

Public Project Summary

Central European University

Enhancing the Efficiency within the Information Structure in Logistics and Finance Processes between AGCO Corporation and its Key Suppliers

In my Capstone Project I chose the opportunity to take a complete review of my own project at the company I work for as it is a global digitization project that helps the client company take a step into the 21st century. The integrated EDI solutions have been around since the late 80s, however some of the large multinational companies have not taken major steps in the implementation. This challenge is therefore quite a large one at the client company also especially because of the corporate leadership strategy that is rather conservative and decentralized.

The aim of this project is to achieve 80% EDI coverage until the end of 2023 with the scope of direct vendors (supplying materials that go directly into the building of the tractors and other machines) and the solution would be rolled out to the European manufacturing sites of the client company.

The initiation of the project started after a leadership event took place in Budapest in 2019 with the presence of the Finance and Purchasing top leadership to identify improvement/automation opportunities. EDI was discussed during the event and it became clear that the company has only taken baby steps into the implementation. I formulated a business case in which I rolled out a plan for the coming 4 years on how we can standardize and optimize the existing EDI management portfolio to achieve the plan of 80% coverage until 2023.

I organized all the necessary workshops and mapping / designing sessions with all of the European sites and IT people to make sure we establish the right approach in processes and metrics as well. The new EDI onboarding and error monitoring processes were established throughout the rest of the year and were ready for a kick off as of January 2020 with the central management from Budapest and working through the manufacturing site's contact partners. I established weekly status calls with them, monthly reporting to the management of Finance and Purchasing and quarterly report out sessions to the Vice Presidents of Finance and Purchasing.

In the project I had to connect the company's IT and Business side to make sure all technical difficulties are mended and all connection related setup is complete to be able to work with our single service provider, T-Systems.

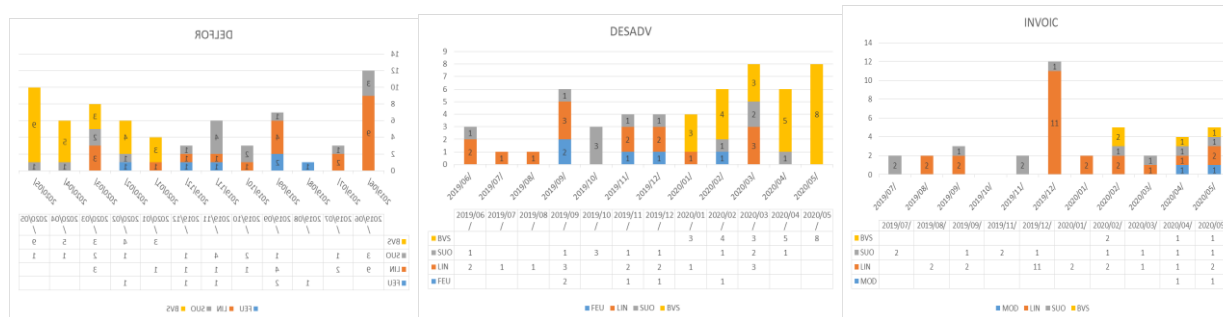
The development of the relevant metrics and measurements was extremely difficult as I found out that there were absolutely no KPIs or any metrics developed in the past for the tracking and the measurement of the progress/efficiency. I wanted to make sure the reporting is visual enough so that we can both evaluate our efforts and at the same time visualize bottle necks that are meant to trigger leadership

reactions. The results of our efforts became the standard monthly reported (and one annually) KPIs that we discuss every month with the leadership:

- Number of DELFOR message go-live per sites **monthly**
- Number of DESADV message go-live per sites **monthly**
- Number of INVOIC message go-live per sites **monthly**
- Number of Vendors on-boarded **annually**

The first KPI chart shows the progress of the DELFOR message go-live-s since the beginning of the project. This message type is important for our vendors as AGCO is detailing all delivery forecast requirements in this message – what material is needed for which manufacturing sites in what packaging convention etc. In case there is no number in a cell, that means there was no go-live in that month for that manufacturing site. The manufacturing sites are referenced with their SAP short names as such:

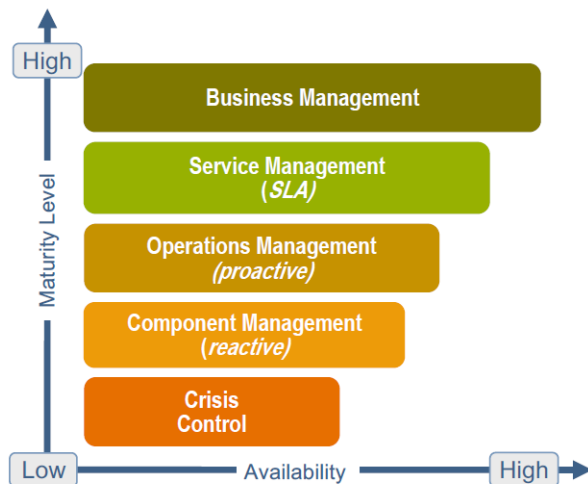
- BVS – Beauvais (France)
- SUO – Suolahti (Finland)
- LIN – Linnavouri (Finland)
- FEU – Feucht (Germany)



The project is now live for 6 months and there is still lots of work to be done before it gets in the Business As Usual phase, however I am continuously evaluating our efficiency and organize improvements events.

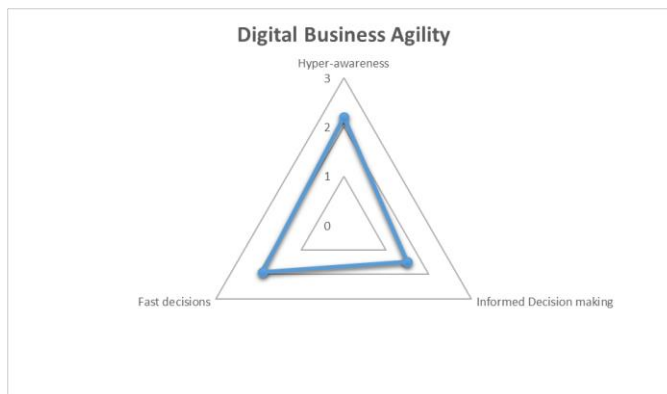
To evaluate the corporate organizational and digital maturity level, I used the Gartner Infrastructure and Operation Maturity Model (OIMM) and the Digital Business Agility model that I learned about throughout the course.

Based on the criteria set by the OIMM model I think the client company lies on the boarder-line of Level 1 and 2:



As discussed by the model, the company does seem to lack some ownership in business processes, however the IT organization seems to be much more controlled. Heroics are present, standard business process documentation is missing/outdated in many functions. Although this topic is being addressed, the leadership culture is rather reactive and there is limited empowerment of decision making.

The DBA model is taking a look at the organizational capabilities from 3 perspectives, which are Hyper-Awareness, Informed Decision Making and Fast Decisions and is measured by a scale of 1-3 (weak, mid, strong). This model is aimed at discovering how to improve certain aspects of the digital business agility: as such, most companies rank at the weak levels and aim at moving to medium or in some cases, strong levels. However, it requires a committed approach from the whole company to transform into a different mindset.



The company puts a lot of emphasis on market analysis and the positioning of company as well as voice of the customer/supplier by organizing special events for stakeholder management and obtaining input on where they can improve the business relationships. Due to the heavy investment in the digitization and also precision farming AGCO's competitive edge

definitely lies in disruptive technology trends and insights. Their weakness rather lies today in the empowerment of decision making and decentralized leadership structure.

It is also important to mention that the client company grew by M&Es and today owns many of the big brands in agricultural machines. Throughout the process of M&Es they respected the diversity of organizational structures and processes, which is today part of their strategy, however I believe there is a certain limit, which cannot be surpassed without taking a rather centralized approach.