

GXS in Manufacturing

The Manufacturing Industry Today

The global manufacturing industry has been through a period of immense change over the past decade. Tough economic conditions have led many of these companies to restructure their operations to reduce costs and streamline operations, resulting in a shift to sourcing from new, low-cost manufacturing hubs in China, India, Mexico and Eastern Europe.

The globalization of manufacturing hubs has had a major impact on the supply chain. Suppliers must remain flexible to retain business and meet changing customer demands in addition to ensuring accurate inventory tracking in this period of excessive growth.

The need to extend supply chains around the world to support new production facilities has led many manufacturing companies to re-evaluate IT and B2B infrastructure strategies so that they can work with their trading partners globally on a 24x7 basis.

Addressing the B2B Integration Needs of the Manufacturing Industry

There are a number of reasons why manufacturing companies are looking to improve B2B integration infrastructures to support global manufacturing operations:

Introduce Cost Reduction & Restructuring Measures—Nearly all manufacturing companies are trying to reduce costs to remain competitive in the market. Some brand owners have out-sourced production to contract manufacturing companies in low-cost countries. Others have divested underperforming business units. Extensive merger and acquisition activity within the industry has led to many manufacturing companies looking to consolidate different B2B environments on to one common platform.

Manufacturers must ideally have access to a single B2B network that can provide a real-time, 24x7 view of business transactions flowing across the extended enterprise. Consolidating B2B platforms also provides a good opportunity to integrate to ERP platforms. Outsourcing the consolidation can bring significant cost savings to a manufacturing operation.

GXS Expert Outsourcing provides the people, processes and technology necessary to perform the day-to-day management of an organization's global B2B operations. B2B outsourcing provides the following benefits to a manufacturing operation:

- Significantly reduces operational costs associated with running a B2B infrastructure and managing a global community of trading partners
- Provides business continuity following a period of restructuring
- Enables B2B-related resources to be deployed across a manufacturing operation on a scalable and flexible basis



GXS INDUSTRY LEADERSHIP

- A global company of over 1,600 employees operating in 20 countries with additional business partners in over 30 countries
- More than 40 years of experience in the manufacturing industry
- Supporting many industrial and discrete manufacturing companies around the world
- World's largest B2B network providing global availability, reliability and security

- Allows the B2B infrastructure to be managed by the appropriate resource levels according to business demands
- Provides a way to expand a manufacturing operations or on-board trading partners in any region of the world
- Offers a way to future-proof a manufacturer's B2B environment, allowing new B2B technologies to be deployed with ease
- Consolidation of B2B environments onto one common platform allows manufacturers to gain an improved view of cross-enterprise information
- Allows managers to make more informed decisions relating to the day-to-day management of their manufacturing operations

Agriculture and Construction Equipment OEM Case Study

One of the world's largest manufacturers of construction and agricultural equipment elected to outsource the day-to-day operations of their B2B program to GXS. The company was formed from a merger of several large industrial companies. As a result, the manufacturer had a requirement to consolidate numerous EDI platforms and back office business systems. Additional requirements included end-to-end visibility, tracking of business transactions and support for multiple languages. GXS helped to consolidate multiple EDI platforms onto one global, seamless B2B platform. GXS also provided integration to a new Oracle-based Transport Management System (TMS) and an SAP-based ERP environment. GXS managed the migration of existing suppliers to the new platform and provides on-boarding for new suppliers, as necessary. The new B2B integration environment provided a scalable, flexible environment to support their 39 global manufacturing plants. The new platform also provided support for ASNs, e-invoices and e-payments.

Provide Global Supply Chain Connectivity—Manufacturers need to connect trading partners, located anywhere in the world, to a B2B network using the most appropriate communication and document standards. For production lines that operate 24x7 it is important that there are no interruptions to the flow of business documents across a B2B network. Near real-time delivery of business documents, such as Advanced Shipment Notices (ASNs) which notify a manufacturer of when parts are likely to arrive onsite, is critical. If the B2B network goes down for any reason and communication links are lost to external trading partners, production lines could potentially be stopped.

GXS Trading Grid Messaging Service® is a global Internet-based transaction management service that enables companies to exchange business documents electronically in a secure, fast and reliable fashion. Trading Grid Messaging Service offers manufacturers:

- Access to a highly-available B2B network that ensures production-critical business documents can be received from trading partners
- Ability to connect to remote plants in all the major manufacturing centers around the world, including Europe, North America, Brazil, China, Japan and South Korea
- Avoid costly infrastructure investments and complexity as the platform takes care of supporting any communication and document standard used around the world

MANUFACTURING INDUSTRY TRENDS

- Continued globalization of sourcing and manufacturing hubs
- Increased pressure to reduce costs and streamline supply chains
- Major manufacturing hubs being established in low-cost countries
- Requirement to develop greener and more sustainable supply chains
- Growth in demand for aftermarket spare parts due to equipment being kept in service for longer periods of time

Expand into Emerging Markets—Manufacturers must ensure that trading partners located in emerging such as Thailand, Vietnam and China have access to quick to deploy and easy to use B2B tools. Trading partners in these regions must be connected to a B2B platform using B2B tools which are appropriate to their technical capabilities. This is especially important in these regions as trading partners are likely to have minimal Information Communications Technology (ICT) skills or knowledge on how to use B2B tools.

GXS offers a number of simple-to-use and quick-to-deploy B2B tools such as Intelligent Web Forms and Trading Grid for Excel®. Easy to use B2B solutions allow even the smallest trading partner to be able to exchange business documents with a manufacturing company, making it more likely they will receive business documents in the proper format. Providing quick-to-deploy, simple-to-use and easy-to-maintain B2B tools allows a manufacturing operation to:

- On-board suppliers or establish a manufacturing presence in a new region in a much shorter time frame
- Avoid disruption across manufacturing operations as new trading partners can be connected to the B2B platform very quickly
- Improve the overall response time from trading partners and encourage greater participation in B2B-related processes
- Helps to improve the overall efficiency of a manufacturer's supply chain

Home Appliance Manufacturer Case Study

GXS worked with a European-based company who manufactures over 15 million home appliances each year from 17 production facilities spread across Europe. This company was already using GXS Trading Grid® to exchange EDI documents with trading partners in the UK, but with recent acquisitions the company was keen to consolidate many different EDI platforms in use across Europe on to one platform. Their newly consolidated EDI infrastructure runs on GXS Trading Grid and processes over 100,000 documents per year. GXS Trading Grid Messaging Service is used to manage the delivery of orders, invoices and delivery notes to their principal customers including retailers, online stores and catalogue customers. By consolidating onto GXS Trading, this company is seeing improved performance, efficiency and cost savings relating to how they process their transactions. In addition, it will allow them to export operational efficiency and facilitate rapid and agile deployment in new trading regions such as Eastern Europe.

Extend Supply Chain Visibility—As supply chains have become stretched around the world, manufacturers have increasingly had trouble keeping track of shipments from trading partners or contract manufacturers. Providing full end-to-end visibility of shipments can be difficult to achieve, especially when goods have to pass through border controls or be transported by different multi-modal logistics partners. Tracking shipments in order to gain visibility to expected arrival times and actual inventory levels can be difficult to achieve without the correct B2B infrastructure in place.

The most recent economic downturn led to many companies reducing capital expenditure on purchasing new equipment, preferring to keep existing equipment in service for longer time periods. As a result, the demand for spare parts has increased significantly and has provided

USING SOCIAL NETWORKING TOOLS TO MANAGE TRADING PARTNER COMMUNITIES

GXS has partnered with RollStream, a provider of supply chain-focused collaboration tools, to improve the way in which companies engage with their trading partner communities. RollStream provides a web-based environment for managing the day-to-day relationships with a community of trading partners.

RollStream can be used for a number of different communication activities including onboarding & performance management, compliance & risk management and dispute resolution. RollStream not only helps to speed up the supplier onboarding process, it also helps to improve the ongoing communication and management of a trading partner community.

a highly-profitable source of income for manufacturers of serviceable goods, such as diesel generators, agricultural equipment and domestic appliances. The ability to inform a customer of expected delivery dates for spare parts, through improved supply chain visibility will lead to increased satisfaction levels.

GXS offers a number of web-based solutions that provide the supply chain visibility needed to enhance customer/supplier integration and collaboration. GXS Active Orders and Active Logistics applications connected to GXS Trading Grid offers:

- Efficient management of the complete forecast-to-settlement process across a global supply chain
- Full end-to-end visibility of transactions across parts suppliers, contract manufacturers, logistics providers and financial institutions
- Improved efficiency of shipping goods across multiple countries
- On-demand applications that make it easy to quickly answer questions such as: “Was my order accepted? Will the order ship on time? What is the status of my invoice?”

Japanese Industrial Engine Manufacturer Case Study

This company is one of the world’s leading producers of industrial engines for agricultural equipment, marine products and construction equipment. From their manufacturing base in Japan, they export their products all over the world. This company wanted to improve customer satisfaction levels amongst their network of 26 overseas dealers and end users. They lacked the ability to track the precise delivery of parts which, in turn, prevented this company from executing customer supply schedules. This company deployed GXS Active Logistics to gain real-time insights into global logistics operations from Japan to their global dealer network. GXS was chosen to implement this visibility solution due to the number of global logistics companies that were connected to GXS Trading Grid. Having so many pre-configured logistics carriers connected to GXS allowed this company to implement the solution very quickly. As a result, parts are now shipped to dealers in a timely manner, leading to significant improvements in customer satisfaction levels and improved visibility of dealer and in-transit inventory levels.

Improve Support for ERP Projects—Many global manufacturers have multiple ERP instances located in different regions around the world. One of the most common ERP projects being undertaken today is to consolidate multiple ERP instances onto a single ERP instance. Consolidation provides a good opportunity to integrate to a B2B platform. Manufacturing operations rely on parts and other supplies coming in from a variety of external trading partners. ERP systems are therefore fed with extensive amounts of external information. If this external data is of poor quality, then there will be an impact on the performance of an ERP system. Manufacturers need to ensure that external connectivity to trading partners is not interrupted for any reason. Loss of connectivity to external trading partners can severely handicap ERP systems.

GXS can help manufacturing operations improve ERP/B2B integration projects. Whether a manufacturer is looking to consolidate ERP instances across multiple plants or onboard suppliers to a newly integrated ERP/B2B platform, GXS can provide a scalable, flexible resource to help keep ERP projects on schedule and under budget. GXS has broad experience of providing integration services to manufacturing companies looking to integrate to ERP

MANUFACTURING COMPANIES FACE SIGNIFICANT ERP/B2B INTEGRATION CHALLENGES

In a recent study conducted by AMR Research, many companies said that they had experienced significant delays caused by ERP/B2B integration issues. Other findings from the study include:

- 80 percent of respondents plan to move to highly-consolidated ERP environments.
- 48 percent of respondents said they had lost B2B connectivity.
- 34 percent of respondents said B2B integration staff were supporting ERP-related projects.
- 34 percent of the data feeding ERP systems is generated externally.
- 29 percent of respondents said that they had to prematurely terminate B2B testing programs relating to external trading partners.
- 79 percent of respondents have exceptions or problems on more than one percent of inbound B2B transactions.

platforms from vendors, such as SAP and Oracle. Outsourcing the management of the ERP/B2B integration process helps to:

- Ensure that projects remain on time and under budget through the use of scalable resources and knowledge gained through many previous ERP/B2B integration projects.
- Achieve much faster ROI from the implementation of new ERP modules or adoption of new transaction types with rapid on-boarding of trading partners.
- Reduce risk of connectivity loss impacting manufacturing operations due to the ERP/B2B integration platform being hosted on a highly-available environment.
- Lessen rework and improve data quality of externally-sourced information entering the ERP system. B2B outsourcing allows a company to place a 'firewall' around ERP applications, thus ensuring that only clean and accurate data enters the ERP system and any downstream business applications.

Why GXS for Manufacturing?

GXS has the broadest global coverage of any B2B e-commerce provider, with direct operations in 20 countries and local support in 15 languages. GXS has a presence in each of the major manufacturing centers around the world, including the US, Canada, France, Germany, UK, China, Korea, Singapore and Japan. For a manufacturing company to be able to operate an efficient supply chain, it is important to be able to trade electronically with customers and suppliers in all corners of the world, no matter their location, size, or technical capability. GXS B2B solutions help manufacturers to:

- Outsource the management of B2B infrastructures, allowing multiple B2B platforms to be consolidated onto one common platform. B2B resources can be applied on a flexible and scalable basis.
- Enter new markets without having to worry about supporting differing communication and document standards.
- Improve accuracy and quality of externally-sourced information feeding an ERP system.
- On-board any supplier in any region of the world, allowing accelerated growth in emerging markets.
- Improve end-to-end visibility of both in-progress orders and shipments. Knowing when a shipment is due to arrive at the destination helps to improve customer satisfaction levels.



About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including more than 70 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS' B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Md., GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.

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NORTH AMERICA AND GLOBAL HEADQUARTERS

100 Edison Park Drive
Gaithersburg, MD 20878
U.S.A.

+1-800-560-4347 t
+1-301-340-4000 t
+1-301-340-5299 f
www.gxs.com

EUROPE, MIDDLE EAST AND AFRICA

18 Station Road
Sunbury-on-Thames
Middlesex TW16 6SU
United Kingdom

+44 (0)1932 776047 t
+44 (0)1932 776216 f
www.gxs.eu

ASIA PACIFIC

Room 1608-10,
16/F China Resources Building
26 Harbour Road, Wanchai
Hong Kong

Customer Hotline:

+852 2233-2111
+852 2884-6088 t
+852 2513-0650 f
www.gxs.com.hk