

Case Study BASF SE

Standardised eSourcing solution helps BASF to be more efficient and save significant costs

Since the beginning of 2001 BASF has been using the e-Sourcing platform myFutura. Previously tender documents had to be exchanged by mail or on disk between purchaser and supplier. However, this was insufficient for more complex business processes. Therefore, various electronic purchasing solutions were introduced. In this context the e-Sourcing solution myFutura was only introduced only for purchases in the building.

However, the people in charge at the BASF Competence Center Global Purchasing were not satisfied. Instead of using various different platforms, they wanted all purchases to use only one product. However, the decision makers were sceptical at first whether such a requirement was realistic at all. Karl May, Manager for Technical Purchasing, is responsible for the purchase of services at BASF AG in Ludwigshafen. "Personally I was convinced that we would not be able to find a provider who could cover all relevant areas," he recalls.

Far-reaching Outsourcing

Apart from the desired unification further criteria were added for example the product had to be recognised in the industry, because only a well-known and well-accepted software would be trusted by all parties for the project to be successful. With this goal in mind BASF also wanted to access the new software solution via Application Service Providing (ASP). Futura Solutions not only provides the platform and the hosting for this solution but is also in charge of the supplier management (user administration). The costs depend on the utilisation of the platform which is most attractive for BASF. This saves costs in the mainte-



nance and development area. "By running the solution via ASP we take a neutral stand and our business partners can be sure that our purchasers cannot manipulate the system to their disadvantage. This creates trust and transparency," explains Karl May, who coordinated the choice of software as project manager.

With the previously mentioned requirements in mind, an interdisciplinary team consisting of IT experts and employees from different purchasing sections started a professional selection process. Intense market research was carried out and the products of over 100 relevant potential providers were tested in terms of effectiveness and quality. Five companies were short-listed and had to provide a presentation and live demonstration to show the effectiveness of their product. Karl May comments: "It was important to us that the presenters could show precise examples from real projects rather than just nice multi-coloured pictures."

"An excellent tool has been created by combining a solid base with expansion stages implemented within the project"

*Karl May, Manager Technical Purchasing
BASF SE*

Futura
Solutions
well
integrated

In June 2003 after two months of evaluation the selection team made a decision in favour of Futura Solutions. Peter Faßnacht, who is in charge of purchasing for the building sector, explains: "We were convinced by the fact that this solution was already working very well for us in the building sector since 2001. Change requests as well as additional requests were accommodated flexibly and quickly. In this way an already good solution was further optimised."

Only a few mouse clicks from tender to auction

Only two months after the decision was made in favour of Futura Solutions the usage of the solution was extended to other purchasing sections. In addition to the existing tender module, BASF acquired the extensive auction module. By using only one tool for all Technical Purchasing Units less administration and training were necessary. The solution is well structured which accelerates the workflow. E.g. a tender can be changed into an auction with only a few mouse clicks.

In addition in the auction module a variety of different types of auction can be selected as well as various settings for specific purchasing organisations. Each purchaser can create and administer their own vendor master. This is ideal to prepare for routine workflows. However, the system also allows for the realisation of complex strategies, which signifies an enormous cost saving.

Potential contractual partners welcome the transparent and traceable decision making process. They can directly influence the bidding decision with an active pricing policy.

Success within the BASF Group

The Futura solution has stood the test in several European countries and is lately also being used in the USA on a daily basis. The purchasing units within the area of Technical Purchasing which are using the system are covering about 50 % of their purchasing volume. Other purchasing units (e.g. packaging, raw materials) are in the process of testing the myFutura solution for their areas of responsibility. The members of the project team agree that "An excellent tool has been created by combining a solid base with expansion stages implemented within the project. We expect it to have great potential in the market place."

Plans for the future include the expansion of additional functionalities, e.g. the integration into SAP and further specific improvements like the international roll-out into the whole BASF Group. Karl May says, "We will do our very best to make sure that the Futura solution is going to be used even more widely within the BASF Group."

BASF SE

BASF is the leading chemical company in the world. The company offers their customers a wide product range, which includes chemicals, plastics, refinement products, pesticides as well as fine chemicals, oil and natural gas. Their distinct networking strategy is their strength. This is how the company achieves a leading position in the market place and advantage in competition. BASF follows the approach of sustainable development. In 2002 BASF had more than 89.000 employees and a turnover of about 32 billion Euros.

The solution at a glance

Significant advantages

Improved efficiency due to continuous digital processes, time saving in the tendering process, cost savings, transparency, flexible configuration

Project duration

Approximately one month to organise internal processes

Utilisation

Approx. 300 purchasers, 1700 suppliers, an average of 152 enquiries per month

Outsourcing services

ASP service provision, multilingual support, data storage for 10 years, SSL, system availability 99,7 %

Special features

No software installation necessary for purchaser or supplier, separate validation of technical and economic contents of offers due to sealed-bid-process



The Chemical Company