

EADS

# LIFTOFF FOR PURCHASING

**e-Procurement International:**  
The European aeronautical and aerospace corporation EADS optimizes its purchasing processes over all business units and thus lowers costs. A catalog platform from POET provides the additional thrust needed.



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**Christian Scheibl**

Senior Manager Corporate Sourcing EADS – is responsible for the corporate-wide implementation of processes in the area of e-Procurement.

2003 was a good year for Airbus. The European aircraft manufacturer passed its American competitors for the first time. In the same year, Airbus started an innovation program in conjunction with EADS to lower costs and ensure its competitive advantages. In 2003, Airbus also set a milestone in e-Procurement. Since that time, Airbus has been using the “EADS Catalog Center” (ECC), an e-Procurement portal for the entire EADS Corporation, with 110,000 employees and 30 billion Euros in sales. These steps have helped Airbus to lower costs and ensure its competitive advantages.

Since late 2001, 12,000 employees have been able to order all indirect goods online using the EAD Catalog Center – in a system that is based on SAP and POET. There, they find consumable goods, IT goods, and office furniture, as well as tools and electronic components. The ECC currently

bundles 140 supplier catalogs containing 850,000 articles, and daily about 400 shopping carts are created. The EADS buyers no longer have to worry about order forms and processing of individual orders. “The entire purchasing process was significantly simplified,” says Christian Scheibl, Senior Manager Corporate Sourcing at EADS headquarters in Munich.

**Expensive Purchasing Habits**

The savings are enormous. The primary reason: The purchasing habits of the aeronautical and aerospace corporation – many orders at low volume and low order totals – proved costly. Procurement experts assume that in the industry, low-value goods make up about 80 percent of all orders, but only 20 percent of the order volume. That translates into high processing costs per transaction. Automation and bundling of procurement processes there-

fore lead to higher savings. At EADS, this is already translating into hard numbers: The average shopping cart of an online order in ECC is about 730 Euros. Today, EADS purchasing agents concentrate on improving the purchasing terms for the company, because about 80 percent of purchasing costs typically are for high-value goods. The e-Procurement solution has freed up purchasing agents so that they can work on tapping this savings potential.

An additional advantage for the Airbus parent company: Purchasing policies are automatically enforced at EADS. Purchases from unapproved companies – i.e., maverick buying – are no longer possible, because the system allows purchases only from partner companies.

EADS decided in 2001 to implement its own e-Procurement portal. As part of the “EAD Sourcing Strategy,” it wanted to create a uniform e-Procurement infrastructure for all business units. External solutions, such as connection to an industry marketplace, were quickly discarded by the aeronautical and aerospace corporation because marketplaces could not fully meet its individual needs.

## Objective: Proprietary Solution

In the end, EADS and service provider Hewlett-Packard designed a proprietary e-Procurement infrastructure. The EADS Catalog Center bases on the SAP purchasing solution Enterprise Buyer Professional (EBP) and on two POET products: The catalog management system for handling of supplier catalogs and the catalog engine as a search engine. EADS and Hewlett-Packard chose POET because its software offers excellent functionality for the integration of suppliers. As a result, catalogs from supplier companies can be imported or updated very quickly in the system.

“Start, convince, and then expand” was the motto of the EAD Catalog Center designers. Instead of a Big Bang, they planned a continual rollout across the entire corporation – partly also because the introduction of SAP EBP

had not progressed as quickly as needed. At present, the seven largest business units are connected to the system. By 2005 it will be all 16.

The policy of taking small steps worked. Opposition in the business units to a uniform solution disappeared. Best practices convinced other business units. The big push came with Airbus because the aircraft manufacturer accounts for 60 percent of all EADS sales. And there is no additional effort for EADS with the implemented solution, because service provider Hewlett Packard handles all of the catalog management on a POET catalog platform. For suppliers, there are two ways into the ECC. One-third use the Self-Service connection. These suppliers upload their catalogs in BMEcat or Excel format. Other suppliers are assisted by Hewlett Packard with their catalog integration. Contents and formats are automatically checked, corrected as needed, and approved. A new catalog can be implemented within a short period of time in ECC, at which point EADS buyers are notified that the catalog is ready.

The search and purchasing functions of the POET interface also received praise. “It is very mature,” says Christian Scheibl. Users are comfortable with the tool, which offers them numerous functions in a classical tree structure.

## „A Big Step“

At the start of 2005, the entire application was upgraded to the new POET platform X-Solutions. With the new X Company technology, cross-company processes can be further optimized. X-Solutions also provides an extensive access rights system and performance improvements, allowing the number of articles to be increased to 4 million.

EADS is in the black with the ECC. Purchasing processes have become noticeably leaner. In addition, employees can always find out the status of their order, because the ordering process is more transparent. Christian Scheibl remarked, “For us, the ECC is a big step toward optimization of our ordering processes.”

## In Brief

EADS uses an e-Procurement portal based on SAP and POET software across all of its business units. 12,000 employees already place orders online in the “EADS Catalog Center.” Purchasing guidelines are met, costs are lowered, and savings potentials are realized.



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