



Case Study: Software licence for MTU

Innovation in purchasing

Business Challenge

With sales of around 2 billion euros in 2001 and about 7,600 employees, MTU is Germany's leading engine manufacturer and the world's largest provider of independent commercial engine services. MTU's three purchasing departments spend a total of approximately one billion euros each year on goods and services. Because the procurement process had become increasingly complex and time-consuming, the decision was taken last year to implement E-Sourcing solutions. The first phase of the implementation focused on optimizing the procurement process through innovative solutions, and the second phase concentrated on cost optimization.

Solution

Pilot auctions were conducted initially on a trial basis and instantly identified a substantial savings potential. Portum applications were then launched within six months in a broad rollout. It was quickly determined that significant six-digit savings could be realized through auctions in the general purchasing arena, which includes logistics, fuels, office materials, PC hardware, and electricity. In contrast, the technical purchasing domain, involving the acquisition of parts for turbines and engines, control system components, and castings, needed to focus more on process optimization and thus on the tendering process.

The rollout gave MTU access to the tools in the Portum trading platform based on a pre-defined concept for implementation. Portum also provided initial support for MTU through an active on-site presence that included training sessions, workshops, and opportunities for individual discussion. Thus MTU purchasers could interact directly with the Portum project managers who provided startup support for all users of the Portum trading platform at MTU during the implementation of the identified procurement projects. The goal was for the MTU purchasers to become comfortable with and be able to use the solutions autonomously, which will guarantee the long-term, effective implementation of the tools.

Success

Trading volume at MTU during the rollout on the Portum platform ranged in the triple-digit millions, and savings were in the millions. Some 40 requests for tender (RFQ's) and 70 auctions have been completed successfully to date. Today, 30 MTU purchasers work independently with the Portum technology. MTU has acquired a software license from Portum for the use of the Portum trading platform, and RFQ's are now initiated and managed autonomously by the MTU purchasers.



Rainer Baciulis,

MTU Purchasing Director:

“The strategic new purchasing orientation and the time and cost savings that we achieved though this are being heavily supported by Portum.”

Markus Glietz,

buyer responsible for E-Procurement also sees Portum as

“ the ideal partner, since Portum offers us well-engineered technology as well as excellent service”.



Link to performance