

SUCCESS STORY



BayWa

Inventory Optimization

More Efficient Inventory Management and Less Stress in Day-to-day Work Thanks to Intelligent Software

BayWa AG is a globally active company for innovative and sustainable solutions in the areas of electricity, heating and mobility, agriculture and food, as well as construction and housing.

In order to improve inventory quality, reduce costs, and provide employees with holistic and systematic support, the Group relies on the intelligent inventory planning solution suite ADD*ONE from INFORM in the Building Materials and Agricultural Equipment divisions. In addition to reducing the workload and gaining transparency and more efficient processes, BayWa AG is ideally equipped with the software for times of crisis.

BayWa AG develops innovative solutions and value-adding projects relating to the basic needs of food, energy, and construction. As a global player, the company is active in the Agriculture, Energy, and Building Materials Segments. Headquartered in Munich, BayWa has grown steadily since it was founded in 1923 and is one of the leading international traders in agricultural commodities. The cooperative concept and regional ties that BayWa brings with it from its origins in agricultural trade still characterize the company today. Based on this tradition, the Group has its core markets in southern Germany and Austria. With its core segments and locations, the company is now represented in more than 50 countries and employs around 25,000 people.



BayWa building materials site in Großmehring

About BayWa AG

BayWa AG is a globally active group with the Energy, Agriculture and Building Materials Segments. As a global player with revenues of €27.1 billion in 2022, it develops innovative and sustainable solutions for the basic needs of food, energy and heat, mobility, construction and housing. Around 25,000 employees work for the company in more than 50 countries. The parent company was founded in 1923 and is headquartered in Munich. BayWa AG has its origins in the cooperative agricultural trade with the task of supplying rural areas with everything that agriculture needs.

www.baywa.com/en

Challenges Due to the Changed Market Situation

BayWa AG's various business units present different challenges. They have in common that customer needs are developing rapidly due to changing market situations, new standards, and emerging requirements. *"Our customers' purchasing behavior has changed significantly in recent years,"* explains Nicole Thorwarth, a Supply Chain Management Operations project manager at BayWa AG. *"Seasonal requirements, environmental changes, but also increasing volatility, bottlenecks in the supply chain, and product shortages are numerous topics we must actively deal with. The war in Ukraine and the coronavirus pandemic has, of course, exacerbated the situation,"* says the project manager.

In order to meet these challenges, BayWa is optimizing the inventory planning of the Building Materials and Agricultural Equipment divisions, whose core markets are in southern Germany, with the ADD*ONE solution suite from Aachen-based optimization specialist INFORM. *"Our optimization software is based on mathematical algorithms specially developed for inventory management,"* explains Johannes Wienke, Project Manager in the Inventory & Supply Chain division at INFORM, who played a key role in helping BayWa AG introduce the software. *"The algorithms support the employees by searching for the best and most efficient*

solution from a large number of possible decision options, taking into account all objectives and framework conditions. This works particularly well when the specific framework conditions and dependencies are so complex, as in the various business areas of BayWa AG, that they exceed human intuition."

Challenges

- Fluctuating requirements
- Constantly changing customer needs
- Volatile supply chains and product shortages
- Unmanageable variety of systems
- High manual effort and lack of information transparency
- Overload of existing staff and shortage of skilled workers
- High costs in procurement logistics
- Unrealized potential in the quality of existing inventories
- Complex business processes

High Level of Manual Effort Impairs Processes

Before the software was introduced, many different solutions formed the working basis for the respective teams in both the construction and technology departments, but this severely limited them. *"Everything from Excel lists and SharePoint solutions to in-house developments in the ERP system were the order of the day,"* recalls Thorwarth. *"We were able to determine our requirements with reorder and maximum stock levels, albeit in a very cumbersome way, but there were many transactions in which we had to search for our own users, purchase prices, graduated prices or simply goods movements. This led to a very high level of manual effort in both areas, which severely impaired the efficiency of our work processes,"* says Thorwarth. The decision to use ADD*ONE was based on the need to improve the quality of stock levels and the aim of saving costs, particularly in the area of procurement logistics. In addition, a corresponding solution was to offer employees comprehensive systemic support in view of the shortage of skilled workers.

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Nicole Thorwarth, SCM Project Managerin at BayWa AG

The Construction division began installing the first pilot project back in September 2018, which was then continuously optimized and expanded. Unfortunately, the pandemic interrupted these efforts, and the final go-live did not take place until December 2021. The technology department, on the other hand, was a little luckier: the solution suite was able to go live in 2019 before the pandemic and cover the requirements during the critical period both in the logistics center and in the stores. *"A rollout on this scale is of course much more complex than a simple update of an existing system,"* Thorwarth emphasizes. *"The successive rollout and the different procedures have added to the complexity."* Today, ADD*ONE controls



Nicole Thorwarth has been working at BayWa AG for over 25 years.

As Senior Project Manager SCM Operations, Nicole Thorwarth has extensive experience in project management and has already successfully supported several of her employer's software projects.

the entire warehouse inventory and the complete supply of goods in the central warehouses and over 450 stores in both areas. Particular attention is paid to the stock analysis, which also gives the service sales staff in the local stores a quick overview of their items and makes suggestions as to which items should be added to the warehouse and which should be discontinued.

» **By grouping them into different scheduling categories, such as 'Urgent to order', 'Bring forward', 'Backlog' or 'Overstock', it is now possible for each of our users to recognize the correct planning priorities and work through them in a targeted manner.**

Nicole Thorwarth, SCM Project Manager at BayWa AG



Train and ship loading at BayWa's Agrar site in the port of Bamberg

By switching to working with the optimization software, the company was able to drastically reduce its workload and significantly relieve its employees. According to the principle of "management by exception", the individual dispatchers can now only concentrate on the items that really require action. BayWa AG has also been able to make its inventory quality much more transparent: *"By grouping items into different planning categories, such as 'Urgent to order,' 'Schedule earlier,' 'Backlog,' or 'Excessive stock,' it is now possible for each of our users to identify the right planning priorities and work through them in a targeted manner,"* says the project manager happily. *"In the event of bottlenecks on the supplier side, we can also make very good use of our internal network and, with the appropriate feature of 'cross-plant article information,' we can always be ready to deliver internally because we can easily make use of our large network."*

Valuable Support in Times of Crisis

"More resilient supply chains work by building up stock buffers and good demand planning, among other things," says Thorwarth, *"We've managed to do this well*

with ADD*ONE, even during the pandemic. It wasn't just the food industry that was hoarding; our customers also started to stock up again." With the solution suite, the BayWa AG team was able to plan demand in good time and with foresight and place the identified requirements with suppliers in good time.



BayWa open-air warehouse for building materials in Großwallstadt

In addition to the specialized software solution, the cooperation with INFORM is also of great importance to BayWa AG: *"The cooperation with INFORM was always on an equal footing. No matter which employee we had contact with, we always had the feeling that everyone knew what needed to be done and also knew BayWa's special requirements,"* says the project manager. *"One of the biggest challenges was, of course, mapping BayWa's extensive business processes. Despite the different industries, which have many similarities but also many differences, INFORM always succeeded in this and we found a common solution for all challenges,"* summarizes Thorwarth. Project manager Wienke adds: *"The close exchange with our customers about their specific requirements also helps us to continuously develop our solutions. For example, we were able to support BayWa with a customer-specific extension of ADD*ONE for stock-level analysis and collective orders."*

In the future, BayWa AG would also like to extend the use of the software to the agricultural sector. The corresponding plans have already been implemented, so that support from INFORM will also start here. In addition, the Group plans to switch to the ERP software SAP S/4HANA, to which ADD*ONE can be easily connected via specialized and certified interfaces, so that seamless integration continues to be guaranteed.

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Johannes Wienke, Project Manager Inventory & Supply Chain at INFORM



Johannes Wienke has been working in the Inventory & Supply Chain department at INFORM for over 25 years.

In addition to BayWa, Johannes Wienke advises and supports well-known customers such as ASWO, Angst+Pfister and Bosch Thermotechnology in optimizing their supply chain processes.

Achievements

- Significantly reduced workload and stress
- More freedom for strategic work and handling special cases
- Simplified and more transparent planning
- Improved collaboration within the company network and with suppliers
- Increased security of supply thanks to optimum inventory quality
- More planning security



If you would like to know more, we look forward to hearing from you:

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