# proTrack

Standard Software for

Strategic Cost Reduction Management

Procurement / Strategic Sourcing and

Lean Six Sigma / Continuous Improvement

# proTrack

## How efficient is your cost reduction management system?

- What are your top cost reduction projects and how long does it take you to provide an update on how those have been progressing over the past 3 months?
- · How many active projects do you have in your pipeline?
- Who is working on which project? Are you prioritizing deployment of your limited resources effectively?
- What is the value of your cost reduction project pipeline for the next business year and how many savings could be achieved based on past run rates?
- In which commodities/ categories are your procurement cost reductions generated?
- How many of your reported savings are really 'hard savings' impacting your P&L?

## Common problems in today's cost reduction management

- Lack of standard applications in the market: traditional project management systems do not track the financial aspects of cost reduction management. Applications which are based on business warehouse technologies require internal software development.
- One set of data/ transparency: cost reduction initiatives are often tracked in multiple databases or even excel sheets. This leads to fragmented and non-transparent data and makes reporting and preparation of management decisions difficult and time consuming.
- Organizational structure/ number of users: internally developed applications usually do not support a larger number of users of a database simultaneously and are often difficult to adjust to reflect changes in the organizational structure.
- Forward looking approach: internally developed applications are usually focused on past and actual data but lack functionality to actively manage future project pipeline. Stakeholders need to be aware how much project pipeline is required to achieve the defined target past or assumed future run rates would provide a valuable source of information. The more mature a cost reduction initiative is, the further forward looking the project pipeline should be.
- Data quality and data consistency/ definitions: project information which is distributed over multiple databases in the organization makes it difficult to achieve a good quality of data due to the application of different rules and definitions across the organization.
- Efficiency in project conversion/ realization: internally developed applications often lack transparency of how a project pipeline is converted into actual savings, because history functions for project pipeline and forecasts are not available.
- Validation/ integration with finance function: many cost reduction systems are not integrated with the company's finance function, therefore financial validation and reporting of cost reductions are incomplete or absent as hard savings in the company's P&L.



for efficient tracking

and reporting of cost

reduction initiatives

provides solutions to all

these problems...

## Highlights

- Standard software that can be customized to your organizational structure based on tables and parameter settings.
- One database for all cost reduction initiatives (procurement, lean six sigma/ continuous improvement, etc.) enabling an unlimited number of users with simultaneous access to the system ensures data consistency and timely updates.
- Standard reports and graphical dashboard allow consolidation and visualization of information for senior management reporting and decision taking with minimum complexity.
- Multi-year functionality to manage the project pipeline supports a forward looking approach and raises awareness of gaps in the project pipeline to achieve defined targets. It also supports the annual plan process and a 24 months rolling forecast approach.
- Email notification system makes managers and project owners aware of problems with data quality and monitors corrective actions to be carried out by the project owners. It also provides pre-warning reports about the amount of projects that are due to be updated within a defined month to prepare for monthly closing.
- Forecast history provides historic data about each project and each monthly closing for a defined number of months. This allows an analysis and comparison of legacy project realization run rates.
- **Project management system** monitors and tracks the actions that are required to close a project and provides at any given moment a 1 page 4-blocker with all relevant information about the project (descriptions, update since last month/review, actions, roadblocks, planned vs. forecasted savings, etc.).

## Other functionalities

- Forecast simulation allows the calculation of the financial impact of an existing project pipeline based on past actual or assumed future realization run rates.
- Validation workflow ensures integration of the finance function in the management of cost reduction initiatives through full information transparency and preparation of project data for financial validation within the P&L management.
- Monthly KPIs sheet is generated for each entity (plant/ site, region, division, business area, etc.) automatically and without manual intervention. 'On track' KPIs are shown in green, 'off track' KPIs in red, based on monthly and YTD performance and full year forecast.
- Difference reports combined with extensive filter functions allow a very detailed variance analysis for the differences between two forecasts (for example, the current forecast and last month's or any other previous forecast). Main drivers of variances are identified at project level.
- **Project history** provides an overview about the development of the key drivers 'cut-in date' and 'project value' at level of the individual project.
- **Project risk analysis** analyses your project pipeline to develop backup projects to be prepared in case your key savings projects fail or provide lower savings.
- Utilization of **standard definitions** guarantees a harmonized cost reduction management approach across the organization.

# proTrack

## **Basic Product Information**

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#### Project Core Data

- Project name
- Project description
- Organization
- Project owner
- Currency
- Planned cut-in-date
- Forecasted cut-in-date
- Last change (who, when)
- Category
- Sub-category

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#### Project Performance Data

- Planned value
- Forecaste value by month
- Forecasted value total
- Explanation how savings are calculated

# **Other Functionalities**

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### Project 4 Blocker

- Problem statement
- Last progress update
- Action plan
- Roadblocks

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8         1         Best tstnc         Standard         In Sourcing Venazuela / La Trinid         12 Marketing Serid         1201 (Conterence           9         1         Best tstnc         Standard         Orintmeths and creams: Cansel         18 Finishe Produ         1811 (Contract M           10         1         Best tstnc         Standard         Orintmeths and creams: Cansel         18 Finishe Produ         1811 (Contract M           11         1         Best tstnc         Standard         Relocation of         products fro         18 Finished Produ         1811 (Contract M           12         1         Best tstnc         Standard         Keim savings based on MOB         18 Finished Produ         1811 (Contract M           12         1         Best tstnc         Standard         Finished Produ         1811 (Contract M           12         1         Best tstnc         Standard         Sourcing Type *         Standard         "W           13         Edition         Standard         *         Best fist non-negotal *         Sourcing Type *         Recurrent           14         Wind         Sub Croup *         Best fist non-negotal *         Standard         *         Recurrent	Best 1st nc Standard OAD in-sourcing 2nd slice slice 18 Finished Produ	1811 (Contract Ma	Project Idea Katharina	1/2012 EUF	R 5800000.0	5800000.0	No
9 1 Best Istinc (Standard Olintmetta and creams: Canash 18 Finished Produ 1811 (Contract 1 10 1 Best Istinc (Standard oulsourcing por 12 Marketing Garu 1201 (Contract 1 11 1 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 12 1 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 18 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 18 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard Relocation of products to 18 Finished Produ 1811 (Contract 1 19 Best Istinc (Standard 18 Finished Produ 18 Finished P	Best 1st nc Standard Ointments and creams: Caneste 18 Finished Produ	1811 (Contract Ma	Project Idea Christian	1/2012 EUF	1582000.0	1582000.0	No
10         1         Best 1stnc         Standard         outsourcing         por         12 Marketing Skrul         1201 (Conferent           11         1         Best 1stnc         Standard         Relocation of         products to         18 Finished Produ         1811 (Contract M           12         1         Best 1stnc         Standard         Kern savings based on MOB         18 Finished Produ         1811 (Contract M           Standard         *         Baseline Type*         Sourcing Type*         Sustainability Type*         Recurrent           2         *         Best 1st nor-negotal *         Standard         *         Recurrent	Best 1st nc Standard In Sourcing Venezuela / La Trinid 12 Marketing Servi	1201 (Conference I	Project Idea Gabriela	1/2012 EUF	1000000.0	1000000.0	No
11     1     Best tstnc     Standard     Relocation of products fro     18 Finished Produ     1811 (Contract M 18 Finished Produ       12     1     Best tstnc     Standard     Kem savings based on MOB     18 Finished Produ     1811 (Contract M 18 Finished Produ       12     1     Best tstnc     Standard     Sourcing Type*     Sourcing Type*     Sourcing Type*       11     1     To main term     *     Best tstnc     Sourcing Type*     Sourcing Type*       11     1     *     Best tstnc     Sourcing Type*     Sourcing Type*     Sourcing Type*       12     *     *     Best tstnc     Sourcing Type*     Sourcing Type*     Legal Enthy*	Best 1st nc Standard Ointments and creams: Caneste 18 Finished Produ	1811 (Contract Ma	Project Idea Christian	1/2012 EUF	900000.0	900000.0	No
12 1 Best 1st nc Standard Kem savings based on MOB 18 Finished Produ 1811 (Contract M Bublid Sub-Group* Baseline Type* Sourcing Type* Sustainability Type* Recurrent Sourcing Area* Sub Category* Material Group* Legal Entity*	Best 1st nc Standard outsourcing por 12 Marketing Servi	1201 (Conference	Project Idea Katharina	10/2011 EUF	1100000.0	1100000.0	No
Sublid         Sub Group*         Baseline Type*         Sourcing Type*         Sustainability Type*           1	Best 1st nc Standard Relocation of products fro 18 Finished Produ	1811 (Contract Ma	Project Idea Gabriela	1/2012 EUF	800000.0	800000.0	No
Studid         Stud Group*         Baseline Type*         Sourcing Type*         Sustainability Type*           1         *         Best 1st non-negotiat         *         Standard         *         Recurrent           Sourcing Area*         Sub Category*         Material Group*         Legal Entity*	Best 1st nc Standard Kern savings based on MOB 18 Finished Produ	1811 (Contract Ma	Project Idea Christian	1/2012 EUF	750000.0	750000.0	No
Best 1st non-negotial +) Standard +) Recurrent Sourcing Area* Sub Category* Material Group* Legal Entity*				Sum: EUF	2		
	Subid Sub Group * Baseline Tune * Sourcing Tune * Suiste	inability Type* Status*		Cunt Loi			
Sourcing Area * Sub Category * Material Group * Legal Entity *			Save				
		Entity* PS Site	* Project Histo	ny			
Core Data Performance Data Benefiting Customer Status Report Attachments	Performance Data Benefiting Customer Status Report Attachments						
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#### Attachments

• Possibility to attach files to a project



## **Project History**



6

## Project history

- Development of project value over project lifetime
- Development of cut-in date over project lifetime

# Cockpit by Quarter



#### Cockpit (Group full year forecast by quarter)

- Project pipeline by project status (closed, active, pipeline, strategy)
- Forecast simulation possible

- Comparison against target (annual plan)
- Forecast history





#### Cockpit (Group full year forecast by region)

- Project pipeline by project status (closed, active, pipeline, strategy) for each region
- Comparison against target (annual plan)
- Forecast history possible

• Forecast simulation possible

Plant / Category	Business Area	Region		Run Rate 2013		Closed 2013	Active 2013	Pipeline 2013	Strategy 2013	FC 2013	FC - AP 2013	Closed in % from AP 20' *	FC in %
Darlington	Automotive	North America	* KEUR	- 80	219	- 39	105	~ 7	<b>▼</b> 326	389	171		2013 -
Bielefeld	Construction	Europe	kEUR	80	330	302	175	1	020	443	113		
Vilan	Distribution	Europe	KEUR	80	60	16	68	0	0	70	10		
St. Petersburg	Construction	Europe	KEUR	80	250	236	23	1	0	255	5	94	
Wuxi	Distribution	Asia	KEUR	80	228	70	69	41	77	219	-9		9
_yon	Distribution	Europe	KEUR	80	150	3	129	46	0	143	-7	2	
Dxford	Construction	Europe	KEUR	80	85	33	20	37	0	79	-6	39	
Foulouse	Aerospace	Europe	KEUR	80	1 650	438	678	471	0	1 358	-292		
Fainan	Distribution	Asia	KEUR	80	125	54	53		1	98	-27		
Barcelona	Construction	Europe	kEUR	80	122	40	2	62	0	91	-31		
Manchester	Automotive	Europe	KEUR	80	376	60	143	74	51	275	-102		
Cordoba	Distribution	South America	KEUR	80	174	100	31	0		125	-50		
Sao Paulo	Aerospace	South America	KEUR	80	826	260	281	61	0	534	-292		6
Rastatt	Automotive	Europe	kEUR	80	50	200	6	0	0	32	-18		
Mulhouse	Automotive	Europe	KEUR	80	650	380	3	40	0	415	-235		
Sterling Heights	Automotive	North America	KEUR	80	1 212	411	401	40	20	748			
Bologna	Distribution	Europe	KEUR	80	650	338	37	0	20	368			
lille	Aerospace	Europe	KEUR	80	970	268	262	8	0	484	-486		
Charlotte	Distribution	North America	KEUR	80	486	200	51				-252		
		Europe	KEUR	80						369	-431		
Chenai	Automotive		KEUR	80						43			
		North America	KEUR	80						234	-296		
		Europe	KEUR	80									
		North America	KEUR	80									
Bordeaux	Aerospace	Europe	kEUR	80	800						-475		
Zaventem		Europe	KEUR	80									
	Aerospace	Europe	KEUR	80	1 150					367			
Benk	Automotive	Europe	KEUR	80						48			
lille	Automotive	Europe	kEUR	80						40			
200	Automotive	Laiopo	REUN	00	13 049	3 672	3 949	1 069	476				

#### Next year forecast report

- Closed projects
- Active projects
- Pipeline projects
- Strategy projects
- Assumed project realization run rate
- Forecast
- Comparison of forecast against annual plan
- Red: plants with forecast > 50% of annual plan target
- Orange: plants with forecast between 51% and 74% of annual plan target
- Yellow: plants with forecast between 75% and 99% of annual plan target
- Green: plants with forecast >= 100% of annual plan target

			nt month, PC = 1	orecasted num	1	hs beyond curre	int month)									Total
Performance Metric	Measure- ment	YTD		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Act+FC
OPERATIONAL EXCELLENCE																
2012 Cost Reductions (closed projects)	inK€	8,089 13,593	Target ACT/FC	1,618	1,618 2,107	1,618	1,618	1,618 2,152	1,618	1,618	1,618	1,618	1,618	1,618	1,618	19,413
2012 Cost Reductions (all projects, open at 80% run rate)	inK€	8,089	Target ACT/FC	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	19,413
2012 Material Inflation	in K €	0 4,377	Target ACT/FC	0 2,964	0	0	0 809	0	0	0	0 992	0	0	0	0	0
2012 Material Net Cost Reductions	in K €	8,089	Target ACT/FC	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	1,618	19,41
2012 Working Capital Improvements (closed projects)	in K €	2,500	Target ACT/FC	500 674	500 220	500 853	500 718	500 1,126	500 905	500	500 57	500 28	500 27	500 94	500 430	6,000
2012 Working Capital Improvements (all projects, open at 80% run rate)	in K €	2,500	Target ACT/FC	500 674	500 220	500 853	500 718	500 1,126	500 927	500	500 389	500 130	500	500 104	500 661	6,000
RISK MITIGATION																
Backup supply (number of closed projects, risk level 3)	Number of projects	0	Target ACT/FC	0	0	0	0	0	0	0	0	0	0	0	217	217
SUPPLIER MANAGEMENT																
Supplier reduction	Number of supplier	708	Target ACT/FC	0	0	236	236	236	236	236	236	237	237	237	259	2,386

#### **KPI** Sheet

- Monthly actuals/ forecast for each KPII
- YTD performance for each KPI
- Full year forecast for each KPI