

Case Study | Airbus

'Getting e-Procurement right by ensuring data quality from the outset'



Summary

Airbus is the leading manufacturer of commercial and military aircraft. It employs modern IT systems in its operations, one of which covers General (Indirect) Procurement. This system covers engineering subcontracting, on aircraft services, large and sophisticated machinery as well as mainstream commodities like facilities management and indirect goods and services. The total annual spend on this is € 6BN.

As a leading provider of expenditure analysis and classification consultancy, SPS were asked to review the UNSPSC mappings used in core ERP systems and the in-house Harmonised Materials Group (HMG) codes used in SAP R/3.

Business Challenge

Coding and classification are regarded as subsidiary items in most projects and often little thought is given to what structures are best used and how they will work in an operational environment. At Airbus, there were three main challenges on the HMG side. Firstly, because of the broad nature of goods & services procured and the limits of the UNSPSC version (5.03) particularly on services, the HMGs needed to be flexible enough to accommodate all goods & services likely to be procured. The descriptions needed to be understood and comprehensive enough for use in all four countries and sixteen plants where Airbus is based. They also needed to be systematic enough to be mapped to UNSPSC for high volume/low value procurement via e-catalogues.

Data accuracy has always been paramount at Airbus and the re-organisation of their General Procurement operation, plus the need to ensure that the new systems contained accurate information, provided a major opportunity to review the current position. This included a big overhaul of HMG, which changed the number of tier 1 code headings from 99 to 154.

However, they needed to be sure that their mapping to UNSPSC was accurate to a high level of confidence and that potential inaccuracies with descriptions were identified and corrected before going live.

"Because of the complexity, workload and level of expertise required to overcome the third challenge, we decided to call for real expert support"

Stéphane Groves, E-Procurement Manager

"time & quality of the work were key to success so that the new HMG - UNSPSC mapping could allow prompt spend baseline recalculation and confidence in the quality of new spend reports issued by the systems"

Stéphane Groves, E-Procurement Manager

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Once this had been achieved simultaneous implementation was required in several local and corporate systems. Getting it wrong would have created a massive impact on spend baseline reporting, master data, workflows and industrial risk in case there was interruption of ordering.

Cultural change was essential, as Airbus needed to achieve a consensus and support from a team of 300 buyers and around 20,000 internal stakeholders who had dealings with the codes.

The Business Solution

SPS worked with one of its business partners, Southampton based Coding International Ltd, to ensure that this project was delivered on time. Many organisations fail to appreciate that getting the data quality right at the outset can make a major difference, not only to the accuracy of the information that they extract in later years, but also to user confidence in an IT system. *The SPS Practice and Projects Director, Ken Cole, commented "people do not like codes and will invariably pay little attention to ensuring that their records are accurate".*

As well as advising Airbus on potential areas of risk with the mappings, SPS and CIL produced High / Medium / Low confidence limits for the new HMG mappings. This indicated to Airbus the likelihood of inaccurate information being recorded by line users. Working with Airbus, SPS and CIL were able to raise the direct mappings from HMG to UNSPSC from 65% on the first round to 100% at the project completion stage.

Outcome

The work was all completed on time and the new HMGs were introduced within 5 SAP R/3 systems, Corporate E-Procurement & Reporting systems and all master data was updated on schedule by the end of September 2008. Working in partnership with Airbus, the SPS/CIL team ensured that all deadlines were met.



"data quality is fundamental to decision making and the success of any procurement strategy. With SPS's help, we were able to ensure that the significant volumes and value of spend through e-catalogues was correctly allocated to the HMGs. These allocations provide the axis of analysis to decide on drastic supply base reduction and demand management projects"

Stéphane Groves, E-Procurement Manager

In addition, the HMG review project was so successful that there are now discussions about using the Airbus HMG for General Procurement in several EADS business units!

For more information

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