about that.

Brad Little

Josean you threw out an acronym there, MPSA I think that's the Multi-pillar Solution Architecture, kind of our view of how customers can build a vision for Renewable Enterprise in a bi-modal IT world. Is that how you describe that?

Josean Mendez

Yes. Actually, and a multi-pillar S/4HANA architecture. Yes. It is technology or it is an approach, we have the core clean and we when we talk about the core we're talking about the S/4HANA system just to explain an elaborate a bit more, over the years, you know, all companies have been building more and more customization in the core which is how they have developed their value but now that all that has created complexity. So, what we are promoting here is companies to reduce that core and keep it clean standard and innovate around it with the intelligent platform and for that we are leveraging the SAP Cloud platform and all the new technologies. That's what we refer to as the multi-pillar S/4HANA architecture.

Brad Little

It's a way to achieve really the opposing forces of the IT organization that wants to have a stable and scalable and reliable infrastructure to support business operations, that there's one way, one side of the architecture equation. The other is the business who needs to be able to make rapid changes, enter into new agreements with the customers or with suppliers, make rapid changes at the speed of the



business world, which is as we heard of the beginning of this changing rapidly, weekly at this these days. So, it's a way to have the best of both worlds, stability and scalability while at the same time having flexibility. So, Markus from an automotive industry perspective, you know, talk about how helping customers becomes a Renewable Enterprise bringing this kind of flexible architecture and an SAP context to bear.

Markus Winkler

Yeah, absolutely. I think what we are doing here is actually combining this, our forces between SAP and Capgemini to help the automotive supplies to address exactly those changes in the current marketplace, combining actually the market-leading suite of Enterprise Application Software and digital solutions that SAP is providing with S/4HANA and at the same time Capgemini's unmatched depth of digital transformation knowledge our automotive industry expertise, our expertise in HR cloud development, SAP as such as product where we transform automotive companies, including the consulting part in the this game, insights and data, customer experience and many many more assets that we are bringing in. So, as SAP is the strategic partner for discrete Industries, Capgemini is helping to realize SAP's vision of providing a number one solution for automotive suppliers of all sizes via a joint Global multi-year initiative.

Brad Little

That's quite a bit of automotive content there for sure. So Josean, in an SAP context, how could you put some tangible examples on the table of where we're working with automotive suppliers and OEMs around building a Renewable Enterprise, just from an SAP standpoint?

Josean Mendez

Yeah. Actually, we started this initiative in the background of what is the S/4HANA system that is available right now on premise and also on, you know, a single tenant, now called Extended. And there are existing clients that we have in this space, suppliers in North America, France and Germany and across different regions as well. And we are targeting, with this initiative, I will say our customer base and the existing SAP customer base for the supplier. Our ambition with this initiative is also to extend that to a new market at least for us. There is a supplier space for the tier two's the tier threes, these are smaller companies in nature not traditional SAP or Capgemini customers and here is where we have decided to join forces and to tackle that market together. We believe that we have a lot to contribute here. We believe that with the strong solution and with our consulting approach and, or our industry knowledge there is a lot of value that we can generate for these companies and quite frankly, I mean if we go back to what we discussed about their needs they want all that, but we need to do it in a packaged way. And that is our approach. That's what we are doing with this initiative. So



right now, I would say we are at the beginning this is for us a multi-year initiative and we will keep investing together with our partner here and to capture that market. On the OEM side, you mentioned OEMs as well, this has created a very interesting effect in which also the OEMs are seeing Capgemini in a different way, very strategic, because they understand that our partnership with SAP here is also allowing Capgemini to keep growing, and industry knowledge. So, the supplier expertise that we possess will also help the OEMs and we are also capitalizing on that and trying to help customers in that space as well.

Brad Little

Okay. Thanks guys. That was a really interesting set of interactions. I can tell you how to Capgemini group level the initiative we have with sap to co-develop the S/4HANA Cloud solution for automotive parts suppliers is one of our top initiatives with SAP if not the top strategic initiative with SAP and the support between the SAP practice globally as well as the automotive sector under Markus's leadership is has been critical to that. So, thank you gentlemen, we appreciate your time today.

Hopefully this gives all of our listeners some perspective on the exciting things that are going on in the automotive sector as well as within the SAP practice, and we look forward to answering any questions. Please reach out to any of us directly, and we're happy to get back with you. Thank you.

Josean Mendez

Thank you.

Markus Winkler

Thanks, Brad.

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