

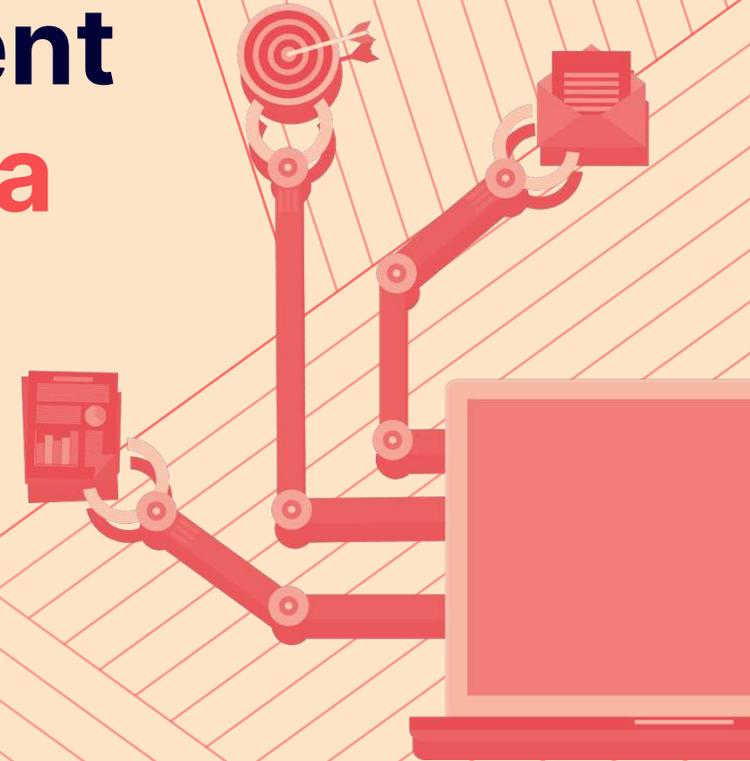
Case Study

Centralized Supplier Management

Automating supplier master data and information management



BAE SYSTEMS



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About BAE Systems



BAE Systems provides some of the world's most advanced, technology-led defense, aerospace and security solutions and employs a skilled workforce of around 90,000 people in over 40 countries.

Working with customers and local partners, BAE Systems develops, engineers, manufactures and supports products and systems to deliver military capability; to protect national security and people; and to keep critical information and infrastructure secure.

Streamlining and automation



BAE Systems wanted to streamline and improve their supplier onboarding and master data management processes. Their objective was to have one global environment that allowed local capability and local workflow, where required.

Requirements: Business objectives

Centralize management of supplier data and information across six different sectors and 13 different business units.

Remove manual and paper-based supplier onboarding and profile maintenance; and automate document renewals. BAE Systems has tens of thousands of suppliers and onboards 5,000 suppliers each year. It annually needs to renew four to six documents per supplier (such as insurance, business registrations, tax information, quality, export controls, etc.)

Gain visibility or control to demonstrate initial and ongoing compliance with internal policies and regulatory requirements.

Attain best quality data for decision making.

Requirements: Governance & Technology

Agree common process with all six sectors for supplier data management, with shared governance centrally and locally.

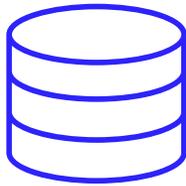
Agree what requirements are needed for each type of supplier – e.g. standards, quality relevant, governmental etc.

Consolidate and link suppliers from 13 different ERP systems into a centralized platform.

Implement a technology platform to govern a defined process and update ERP systems with supplier data.

Support and manage administrative tasks via system.
Conduct automatic validations with external data providers.

Challenges



ERP instances

BAE Systems has multiple ERPs (SAP, Oracle, Costpoint) just in North America alone. For each ERP, different processes were in place, with varying compliance. Ongoing compliance checks were limited in nature and required improvement.



Local versus global harmonization

BAE Systems has colleagues in multiple geographies, each with different requirements. It meant that full process harmonization was not possible or practical, even if it was desirable.



Local autonomy

Each BAE business sector wanted full autonomy over their suppliers. Any new system had to support sector level authorization and management, as well as global authorization and management.

HICX deployment overview



BAE Systems selected HICX to be the single source of truth for all supplier related information, and the starting point for onboarding all new suppliers.

Suppliers register through the HICX supplier portal, which is available via the internet for suppliers to access. After initial registration, the portal allows suppliers to maintain their information in case of any future changes.

The information collected through the system is routed to different groups within BAE Systems to review and validate the data.

Data that is considered global is managed and approved through a central group; otherwise, the ownership of approving suppliers and compliance information remains with the sectors.

Once information has been appropriately reviewed or approved, supplier records are automatically updated in the appropriate ERP systems. This includes both new suppliers and updates to existing supplier records.

HICX deployment overview



Current processes handled

Supplier
Discovery

Supplier
Onboarding

Supplier
Changes

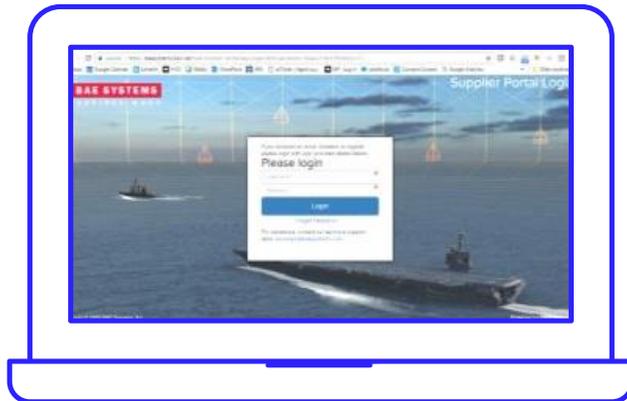
Supplier
Comms

Risk/
Compliance

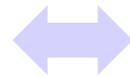
Document
Management

Reporting

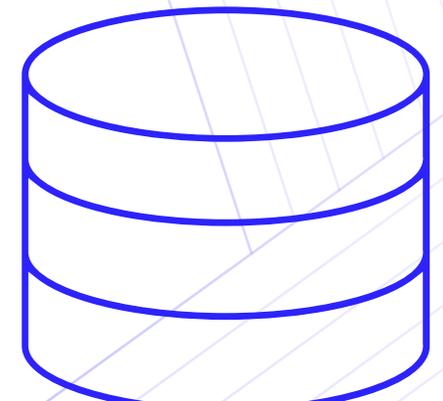
Master Data
Management



Supplier portal



BAE Systems user portal



ERPs

Example of information requirements



Common Initiatives

- General Capabilities Discovery
- General Capabilities
- Business Size & Classification
- Denied Party / FCPA
- Domestic Tax Forms
- International Tax Forms
- Engineering
- Operations
- Quality
- Counterfeit Parts
- Safety & Health (Unsolicited)
- Safety & Health (Solicited)
- Cyber Security
- Conflict Minerals
- International Trade
- Certificates
- FFATA (Federal Funding Accountability and Transparency Act)
- ITAR
- Export Control

Sector 1 (ES) Specific

- Foreign Audit Form
- ES Export Control
- Distributor Declaration

Sector 2 (I&S) Specific

- Subcontractors Accounting and Billing Adequacy
- Security Clearance Requirement

Sector 3 (Ship Repair)

- Subcontractor/AIT Environmental Survey
- Fire Plan
- Certificate of Insurance Requirements

- Key Personnel and Past Experience
- Ship Repair Safety Survey
- San Diego –Ship Repair Forms Reference (with confirmation)
- San Francisco –Ship Repair –Forms Reference
- Hawaii –Ship Repair –Forms Reference

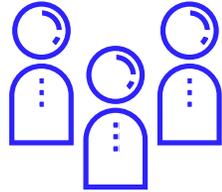
Sector 4 (TSS)

- Contractor/Subcontractor Safety Questionnaire

Sector 5 (York Cas)

- Disclosure of Lobbying Activities

Outcomes: key facts



Single source of truth for **50,000 suppliers** across **13 business units** in North America, each with its own ERP



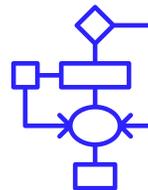
Zero audit compliance issues since going live



Invoice visibility portal handles **hundreds of enquiries** per week – and delivered its five-year business case in **under six months**



Average supplier onboarding time reduced from several weeks to days; around **5,000 new suppliers** onboarded annually

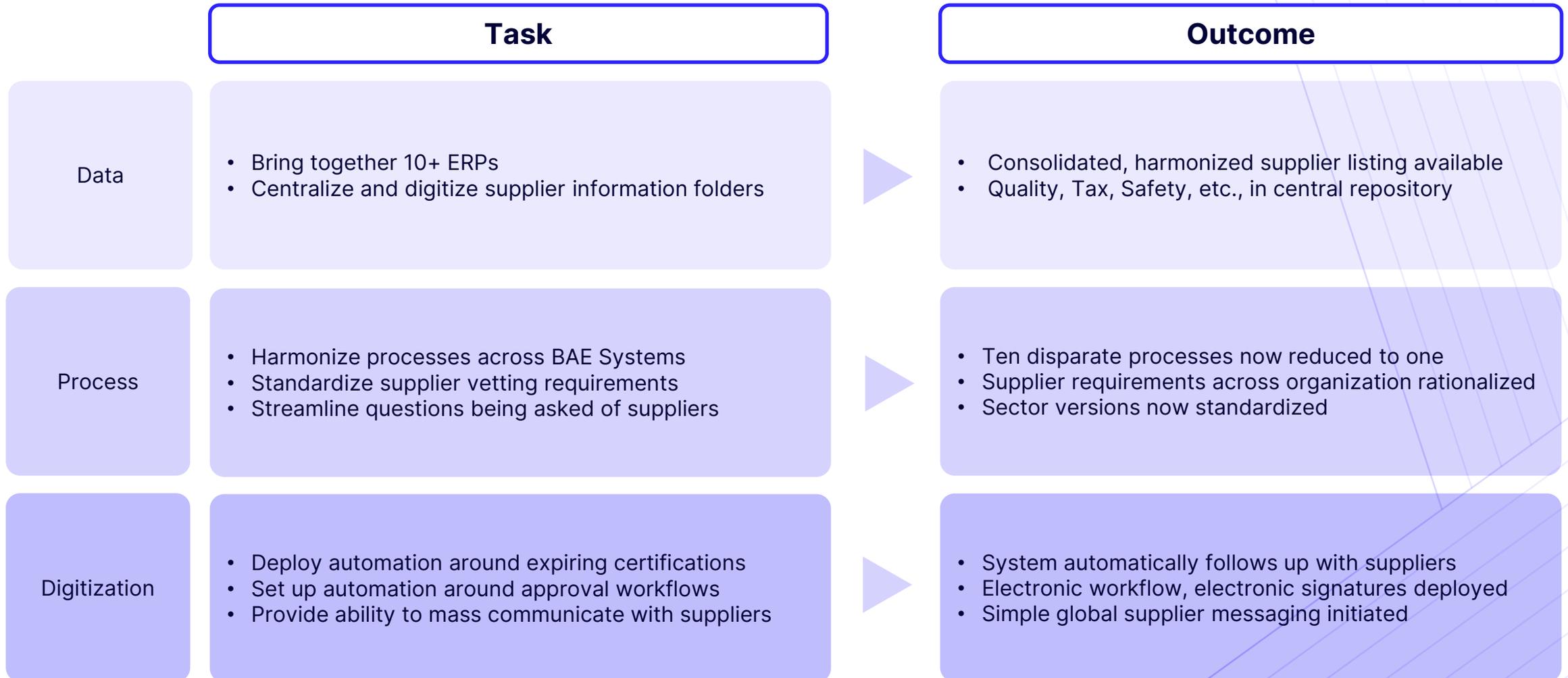


Over 400,000 supplier initiatives issued with a **92% completion rate**



75,000+ **certificate** renewal documents handled automatically per year

Project achievements so far



Solution and outcomes



Totals:

Before 21.15 FTEs
After 7.49 FTEs



Reduced effort **13.66 FTEs**
Improved cycle times – Average **3-5 days** fully compliant

	Supplier onboarding	Supplier onboarding	Document management	Risks	Misc.
Previous state (FTE)	6.94	3.83	5.59	3.94	0.69
New state (FTE)	2.69	1.48	2.29	0.93	0.42
Benefit (FTE)	4.25	2.35	3.30	3.01	0.27

Solution and outcomes



A number of additional non-quantified opportunities were also identified, as listed below. These add considerable savings but are currently not being specifically measured.

Significant Impact

- **Reduction in number of audit findings flagging missing Supplier Certifications**
- Less effort to compile required documentation in support of compliance audits
- Creation of web-based registration portal that allows suppliers to self-register with BAE Systems
- **Single repository for collecting supplier information (reduction in repeat activities)**
- Enhancement of BAE Systems' image through use of available modern technology
- Central repository assists various functions for supplier evaluation (i.e. engineers, quality, PMs)
- Ability to collect new information/requirements from suppliers very efficiently across business units
- Reduction in supply base across organization (better visibility of active suppliers across business units)
- Increased opportunity for additional business for active suppliers
- **Ability to protect documentation by storing electronically enabling effective disaster recovery**

Major Impact

- Centralized view of supplier performance across BAE Systems
- Improved spend analytics with cleaner profiles and parent/child relationships
- Improved supplier collaboration with centralized database (mass communications, global collection of information)
- Improved internal collaboration between business units on supplier activity
- Ability to harmonize process and systems without having to change individual systems (using 3rd party to harmonize (i.e. Ariba AP/Finance SS effort))
- The centralized and organized approach changes the external Supply Chain perception of BAE Systems

Minor Impact

- Collecting more information than was previously possible – a way of enhancing current ERP

Key learnings and take-aways



BAE Systems learned that the core issue centered on master data management (MDM). After evaluating the benefits of MDM and the shortcomings of the current state, the starting point for the project was data structure.

Once the data structure was established, BAE Systems could create rules to onboard good data – and create rules to maintain good data. Other tips include:

- Validate any assumptions you have about what the data looks like and do not leave data uploads until the last minute.
- Alignment and design take much longer than expected. Ensure certain elements of control are left at local level.
- Your requirements will change during the project. However, managing scope is important. Do a phased approach and hold new ideas for subsequent phases because, even after go-live, you will want to adapt things.
- Reduce the amount of content you ask for from suppliers and try to harmonize wherever you can. Initially there is a tendency to want to ask a lot. Avoid this. Always ask 'why?' before each requirement.
- Make sure you collect enough data points initially so that you can demonstrate the value of project at the end.
- If data quality is important, eventually you will need to dedicate resources to this aspect.

About HICX

HICX helps Global 5000 companies to organize and manage their supplier data.

The HICX Supplier Experience Management platform enables businesses with thousands of suppliers to efficiently on-board and manage the end-to-end lifecycle of all suppliers, and to find, re-use and maintain supplier data and information across any spreadsheet, app or system. High quality supplier data is essential to digital transformation and the key to becoming customer of choice for all suppliers. Some of the world's largest companies, in a wide range of industries, trust HICX for the management of their supplier data; these include BAE Systems, Mondelez, Baker Hughes and EDF Energy.

Walk through HICX with us. Request a personalized session to see what HICX can offer you. www.hicx.com/demo

