

# Global market leader for Carbon optimizes procurement

**SGL Carbon combines catalog procurement and tender procedures:  
The carbon manufacturer is one of the first enterprises to benefit from the seamless combination of catalog procurement and sourcing.**



SGL Carbon is the largest manufacturer of carbon, graphite and composite materials worldwide. Not only traditional industries use their products but also air- and spacecraft enterprises. The incorporation was formed in 1992 by merging the two companies SIGRI (Germany) and Great Lakes Carbon (USA). It is listed since 1996 at NYSE/New York (as the second German company after Daimler Chrysler). The operative business is being handled by four global acting business units. These operate transgressing country and company boundaries. More than 6,926 employees work for SGL Carbon worldwide, producing a turnover of 1,046 Million Euro. The headquarters of SGL Carbon are situated in Wiesbaden, Germany.

The procurement procedures of SGL Carbon needed a change: Intensive daily order volumes resulted in static processes. Orders, tenders and requests for information – nearly everything was carried out via telephone, fax or e-mail. These structures were time intensive and decentralised. Intending a change, the Bonn branch suggested to rethink the whole procurement process and introduce electronic procurement.

Frank Josten, then E-Procurement project manager, was ready to face that challenge: "The procurement processes had to be simplified – considering our specific ideas and adjusted to the needs of our users." He searched for an easy-to-use system with an intuitive handling – no long training programs should burden the procurement process. After analyzing the market situation, doing research on several E-Procurement providers and sifting several requested offers, the decision finally fell on Healy Hudson - then CaContent. "An easy-to-handle application, user orientation, experience and of course the value for money factor" were the key features for a decision in favour of Healy Hudson.

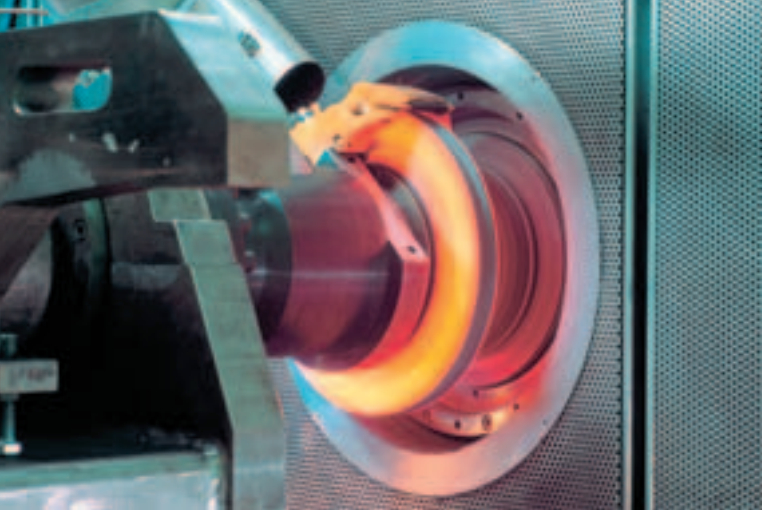
The beginning of 2003, the new procurement platform was ready to go. After a short implementation period, the first users of the Bonn branch could handle their orders via the new application, Professional. Currently, 350 users from five different branches order online. At first mostly C-goods were ordered, such as paper, office products, IT articles, tools and small metal pieces. Being able to order everything with just a few mouse clicks, the purchasers had been relieved enormously and could finally concentrate on their key competencies.



*Frank Josten, Black Belt, Project Manager SGL Excellence*

Yet these were not the only benefits: "Due to the procurement concentration we were able to get more favourable contracts, the prices could be negotiated anew," Frank Josten explains. Four branches combine their orders now, resulting in larger order quantities and thus leading to positive bundling effects. This supports the negotiations between SGL Carbon and its suppliers. Furthermore all branches received an individual procurement profile, taking into consideration the special needs for each branch. Special buying conditions were already integrated into the system. Through the integration of the book seller LSL it is even possible to furnish orders for special reference books or to manage subscriptions.

However not only C-goods are ordered at the five branches of SGL Carbon in Germany via E-Procurement: The foremen in the SGL facilities order their B-articles via Professional. For this purpose frame contracts were integrated into the system. The foremen can now order the products they need directly – without further delays. A budget and authorization option supports individual settings: Each user can be granted an access solely to certain catalogs, including predefined restrictions and limitations. Thus an abuse of the system can be prevented, budgets can not be transgressed.



Furthermore a smooth connection to SAP could be established: In the course of an SAP release change an interface with the ERP system was integrated. Orders and receipt of goods are now directly transferred to SAP. The process could be further optimized by enhancing the payment procedure using credit notes, which passes on the invoice examination to the supplier. As one of the first enterprises, SGL Carbon already uses the new tendering tool of Healy Hudson. "We have just initiated the first tender procedures and RFI processes and are very pleased with the results," Frank Josten expresses and adds: "On the basis of a tender procedure we were even able to generate a frame contract and a catalog – this enables our users to order directly from this catalog and use the new favourable conditions." The integration could be realized quickly and without any obstacles: For a tender the frame conditions, tender documents and supplier/product questionnaires were set up in close cooperation with the department in charge. Suppliers can then be invited to apply for the tender. After these have furnished their bids, the application runs a comparison of all important factors such as price and weighted product/supplier quality. The buying department and the according divisions are thus able to calculate the most favourable offer. Finally automatic decline and acceptance e-mails can be sent to the suppliers – or certain suppliers can be invited for further negotiations. A catalog can then be generated on the basis of this tender.

"The time intensive requests and tenders carried out via telephone and fax now are history. This means an immense step forward," comments Frank Josten the new situation. He also

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*Frank Josten, Black Belt, Project Manager, SGL Carbon, about the Healy Hudson sourcing tool.*

received positive feedback from the suppliers regarding the easy handling of the application. They profit from the direct access to the latest product/service specifications and the much faster, for both sides transparent negotiation processes with the buying department and the according divisions.

Professional and Sourcing Enterprise have been realised as ASP solutions at SGL Carbon. All data concerning orders like budgets, catalogs and suppliers are saved and administrated in Healy Hudson's own data processing centre. The administration of the users and accounting types can be carried out by SGL Carbon via a web based administration tool. The advantage of this system: An ordinary internet connection suffices, this means no system installation on the firm's premises or even expensive up-dates of the existing hard- and software. A VPN interface guarantees a secure internet connection.

On the basis of the intensive and fertile cooperation with Healy Hudson, SGL Carbon decided to enhance the future cooperation with the e-procurement provider. Within the next step SGL Carbon intends to integrate the Healy Hudson application at branches in Austria, Poland, Spain, France and Italy. Different language versions also providing country typical features and settings made this possible. Also the supplier pool will be further enhanced, so that users can order from a broader variety of products and services. Frank Josten finally states: "Healy Hudson

knows what the buyer needs – our experience proved this." An experience SGL users can profit from – and thus the enterprise as a whole.



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