



## Press Release

### **Fourth EXCHAIiNGE conference: Digitization of supply chain begins in the minds of business leaders**

**Frankfurt am Main – October 7, 2016:** For the fourth year in a row, leaders from the fields of supply chain management, finance, logistics, and purchasing converged in Frankfurt am Main on October 6 and 7, 2016, to talk about the challenges facing today's supply chains and how businesses can overcome them. The agenda focused on top issues like digitization, compliance, supply chain finance, and the impact of the new Silk Road on global supply chains.

Supply chain management is a key driver of digitization in the business world. Information technology alone will not be enough to deliver a competitive edge in tomorrow's world: Increasingly, the "human factor" will be the essential element of success. Businesses whose employees and executives fail to internalize this transformation will quickly lose touch with traditional business fields and fall behind. This was the consensus among the some 180 business and academic experts from supply chain management, finance, logistics, and purchasing who came together for two days at "EXCHAIiNGE – the Supply Chainers' Conference" in Frankfurt's House of Logistics and Mobility (HOLM) to talk about strategies for designing and managing the supply chains of tomorrow.

IT has brought us a range of system and tools, laying the foundation for digitized processes on the road to "Industry 4.0." The agenda in the near future will be set by IT environments in urgent need of harmonization, the rapid pace of change, and the unpredictable factor of complexity, which all departments need to embrace intellectually without hesitation. Success in this disruptive new environment will depend on whether and how quickly we manage to "achieve internal and external agility in our workforces," noted Dr. Andreas Aulinger, Director of the Institute for Organization & Management (IOM) at Steinbeis University in Berlin, in his powerful keynote address. Aulinger points to an "arduous process" ahead that offers employees and executives fewer comfort zones but also creates opportunities for new forms of participation, which in turn will strengthen motivation.

EXCHAIiNGE moderator Thorsten Hülsmann, Managing Director of EffizienzCluster Management GmbH, cited the need for resilience and the experience that grows from proactive crisis management. In the general session, conference attendees used an interactive app to rank what they saw as the other critical factors for success: the reorganization of power structures, new horizontal leadership models, open and transparent communication, and the transformation of the widespread culture of fear into appreciation with a genuine embodiment of values.

Digitization helps to offset human weaknesses and bring together all the relevant information in a complex interaction – “especially where processes are not working, are too slow, or run in an iterative standard scenario,” emphasized Bettina Bohlmann, Managing Partner at 3p Procurement Branding GmbH. The ability and above all the desire to share your own knowledge without hesitation or reservation is another critical ingredient of success, Bohlmann argued. The moderator of the session entitled “Digitization – the Power of Information” offered a hands-on illustration of this as EXCHAIiNGE attendees worked in groups using nonverbal interaction to construct identical geometric figures. The participants concluded that collecting, hoarding, and refusing to share pieces – whether consciously or unconsciously – leads to conflicts. Only when all the information was on the table was it possible to find a solution that achieved the defined objective.

“Change is essential in the digital world,” agreed Dr. Michael Henke, Institute Director of the Enterprise Logistics Division at the Fraunhofer Institute for Material Flow and Logistics (IML), who moderated EXCHAIiNGE’s compliance forum. The migration of cyber-physical systems requires a simultaneous transformation of management, argued Henke. Alexander Schröder (Chief Risk & Compliance Officer at Axel Springer SE), Dr. Egbert Hubmann (procurement expert), and Sebastian Grethe (Managing Director & Co-Founder of the start-up Mapudo GmbH) described in vivid terms that there is more to systematic compliance management than just avoiding corruption.

The forum showcased contrasting approaches to the issue: “Enterprises are focused on avoiding risks, while start-ups look to seize opportunities,” noted Grethe. This leads to conflicts of interest that often scuttle business collaborations. Schröder urged business leaders to promote personal responsibility, avoid “looking over people’s shoulders,” focus on general guidelines, and minimize monitoring. Questions that companies of all types need to answer: How is responsibility shared between people and automated tools? What kind of standards and rules can and must a company actually stipulate in the global marketplace without unnecessarily constraining employees and business partners? And in this same context: What values does the company management project in this sensitive area?

Willy Lin, Member of the Hong Kong Logistics Development Council and Managing Director of Milo’s Knitwear Int. Ltd., emphasized that even an undertaking of the magnitude of the new Silk Road project dubbed “One Belt, One Road” is driven by digitized processes and the agility of the people involved. The initiative aims to connect 65 countries and 4.4 billion people through rail and road connections and a maritime route with a network of deepwater ports extending from China to East Africa and all the way to the North Sea. But the most ambitious project since World War II is said to lack a clear leadership structure and be constrained by effects such as an absence of standards and the diversity of languages, cultures, and national interests. “The opportunities that the rail link from China to Europe offers even now as an alternative to ship and in some cases air transport need to be communicated more forcefully to business professionals. There is still an acute need for information here,” affirms Thilo Jörgl, Editor-in-Chief of LOGISTIK HEUTE.

Another item still not on the agenda of many supply chain leaders, at least in Germany, is finance models for managing cash flows. Suppliers can move their incoming payments forward by transferring their accounts receivable to a bank that bears the financial risk. Buyers benefit from improved payment terms. “Supply chain finance is a cash tool for greater liquidity that also promotes collaboration,” notes Guido Rossbach, Director for SCM Europe at GKN Land Systems. Sönke Jungclaus, Director of Global Purchasing & SCM at Freudenberg Performance Materials, made no secret of the fact that such efforts might be in vain, however: “Many of our suppliers were very hesitant. Our supplier structure is not suited to such models.” Session moderator Andrea Walbert, Managing Director at PMI Production Management Institute, found a consensus among the panelists that the benefits of the parties involved vary greatly depending on the model and the company in question. It’s important to ensure that the hurdles to information technology are not insurmountable. And

until you have a handle on your supply chain as a whole, the issue of supplier finance is not promising.

At the EXCHAI<sup>NGE</sup> conference, four companies demonstrated how they significantly enhanced their processes, cash flows, and added value through exemplary supply chain management programs. ARLANXEO, Henkel Adhesive Technologies, PERI, and RECARO were the four finalists for this year's Supply Chain Management Award. They presented their initiatives to a live audience in HOLM at the session "Supply Chain Best Practice – Details Behind the Scenes" on October 6, 2016. The votes of conference attendees were considered by the jury in reaching its decision. Strategy&, the global strategy consulting team at PwC, partnered with the industry trade journal LOGISTIK HEUTE to present the prestigious award, now in its eleventh year. Presiding over this year's award ceremony was Dorothee Bär (CSU), Parliamentary State Secretary at the Federal Ministry of Transport and Digital Infrastructure and Government Coordinator for Freight Transport and Logistics.

Dr. Petra Seebauer (Publisher, LOGISTIK HEUTE) joined Harald Geimer (partner at PwC Strategy&) and presenter Johannes Giloth (Supply Vice President for Global Operations at Nokia Networks, last year's winner) to announce the 2016 winner: PERI GmbH, a formwork and scaffolding specialist. The family-owned business can track its worldwide material flows with precision from its headquarters in Bavaria thanks to an innovative closed-loop supply chain strategy. Dr. Bernd Rosenkranz (Head of Global Supply Chain Management) and Ramona Held (Supply Chain Excellence), accepted the coveted award on behalf of PERI.

### **EXCHAI<sup>NGE</sup> – the Supply Chainers' Conference will return to Frankfurt on September 26 and 27, 2017.**

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### **EUROEXPO Messe- und Kongress-GmbH**

EUROEXPO Messe- und Kongress-GmbH was founded in 1996. Today, EUROEXPO organizes LogiMAT – the annual international trade show for distribution, materials handling, and information flow – and TradeWorld, the professional platform for e-commerce and omnichannel. Since 2014, EUROEXPO has also run the annual LogiMAT China trade show in Nanjing, Jiangsu. EUROEXPO also organizes EXCHAI<sup>NGE</sup> – the Supply Chainers' Conference.

## Impressions of the conference EXCHAiNGE 2016



Moderation of EXCHAiNGE 2016 by Thorsten Hülsmann, Managing Director, EffizienzCluster Management GmbH



Keynote Speaker Prof. Dr. Andreas Aulinger, Director, Institut für Organisation & Management (IOM), Steinbeis-Hochschule Berlin, on the topic "Agility in the Supply Chain – What should be the motives for leading managers today!"



Keynote Speaker Willy Lin, Member of the Hong Kong Logistics Development Council, Managing Director of Milo's Knitwear (International) Ltd and Milo's Manufacturing Co Ltd, on the topic: "What is the new Silk Road? How does it change the global Supply Chains? "



Session the new Silk Road under the moderation of Thilo Jörgl (third from the right), Chief editor LOGISTIK HEUTE, HUSS-VERLAG GmbH; speakers from the left Javier Contijoch, Director, BYD Forklift Europe, Norbert Dierks, Coordination transsibirische Eisenbahn, BMW Group, Oliver Kaut, Vice President Marketing & Sales Germany, DHL Global Forwarding GmbH, Prof. Dr. Michael Schüller, Chair for Management/Supply Chain Management, factorial Wirtschafts- und Sozialwissenschaften, Hochschule Osnabrück; speakers from the right Lars Nennhaus, Vice President Port Development and Terminal Management, Duisburger Hafen AG and Willy Lin, Member of the Hong Kong Logistics Development Council, Managing Director of Milo's Knitwear (International) Ltd and Milo's Manufacturing Co Ltd



Session Compliance under the moderation of Prof. Dr. Michael Henke, Institute Director (left), Enterprise Logistics Division, Fraunhofer Institute for Material Flow and Logistics, speakers from the right Dr. Egbert Hubmann, Procurement Expert, Sebastian Grethe, Managing Director & Co-Founder, Mapudo GmbH and Alexander Schröder, Chief Risk & Compliance Officer, Axel Springer SE



Session Digitization under the moderation of Bettina Bohlmann, Managing Partner, 3p procurement branding GmbH, speakers from the left Hans Pieper Managing Director Terminalbetrieb Nord, Deutsche Umschlaggesellschaft Schiene – Straße (DUSS) mbH, Dr. Rembert Horstmann, Head of Marketing, IMPERIAL Logistics International B.V. & Co. KG, and Mathieu Caudal Vice President Operations & Product, unu GmbH



Session Supply Chain Finance under the moderation of Andrea Walbert, Managing Director, PMI Production Management Institute GmbH, speakers from the left Sönke Jungclaus, Director Global Purchasing & SCM, Freudenberg Performance Materials, Christian Pangerl, Director Logistics, ERT – eResearchTechnology GmbH, Dr. Sebastian Hölker, Head of SCF Structuring & Implementation, UniCredit Bank AG and Guido Rossbach, GKN Land Systems

### Award winner 2016: PERI GmbH



Happy winners: Dr. Bernd Rosenkranz (Head of Global Supply Chain Management; 6th from the right) and Ramona Held (Supply Chain Excellence, both PERI GmbH; 8th from the right) accepted the Supply Chain Management Award 2016 on behalf for their team. Dr. Petra Seebauer (Publisher of LOGISTIK HEUTE; 4th from left) and Harald Geimer (Partner, PwC Strategy& GmbH; 2nd from left) offered their congratulations on behalf of all members of the jury.

*Picture credits: André Baschlakow/EUROEXPO*