

hp success story



hp services, consulting & integration develops and implements EADS e-procurement solution



EADS is Europe's largest aeronautical company and the second largest in the world. It was formed in July 2000 through the merger of Germany's DaimlerChrysler Aerospace AG, France's Aerospatiale Matra and Spain's CASA, and specialises in civil and military aviation, defence systems and services.

In 2001, EADS's turnover was approximately 30.8 billion euros and this is split 80/20 between the civil and military markets. The company has a workforce of over 100,000 in more than 70 manufacturing plants, primarily in Germany, France, the UK and Spain. There are 35 branch offices around the world to maintain contact with customers.

## **standardising purchasing terms and conditions**

Within EADS there are more than 60 purchasing organisations in Europe, made up of five divisions with 17 business units (BUs). The Corporate Sourcing department, based at the company's German head office at Ottobrunn near Munich, coordinates the joint purchasing strategy of the independently operating divisions and BUs.

In order to optimise purchasing terms and conditions across the EADS corporation, Corporate Sourcing started constructing an electronic catalogue platform. All the framework agreements negotiated and up-to-date electronic supplier catalogues were to be centralised within this platform.

All goods bought by the organisation are recorded in the EADS Catalogue Centre (ECC), from simple office materials to specialist tools and IT components. ECC users are shown detailed, illustrated information on each product, including the current price agreed with the respective supplier. By using the ECC there is no need for paper-based catalogues, the handling of which is much more expensive.

## **hp consulting provides a solution**

HP Consulting & Integration developed and implemented the ECC. The system is based on a catalogue management system, developed by Poet Supplier Solutions and is installed on HP ProLiant servers. Users access the multi-supplier catalogue via the company's intranet. The ECC allows users to connect to the various procurement applications via a standard interface that is also used for external B2B shops, making it quick and simple to integrate external catalogues. The

different departments are only able to access the suppliers and product groups relevant to their specific area of the business.

## **from electronic catalogue to eProcurement solution**

"The ECC can be used to carry out all objectives of the Corporate Sourcing department," explains Dietmar Priebe of HP Consulting & Integration. "Because the products that can be ordered are centrally administered, a strategic amalgamation of buying power takes place across the whole corporation. The supplier contracts and products can be standardised and consolidated, despite the heterogeneous organisational and IT structure. The individual BUs retain their flexibility in choosing the front-end system (eProcurement) and back-end system (ERP)."

The ECC brings a major reduction in procedural and transaction costs, both for EADS and its suppliers. The system can be used to optimise standardisation of purchasing terms and conditions.

On the back of implementing the ECC, the Corporate Sourcing department at head office wanted to introduce an appropriate tool for the operational procedures involved in the procurement of goods and services. The eProcurement system is designed to standardise, simplify and automate the procurement procedure. The plan was to first install the application at the Ottobrunn site and then later at the Paris site.

## **procedural analysis with representatives from Munich and Paris**

The first stage involved a procedural analysis as a basis for the design of the future system. EADS Corporate Sourcing gathered proposals from a wide range of consultancy firms and eventually opted for HP Consulting & Integration.

## **challenge**

- **Standardise an integrated procedure from the consumer to the supplier**
- **Help the consumer and the purchasing department by making ordering simple and automated**
- **Shorten throughput times through fully electronic workflow**

## **solution**

- **hp Consulting & Integration**
- **hp ProLiant servers**
- **SAP Enterprise Buyer Professional (EBP) 3.0**
- **Tailor-made eProcurement system**
- **SAP R/3 back-end system**
- **Microsoft Windows 2000, SQL Server 2000**

## **results**

- **Get@neT standardises and integrates the entire procurement procedure, from the consumer to the supplier**
- **Throughput times are now considerably shorter, because there are no more paper orders via inter-office mail**
- **EADS has been able to optimise its business procedures and rapidly implement a comprehensive solution**

## **why hp?**

- **hp provided a "one stop shop" - from business process design to ROI to successful application and technology implementation**
- **hp competency in SAP related environment (EBP + back-end integration)**
- **hp offered competitive prices and time schedules**
- **Proven hp competence in Catalogue standardisation and Catalogue Management (managing EADS-wide catalogues as service provider)**
- **hp could offer a fixed price contract**

The representatives of all the departments involved, from Paris and Ottobrunn were brought together with HP specialists at several team sessions. In addition to the purchasing department, the controlling, IT and accounts departments and the users, were also involved in all stages of planning.

During the analysis stage, the existing procedures were simulated using HP tools such as TOP Mapping and RAMS. "Using this approach, we were quickly able to illustrate our existing information flows to reveal flaws," reports Karl Horst, VP HQs Procurement & Services at EADS. "Throughput times were too long, as a form had to be filled out for every order, which then had to be passed through the various internal clearance points via inter-office mail. There was a lack of transparency, with users often not knowing where their order was in the system. There was also a problem with 'maverick buying', where purchases were constantly performed outside the agreed framework contracts."

### **an integrated system**

The design stage involved defining the requirements for a new system. The eProcurement application needed to be tailored as closely as possible to

the requirements of the users. The system was to be set up on the ECC catalogue platform, with up to four levels of approvals, and contain an automatic budgetary control. After clearance the orders needed to be automatically transferred to the SAP R/3 back-end system, and from there the orders would be dispatched.

Relatively quickly it became clear that SAP's Enterprise Buyer Professional (EBP) 3.0 was the preferred platform for the system. HP Consulting & Integration was chosen for the implementation for several reasons.

"Firstly," Karl Horst explains, "we were extremely pleased with the results in the analysis and design stage, and secondly we wanted to ensure optimal integration with the SAP back-end system and the ECC. Because HP looks after both systems, one service provider is now responsible for the coordination of the entire solution. Another decisive factor for our decision was whether they offered good value for money."

### **smooth introduction of "Get@neT"**

The resulting implementation was a success, as confirmed by Karl Horst: "The implementation of SAP EBP by HP Consulting & Integration was carried out professionally and proved an extremely positive experience for the project team. Because of the fixed price contract, the internal project manager could concentrate on the technical preparation and the coordination thereafter. This was definitely a contributory factor in ensuring that this project was concluded 'on time' and 'on budget' and with broad user acceptance."

In order to raise the profile of the system in the company, it was renamed Get@neT.

### **optimised business procedures soon prove effective**

Get@neT standardises and integrates the entire procurement procedure, from the consumer to the supplier, simplifying and automating the procedure to the benefit of both the consumers and the purchasing department. The throughput times are now considerably shorter, due to the eradication of paper orders via inter-office mail. There is now transparency in the system, so orders can be traced easily.

The system ensures that existing framework contracts are fully utilised and that the employees always order under the most beneficial conditions, making 'maverick buying' virtually impossible.

Consequently the findings at EADS head office are positive: "In this project," Klaus Hillerich, VP Sourcing Management at EADS maintains, "HP Consulting & Integration has shown that HP is much more than just one of the leading hardware manufacturers. Thanks to this expertise we have been able to optimise the business procedures and rapidly implement a comprehensive solution."

Further steps in the optimisation of purchasing are already planned. Get@neT will also be installed in the Paris office, where SAP R/3 is currently being implemented. There are also plans to further extend the ECC catalogue platform. With even more integrated catalogues the system will cover almost all orders in the EADS Group.

For more information on how working with HP can benefit you, please contact your local HP sales representative or reseller, or visit: <http://www.hp.com>

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*Klaus Hillerich, VP Sourcing Management, EADS*

**services highlights:**

- **hp Services, Consulting & Integration**

**customer at a glance:**



**industry sector:** Aeronautical industry

**name:** EADS

**headquarters:** Ottobrunn/Munich, Paris

**founded:** 2000

**telephone:** + 49 89 607 0

**number of employees:** 100,000

**URL:** [www.eads.net](http://www.eads.net)

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