

# SPU

## Supplier Management



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SCM  
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# A development and manufacturing network with five sites



## Shared Production Unit

approx. 2,100 employees  
Sales of approx. €290M

### Carl Zeiss Jena GmbH

**Jena**  
840 employees  
Sales of approx. €180M (entire CZJ)

### Carl Zeiss CMP GmbH

**Göttingen**  
280 employees  
Sales of approx. €50M

### Carl Zeiss Spectroscopy GmbH

**Jena**  
80 employees  
Sales of approx. €30M

### Carl Zeiss Suzhou Co., Ltd.

**Suzhou, China**  
100 employees  
Sales of approx. €30M

### Carl Zeiss Jena GmbH

**Oberkochen**  
440 employees

### JV Zeiss BelOMO

**Minsk, Belarus**  
350 employees

FY 16/17

# **Vision and SPU Aspiration**

**Are Input for the SPU  
Supplier Management  
Program...**

... and the  
**Supplier Management**  
enables the aspiration.

# Vision and SPU Aspiration

## Input for the Supplier Management Program



### ZEISS Vision

We are the most **attractive partner for our customers** and fulfill the promise of our leading brand.

We have a passion for our customers' success and for developing our markets.



### SPU Aspiration

#### SPU Aspiration

We are the recognized system partner of the ZEISS Business Groups for optoelectronic modules, optical and mechanical components and assemblies. With our global network, we support the Business Groups and our external customers in focusing on final assembly and system integration.

We offer maximum customer benefit at competitive prices. Our added value consists in technological differentiation and in high flexibility and integration into the customers' processes during the entire product life cycle also on the basis of Smart Production (Industrie 4.0).

The basis of our success is motivated and customer-oriented employees who like working at the SPU and constantly strive for improvement.



### Supplier Management

# SuM

## Program

# 10 Basic Guidelines for the SPU Supply Chain



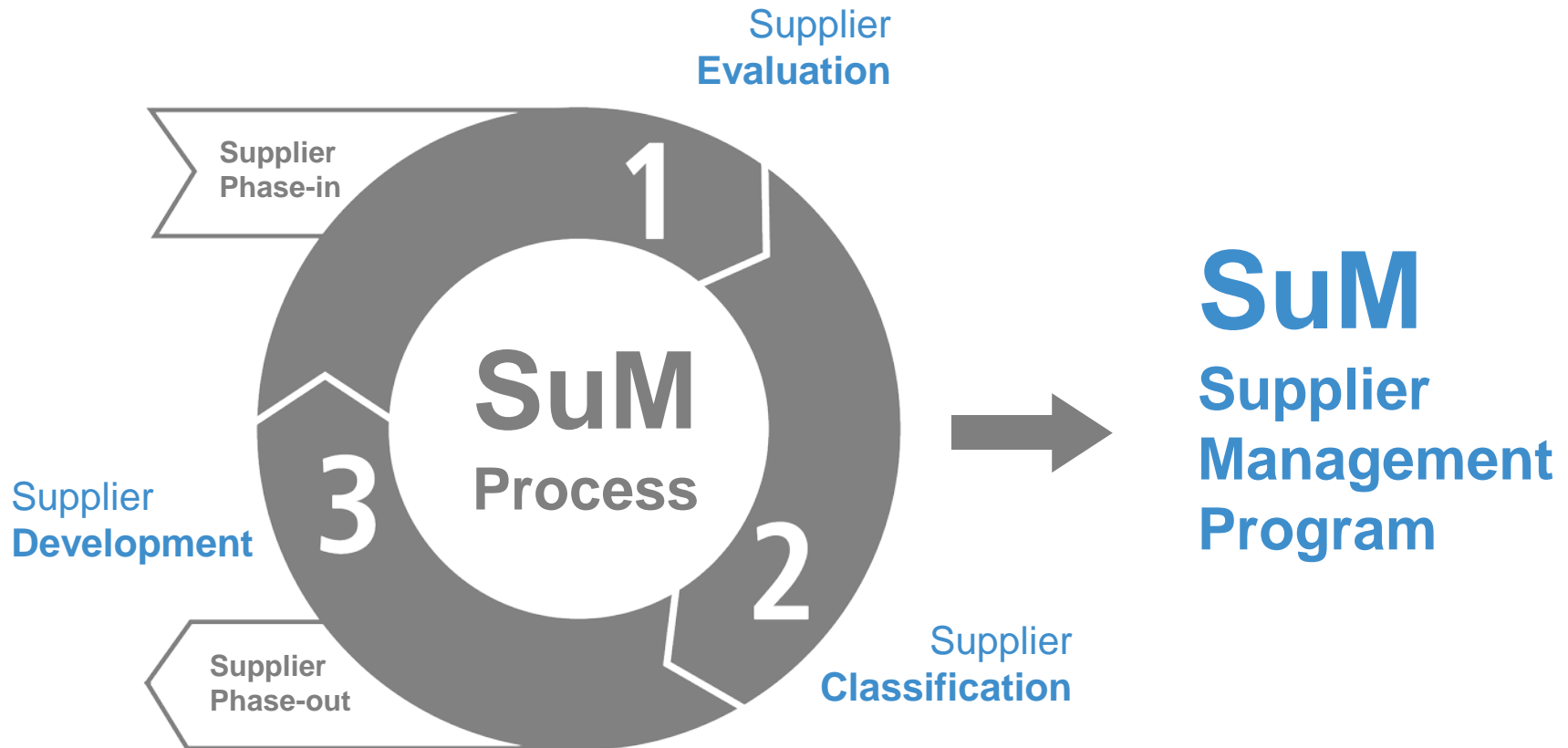
## SPU Strategic Levers

## SCM Guidelines

1   Core Competencies	▶ <b>Complement our own strengths</b> with the know-how of suppliers
2   Processes	▶ Implement supplier management processes <b>to transfer customer requirements reliably to suppliers and subcontractors</b>
3   Operational Performance	▶ <b>Fulfill quality and logistic requirements</b> (lead times, delivery reliability) at all times
4   Cost Awareness	▶ <b>Costs and their constant reduction</b> must be decisive factors for supplier selection
5   Flexibility	▶ <b>Manage market volatility</b> through flexible structures.
6   Business Ethics	▶ The <b>prerequisite for the successful management</b> of supplier relationships is the integrity of our own SCM personnel. Decisions about the awarding of a contract are based only on objective criteria
7   Global Presence	▶ <b>The global presence of the supplier</b> is beneficial for supporting international sales activities and the service infrastructure
8   Sustainability	▶ <b>Constant investment</b> of suppliers in product and process innovations <b>guarantees sustainability</b> . Early risk detection and risk management must be guaranteed
9   Trust and Openness	▶ <b>Mutual trust in joint decisions</b> and agreements are the <b>basis for creating a climate enabling the open exchange of information</b>
10   Logistics	▶ Manage logistic requirements in the entire supply <b>chain to optimize end-to-end processes</b>

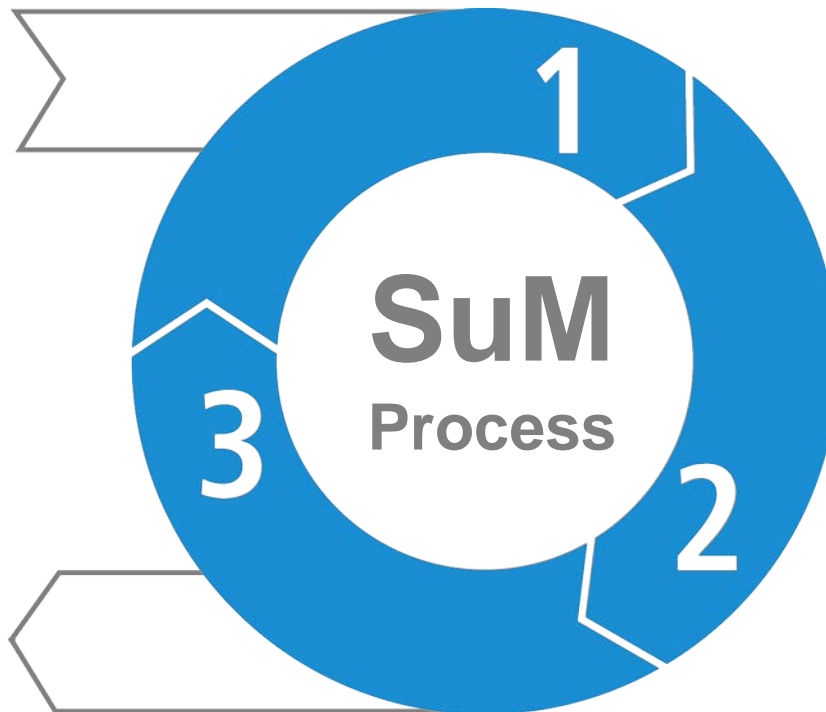
# Three Core Elements of SuM

## Evaluation – Classification – Development



# Three Core Elements of SuM

## Classification – Evaluation – Development



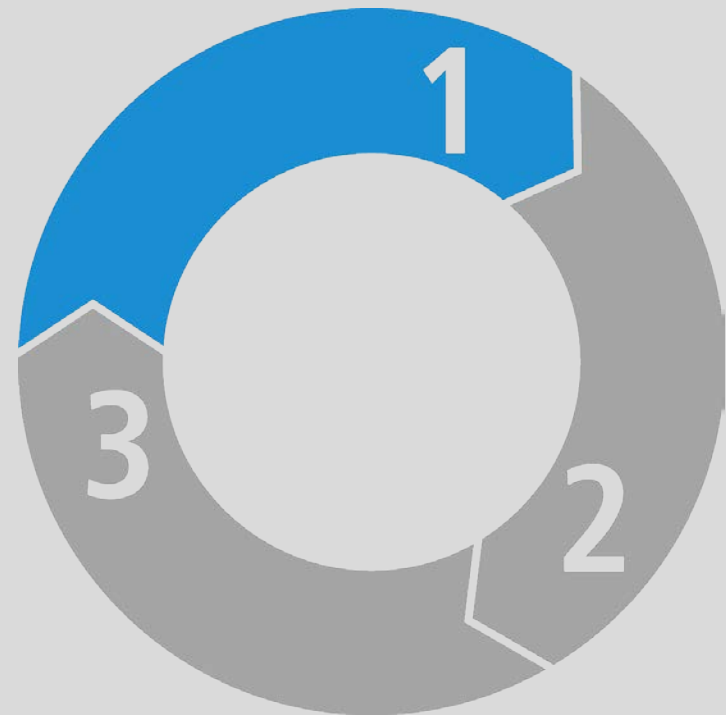
**SuM**  
Supplier  
Management  
Program

The **Supplier Management Program**  
Covers the process comprehensively



# 1

## Supplier Evaluation



# 1 Evaluation

## SPU Supplier Evaluation is Based on SAP



### ACS overall grade

**Hard facts**  
Weighting: 60%  
**60%**

**Soft facts**  
Weighting: 40%  
**40%**

<p>Sub-grade: <b>VMI</b></p> <p>Consignment Weighting 12%</p> <p><b>12%</b></p>	<p>Sub-grade: <b>Compl. Rate</b></p> <p>Test batch Weighting 15%</p> <p><b>15%</b></p>	<p>Sub-grade: <b>Delivery reliability</b></p> <p>Weighting 12%</p> <p><b>12%</b></p>	<p>Sub-grade: <b>Quantity reliability</b></p> <p>Weighting 6%</p> <p><b>6%</b></p>	<p>Sub-grade: <b>PPMQM</b></p> <p>Q report Weighting 15%</p> <p><b>15%</b></p>
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<p>Class 1: <b>QM, AS, UMS, EnMS</b></p> <p>Weighting 10%</p> <p><b>10%</b></p>	<p>Class 2: <b>Logistics</b></p> <p>Weighting 5%</p> <p><b>5%</b></p>	<p>Class 3: <b>Price level</b></p> <p>Weighting 15%</p> <p><b>15%</b></p>	<p>Class 4: <b>Tech- nology</b></p> <p>Weighting 5%</p> <p><b>5%</b></p>	<p>Class 5: <b>Business require- ments</b></p> <p>Weighting 5%</p> <p><b>5%</b></p>
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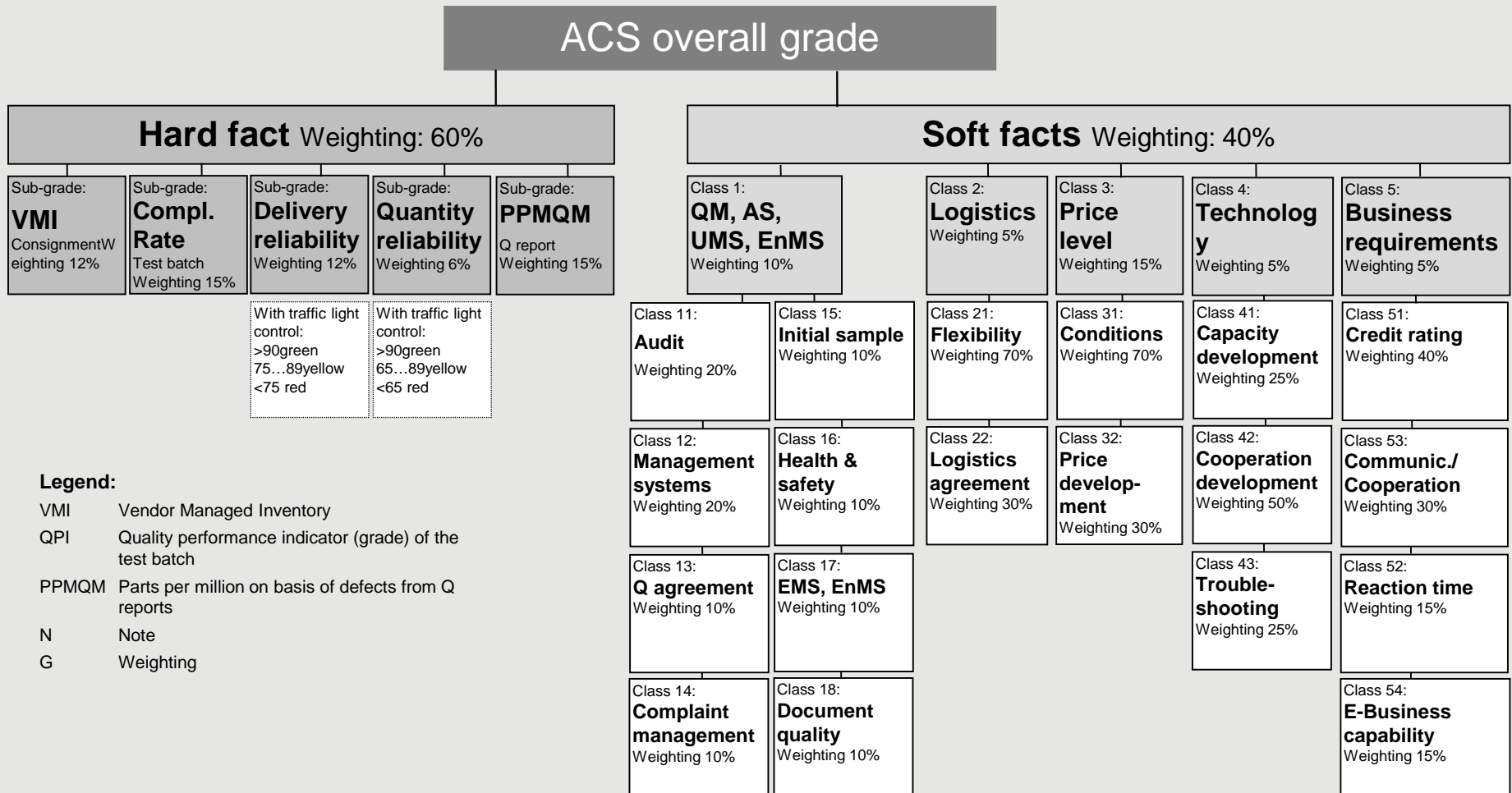
**Legend:**

- |     |   |       |  |
|-----|---|-------|--|
| VMI | Vendor Managed Inventory                                | PPMQM | Parts per million on basis of defects from Q reports |
| QPI | Quality performance indicator (grade) of the test batch | N     | Note   |
|     |   | G     | Weighting  |

**Note:** If one of the sub-grades is 0 (not evaluated), the corresponding weighting is removed from the denominator!

# 1 Evaluation

## SPU Supplier Evaluation is Based on SAP



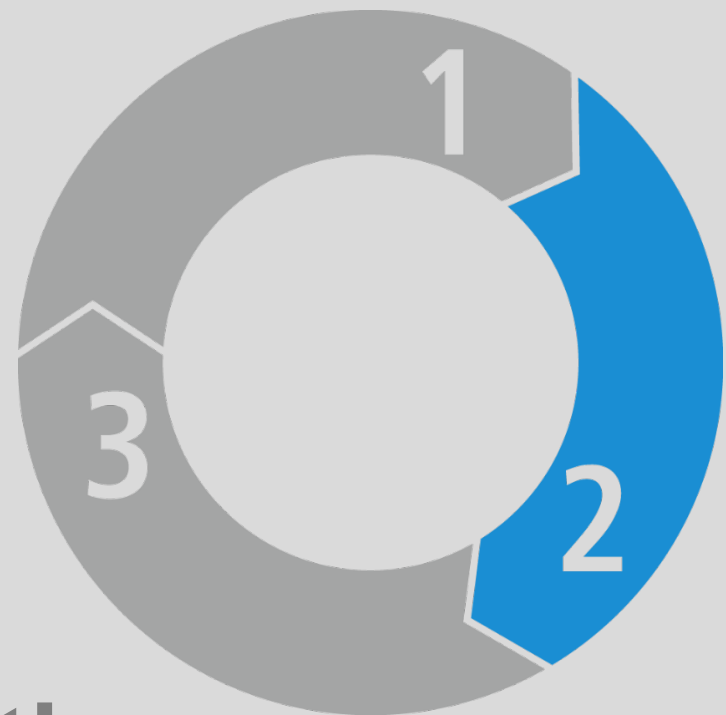
**Legend:**

- VMI Vendor Managed Inventory
- QPI Quality performance indicator (grade) of the test batch
- PPMQM Parts per million on basis of defects from Q reports
- N Note
- G Weighting

**Note:** If one of the sub-grades is 0 (not evaluated), the corresponding weighting is removed from the denominator!

# 2

## Supplier Classification

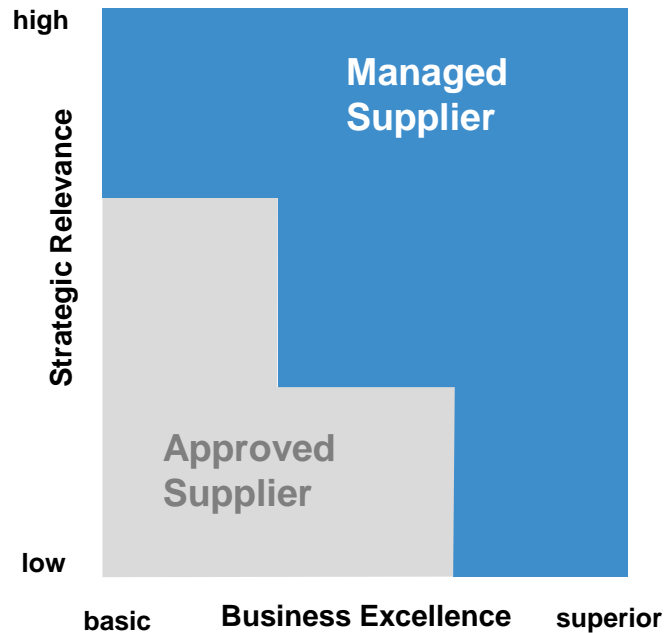


# 2 Classification

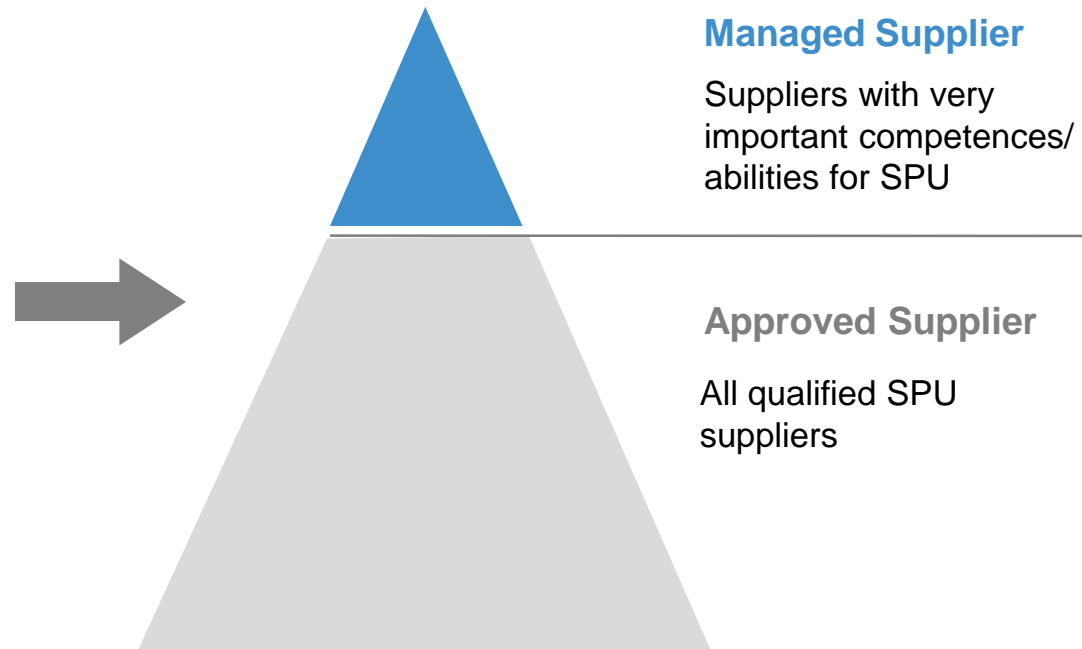
## Focuses on Managed Suppliers



### Supplier Selection Matrix



### Target Supplier Structure



Each supplier with revenue > 150 TEUR\* and basic contracts is allocated to the matrix system

\* Actual or potential revenue in 5 years

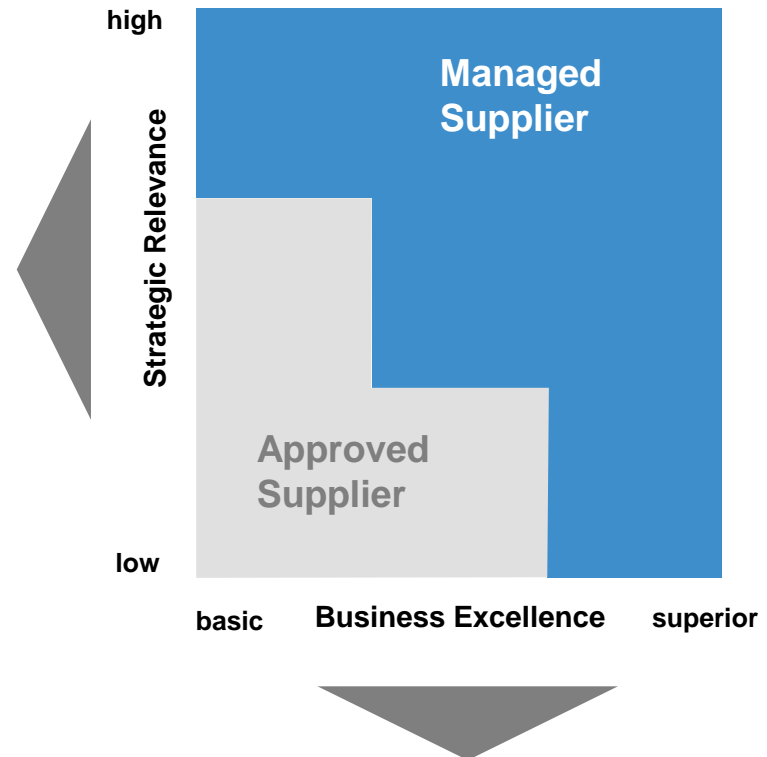
## 2 Classification

# Strategic Relevance and Business Excellence Based on Criteria



### Strategic Relevance

- Complementary to SPU core competencies
- Strategic fit between supplier and SPU
- Development potential and capabilities of supplier to strengthen cooperation



### Business Excellence

- Quality standards: Audit result  $\geq 80$
- Delivery performance – A rating  $\geq 90$  for on-time delivery and quality if B rating, development concept to be agreed upon
- Price development and Total Cost of Ownership

# 3

## Supplier Development



# 3 Development Supplier Management Program Modules Cover Key Supply Chain Aspects





# 3 Development

## SPU Supplier Program Participation provides 7 Benefits

