

Management Consulting and Integrated Markets

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High performance. Delivered.

For Siemens Networks,
advanced planning and
forecasting are a conduit
to high performance

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Accenture is helping Siemens forecast and plan for high performance

Based in Munich, Germany, Siemens is a worldwide electronics giant that employs more than 450,000 people in 190 countries. Committed to innovation, it counts among its staff more than 60,000 researchers and developers, supported by annual R&D investments of US\$6.6 billion.

A division of Siemens is Munich-based Siemens Networks. This unit includes Siemens Mobile Networks, which provides mobile operators with end-to-end solutions and services that address a wide range of network needs—from second generation GSM (2G) narrowband to W-CDMA (3G) broadband.


Business challenge

As a leader in one of the world's most competitive and cost-intensive industries, Siemens Networks is under constant pressure to keep costs down while enhancing service.

A proven way to reach these twin goals is with high-quality forecasting. In fact, Accenture research shows that companies committed to high performance are usually the biggest and smartest investors in technology that helps them align supply with demand, and maximize enterprise-wide visibility of forecast data.

Strongly committed to the above goals, Siemens Networks has invested heavily in planning and forecasting tools, and is constantly measuring the value that these applications provide. However, the company recently determined that its traditional approach—combining homegrown, Web-based tools with a best-of-breed demand planning solution—was not producing the functional fit or user acceptance that the organization needed. The core weakness was low forecast accuracy that, in Siemens' build-to-order environment, was causing component-supply problems,

delaying deliveries and upsetting customers. Clearly, the company's forecasting technologies and processes needed an overhaul. Accenture was selected to help Siemens Networks achieve high performance through improved planning and forecasting. Figuring most prominently in the choice was the supply chain planning expertise Accenture demonstrated during an initial blueprint phase, and its ability to leverage cost-optimized local and remote resources, split evenly between Germany and its Supply Chain Center of Excellence in Barcelona. Another factor was Accenture's Global Delivery Network—large-scale, multi-purpose facilities in diverse locations, complemented by specialized centers such as the Supply Chain Center of Excellence in Barcelona. Use of Accenture Delivery Centers have been shown to reduce service-delivery costs by up to 25 percent, while increasing overall quality and reducing risk.



Accenture has helped Siemens achieve a 50 per cent reduction in non-conformance costs - resulting in savings of US\$5 million.

To assist Siemens Networks, Accenture also was able to deploy professionals from its Communications industry group and Global Supply Chain service line, as well as its specialists in SAP's Advanced Planner and Optimizer (APO) and Business Information Warehouse (BW). Well-defined methodologies, captured in Accenture Delivery Methods, helped integrate the combined knowledge and experience of all Accenture professionals to the project.

How Accenture helped

During Phase 1, the two organizations worked together to map current planning and forecasting processes and the technology landscape supporting those processes. This effort resulted in an Accenture-developed "process blueprint" showing how process and technology interrelate; where flaws and disruptions occur; and how downstream and upstream operations are subsequently affected.

Also in Phase 1, Accenture and Siemens Networks tested a new approach: streamlined planning and forecasting processes supported by a prototype of SAP's APO with Demand Planning (DP) features. SAP APO DP was designed to help companies excel at predicting demand through the advanced modeling of customer and product requirements. It includes a special aggregation/ disaggregation feature for reviewing and adjusting forecasts at different levels—from regional (continentwide) down to the customer and product level. Accenture and Siemens determined that APO DP-driven forecasts could help Siemens factories develop better supply plans by more fully considering the needs of purchasing, manufacturing, distribution and transportation. Phase 1 concluded with a detailed business case and implementation plan focused on the adoption and maximization of SAP APO DP based on mySAP Supply Chain Management 4.1 and built on the SAP NetWeaver platform.

Phase 2 consisted of a seven-month detailed design and implementation of SAP's APO DP. In this exceptionally short time period, a new process environment was developed and technology activities covering design, build, test and go-live were completed. These efforts encompassed migration from older processes and technologies to new, and improved existing processes and tool usability by accelerating system response times—thus increasing data availability and tightening the organization's integration with SAP source systems.

High Performance Delivered

The ability to accurately forecast demand— and subsequently formulate precise and well-integrated procure-ment, manufacturing, inventory, distribution and transportation plans—should be a priority at most any company. Accenture's implementation of SAP APO DP,

and the concurrent redesign of related processes, has helped Siemens Networks excel at this crucial contributor to high performance, with specific achievements such as:

- A 33 percent decrease in target forecast error.
- A 50 percent reduction in non-conformance costs—resulting in savings of US\$5 million.
- A new ability to perform statistical forecasting on an aggregated level—fully incorporating input from customers, product groups, geographic areas and numerous supply chain functions.
- The potential for better and more streamlined data flows between forecasting and planning. Connecting its new APO DP capabilities with an SAP customer relationship management (CRM)

system, Siemens Networks' planning and forecasting professionals can now access a single source of product configurations.

Siemens Networks' new planning and forecasting processes—supported by SAP APO DP—also have improved the organization's ability to collaborate; increased user acceptance at the headquarters level; revealed new opportunities to access and share information across divisions and customers; and enabled faster detection and remediation of anomalies across the supply chain. Each of these improvements underscores the role of collaboration in attaining high performance—and the success Siemens Networks has had in making high performance happen. According to a Siemens senior executive, "Siemens Networks has always recognized the cost—and performance—improvement benefits

of superior supply/demand matching. Our collaboration with Accenture is helping us leverage planning and forecasting excellence to capture these advantages."

Effective April 1, 2007, Siemens Network has merged with Nokia NET to form Nokia Siemens Networks (NSN).

Based on the successful Siemens Networks Mobile Network Solution, NSN has strategically decided to roll-out a common demand/supply planning solution for the whole company to also replace existing legacy solutions of formerly Nokia NET and Siemens Networks Fixed and Microwave Business Lines.

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Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With more than 175,000 people in 49 countries, the company generated net revenues of US\$19.70 billion for the fiscal year ended Aug. 31, 2007.

Its home page is www.accenture.com

About Management Consulting

Management consulting is at the heart of Accenture's promise to its clients: high performance - delivered. We apply our groundbreaking research and solid experience to identify the business ingredients that can help our clients outperform their peers. We then work with them to determine where they are on their journey to high performance and design innovative, achievable strategies that address their key business priorities.

Accenture is one of the leading providers of management consulting services worldwide, employing more than 15,000 deeply-skilled management consultants in 49 countries. We work with clients in every major industry, including 91 of the FORTUNE® Global 100 and two-thirds of the FORTUNE® Global 500. As well as strategy and industry-specific consulting, our consulting services cover four key business areas: customer relationship management, finance and performance management, talent & organization performance and supply chain management.

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