

“One Manufacturer” Programs for the Global Industrial Products Industry

Harmonization of Global Operations is Necessary to Stay Competitive

Ongoing economic pressures require global manufacturers of Industrial Products to keep looking for further optimization of their operations. Years of globalization and growth – some organic, but much of it through mergers and acquisitions – have resulted in companies swimming in an overabundance of process standards and supporting applications, which has caused a long list of business and IT issues, such as:

- High IT costs (hardware, maintenance, support, release upgrades)
- Lack of transparency (global reporting, redundancy in master data, no visibility of inventory across plants, countries and divisions)
- Lack of operational excellence – best practices are

not shared effectively across the organization

- Lack of strategic flexibility (shared service centers, IT/Business Process Outsourcing)

The harmonization of global operations (which combines both the processes and supporting applications) is often done in “One Manufacturer” programs. These programs aim to harmonize processes at the right organizational level as well as reduce redundancy through the review and analysis of the application landscape, thereby improving productivity, cutting costs and channeling resources toward innovation.

One Manufacturer Research

In our recent study titled “One Manufacturer: Harmonization Strategies for Global Companies – How to Align Enterprise Architecture with Corporate Strategy” Capgemini conducted research into the different strategies behind the design and implementation of One Manufacturer programs. What benefits can companies expect to achieve? And what are the critical success factors for such a program?

Our study involved primary and secondary research, and in addition to Industrial Products, focused on the Aerospace & Defense, Automotive and High Tech segments. We analyzed and compared how organizations in these segments go about integrating their processes globally in order to move towards the One Manufacturer approach. By applying the “One” question to different functional areas and organization levels, it became clear that a number of choices can be integrated into a coherent set of harmonized processes and applications.

In addition, we compared harmonization strategies with enterprise architecture developments, as these must go hand in hand. The research revealed that companies need to understand the fit/gap between their corporate strategy and enterprise architecture if they want to move towards a One approach.

[\(Download the full study\)](#)



Business Benefits will Outweigh (IT) Cost Reduction Objectives

Many One programs are implemented with a focus on IT cost-saving. However, our experience has shown that even bigger business benefits can be recognized through the harmonization of processes. Improvement areas include customer satisfaction, shared planning, stock reduction and increased speed to market. To ensure that all these benefits are achieved, it is important that the “end game” of the harmonization is clear for both business and IT. This requires a strong commitment on both the corporate and divisional level for the particular One program. Only then can the program be run with good business and IT alignment.

Findings from Research for the Industrial Products Segment

Capgemini conducted research to analyze how organizations can move towards a One Manufacturer approach. In general we observed quite a bit of emphasis on harmonization in this segment, driven, we think, by price pressure and the ongoing quest for operational effectiveness. We looked at four types of operating models that could serve as the framework for corporate strategy: Diversification, Coordination, Replication and Unification (terminology assigned

according to “Enterprise Architecture as Strategy,” Jeanne Ross et al, HBR Press, 2006).

These operating models provide a set of options for becoming more “One” for a certain level of the organization. We found that the operating models of choice differ according to manufacturing segment (for example, Aerospace & Defense is more diversified than Automotive). And although unification is the model needed to achieve full corporate harmonization, it may not be the right choice for every part of the organization. Some functions are more easily unified at the corporate level (like finance or HR); while others (like distribution or sales) should be considered for unification at the divisional level. And there are some functions that can be candidates for unification at either the divisional or corporate level (like sourcing or R&D). If full unification is not a realistic goal, much can still be gained through better coordination between the different business units, which requires better alignment of data formats in order to exchange inventory or order information.

For companies looking to harmonize all or parts of their organization it is not enough to focus on the right operating model for each function. The execution of the chosen corporate strategy is not just a matter of issuing the right guidelines and key performance indicators. It also requires the active participation of the enterprise architecture function. So to become more “One,” companies will need to coordinate their enterprise architecture.

Enterprise architecture exists at different levels of maturity in the global manufacturing companies we studied, with Industrial Products showing some of the higher scores. Additionally, throughout the segments we saw higher marks for companies where corporate strategy choices in terms of operating models correlated with their enterprise architecture maturity level.

It is clear that how you run your company should align with how you run your architecture. To move towards a level of process harmonization and system consolidation consistent with the goals of One M, Industrial Products companies will need to align their enterprise architecture with their corporate strategy.

One M Programs Deliver Significant Benefits

The benefits for Industrial Products manufacturers can be grouped into four areas:

Processes

- Improved process efficiency and effectiveness, including standardization, harmonization and simplification, as well as accelerated processes and reduced cycle times
- Improved process transparency and consistency, allowing better planning and sharing of inventory, etc.
- Improved response time for change requests using centralized support

Data Management

- Synchronous material and value flows, allowing better benchmarking
- Common foundation for reporting and controlling
- Avoiding manual data transfer and corresponding errors or rework
- Improved data quality without redundancies, leading to higher process quality

Organization

- Integrated process responsibilities
- Support for future organizational changes, including integration of suppliers and clients into the supply chain; setup of shared service centers; and process outsourcing
- Faster integration of new legal entities and locations

System Operations

- Cost reduction for application management, application support,

One M in Action: Siemens Energy

Capgemini is engaged with various clients in different stages of their One M programs. For example, we supported Siemens Energy to optimize its global supply chain processes and SAP system.

The Situation

Turbine blades – supported by complex, global supply chains – are the most success-critical components in gas turbine manufacturing at Siemens Energy. One blade requires up to seven steps in the supply chain, with a mixture of in-house and external production in North America and Europe. Its high intrinsic value and long production time put the supply chain management focus on continually reducing lead times and inventories.

In addition to an optimally configured global supplier network, a precisely planned and operated supply chain offering end-to-end process transparency in real-time is a prerequisite for effective performance. With this in mind, Siemens Energy, supported by Capgemini, designed and implemented a global business transformation program making optimal use of SAP.

The Solution

Joint teams, covering order and supply management, production and controlling at Siemens, were formed, augmented by IT resources from Siemens and consultants from Capgemini. Project teams in Berlin, Orlando, and Hamilton (Canada) ensured global process and system harmonization between Europe and North America. They developed a target process model based on analysis at all three locations, comprising six end-to-end main processes with clearly defined sub-processes and activities:

- Forecast-to-supply chain planning
- Order-to-cash
- Purchase-to-pay
- Production-to-cost settlement
- Master data maintenance
- Supply chain reporting

The Result

The optimized and harmonized business processes and SAP support led to precise supply chain planning and processing, with end-to-end, real-time transparency in gas turbine manufacturing at Siemens Energy. Increased process accuracy and speed optimize supply chain performance and provide a competitive edge in the global gas turbine business.

hardware base and future release updates

- Better response time for future functionality and extensions

Capgemini Helps Companies Move to a One Manufacturer Approach

Capgemini's One Manufacturer approach helps you consolidate, rationalize and harmonize processes to simplify your business, boost productivity and cut costs. It comprises:

- **Strategy and roadmap:** Design the future state, define the role of technology, perform a rapid scan analysis and outline a comprehensive roadmap
- **Analysis and design:** Benchmark and design best-practice systems

and processes, model the current and future systems architecture and develop a business case

- **Accelerated implementation, migration and rollout:** Develop a streamlined, standardized approach and produce templates for accelerated delivery, data migration, distributed delivery and testing
- **Shared services and Business Process Outsourcing (BPO):** Create future scenarios that integrate shared-service and BPO capabilities, as well as cloud delivery platforms and services
- **Change management and governance:** Support planning and design authority, integrate Application Lifecycle Services and establish governance procedures

CHROME

CENTER FOR MANUFACTURING EXCELLENCE

CHROME – Our Accelerator for the Implementation of Your One M Program

CHROME, Capgemini's Center for Manufacturing Excellence, supports implementation of our One Manufacturer approach by drawing on best-practice solutions to accelerate process execution. It comprises manufacturing business process models, integration frameworks and preconfigured industry solutions covering manufacturing high-growth areas.

The center combines Capgemini's deep industry knowledge and global delivery capabilities with our proven systems implementation and support experience to deliver sustainable results for manufacturers around the world.



About Capgemini

With 115,000 people in 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

More information is available at www.capgemini.com

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