

## **i|NORIS**<sup>®</sup> - IFSS (SCMIS) Supply Chain Management Information System

### CASE STUDY

## „SCMIS- Supply Chain Management Information System reduces production costs at Siemens AG Healthcare“

### Idle reserves

If the potential to cut costs exists in the Production area, it is usually obtained from shorter throughput times, the machining operations themselves are considered as having been fine-tuned. At Siemens AG Healthcare it was intended to thus improve productivity by 10 per cent. All in all, it turned out to be even 30 per cent. A surprise that pleased everyone.

Process optimisation- is it just „old hat“? All possibilities already exhausted? Definitely not, as a study from the „Business Process Report“ of IDS Scheer AG and the market research institute, SoftSelect GmbH, shows. Because just under half of the companies questioned indicated that their investment in the management of business processes had paid off. Every third company reported a cost reduction of more than 10 per cent. The current weekly report of the German Institute of Economic Research (DIW) indicates that German companies have an ever-increasing deficit in productivity development compare with the USA and warns about the subsequent competitive disadvantages. A process optimisation could have a positive effect, as at Siemens AG Healthcare. The implementation of individual software solutions from NORIS-IB<sup>®</sup> helped to reduce the throughput time of a production unit from the material call-off up to the hand-over to the customer by 75 per cent- with production cost savings of up to 30 per cent.

**„It is our business objective to raise productivity each year by 10 per cent.“**, says Jürgen Reinhardt, Head of Supply Chain Quality Management at Siemens AG Healthcare, who also monitors the increase in productivity on a monthly basis. **„The implementation of the Supply Chain Management Information System (SCMIS) by our longtime partner and supplier, NORIS-IB<sup>®</sup>, was an important contribution to the achievement of our corporate goals“**, is how Reinhardt continued.

As the study „Business Process Report 2005“ from IDS Scheer AG and the market research institute, SoftSelect GmbH, shows, around two thirds of the companies investigated are addressing the management of business processes - as a result of which they estimate the efficiency of their own processes to be poorer than in the previous two years. Nevertheless, according to the study, most underestimate the potential for increasing production and reducing costs through process management.

Increases in efficiency and cost reduction have the highest priority in this year for those questioned in the study: 90 per cent are of the opinion that these goals are very important or important.

Thus, the German Institute of Economic Research (DIW) warns of the ever-increasing deficit in productivity increases in German companies based on short-term and medium-term productivity trends. It also states that the long-term productivity development is a central indicator for the assessment of economic prospects and location factors and that Germany is lagging behind the USA.

However, surveys still show deficits in process management:

*Extract from the BPM Trend Report 2010:*

*There is no alternative to business-process-oriented management for large companies (Business Process Management / BPM). Accordingly, companies want to be able to define, optimise and measure their processes and to have process-oriented IT support and powerful options for control and evaluation. However, the description of their own procedures, something which is essential for professional BPM, is still in its infancy at a number of companies.*

*The report demonstrates that, as far as BPM is concerned, there are still big discrepancies between desire and reality. Until now almost all those questioned have set up a basic framework for BPM by determining responsible people and teams for processes. The reason for this, however, was often only an ISO certification as part of the quality management system, because only about every fifth company has even once defined and visualised its procedures up to now. But professional BPM should include a regular automatic design procedure and, where necessary, adjustments and changes to the business processes, depending on the legal or market situation or the company's own strategy. However, this is only done by just over two thirds of the companies which have set up a description of their processes.*

Source: [www.leanmagazin.de](http://www.leanmagazin.de)

The publishers of the BPM Trend Report 2010: Ramco Systems Ltd., SoftSelect GmbH

Dipl.-Ing. (FH) André Hüsgen, founder and Managing Director of NORIS-IB®, on this:

***„Globalisation is a fact, greater amounts of work are being transferred abroad. We must design corporate processes in Germany more efficiently in order to counteract this development. The benefit of automation of communications processes can be easily seen, because shorter lines of communication provide less scope for errors than long ones. Thus, a higher quality standard is achieved. Additionally, particularly in times of economic bottlenecks, the management of business processes is a means for companies to work more efficiently and cost-effectively. The potential of what is technically possible has by no means been exhausted in this area.“***



## Savings of 30 per cent in production costs

The next order is pending in the production building of Siemens AG Healthcare's Angiography, Fluoroscopy, and Radiographic Systems division (AX) in Forchheim: Five „Artis“ angiography systems with two levels and a modern solid state detector are nearing completion. An industrial electrician and an electrical engineer are just installing a system in

the radiation protection cell. In order to hand the system over to the next production team in time the next morning, the image quality tests and the „Clinically Relevant Simulation Test“ are carried out at night.

The „Supply Chain Management Information System“ (SCMIS) makes it possible, that each of the highly complex and customised configured devices can be guaranteed to be at the user within four weeks from ordering.

SCMIS is a customised version of the i|NORIS®-IFSS (SCMIS) application and is integrated by NORIS-IB® as a tailor-made software solution into the Supply Chain Management processes at Siemens AG Healthcare. **„Based on our concept we have specified and implemented the operating modes of each individual module together with the project managers“**, says André Hüsgen.



An additional increase in speed and flexibility in the supply chain has been achieved through an integration of suppliers and even customers into the Supply Chain Management Information System. This includes such as the electronically networked Kanban / consignment warehouses (supplier warehouses which are located at the receiving company's premises and which are replenished by the suppliers themselves).

The systematic interaction of all these measures reduced the throughput time of the complete process- that is to say from calling off the material to handing over to the customer- by 75 per cent.

As a result of the newly installed system customers can even amend the content of their orders up to three days before the start of production: **„The customer can cancel or change his order up to this point in time without any disadvantages to him“**, says Jürgen Reinhardt. He is highly satisfied with the results of the implementation of the new system:

**„Our investment in SCMIS has paid off. Not least due to the transparency that SCMIS has brought us, we are saving 30 per cent on manufacturing costs.“**

An example of best practice for IT-supported process optimisation between Siemens AG Healthcare and NORIS-IB®