

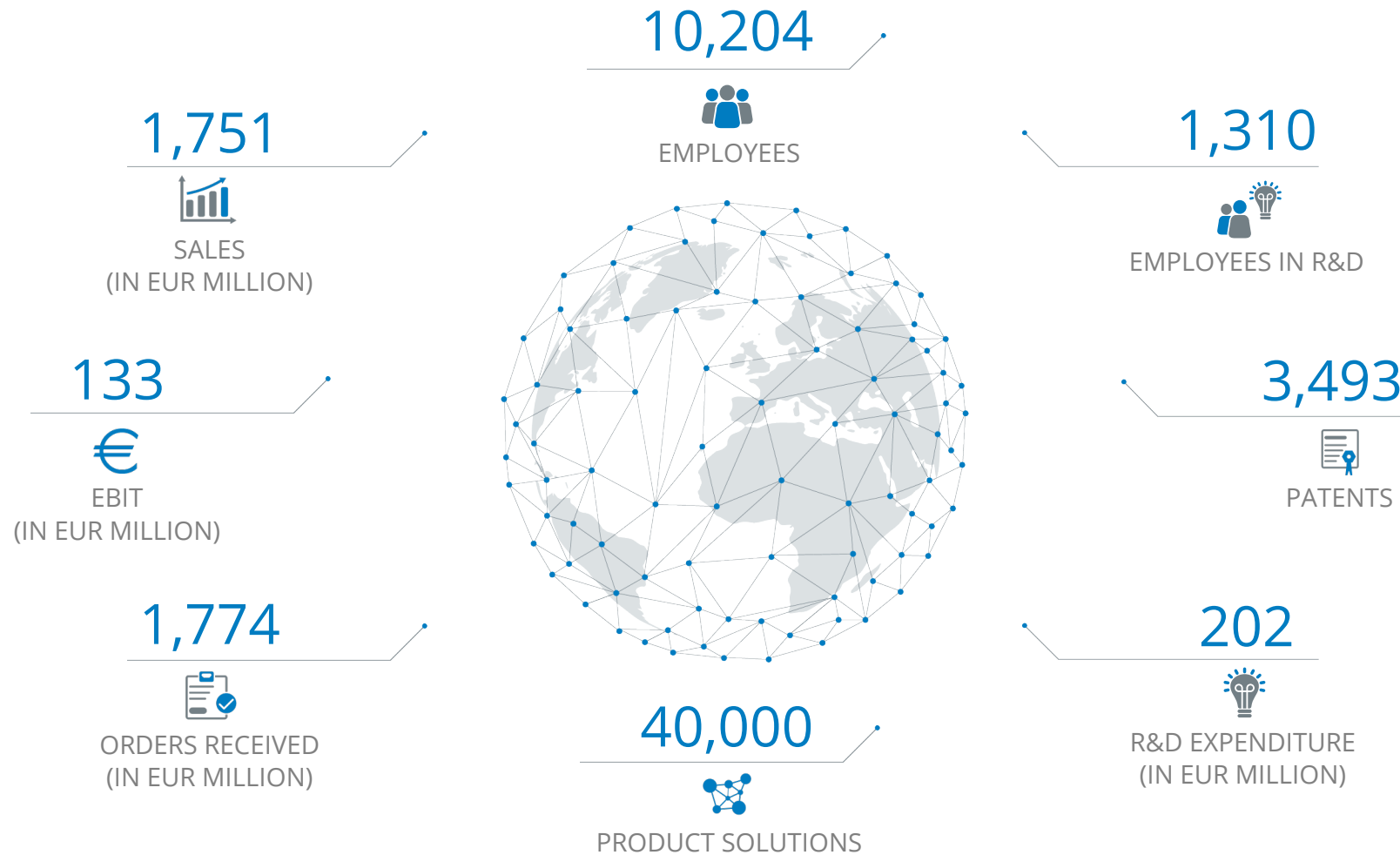
COVID 19 – First lessons from the pandemic

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SICK at a glance

Key figures (fiscal year 2019)





Challenges

Starting February 2020 – Corona all of a sudden changes the world.

Sick had to deal with the same challenges as other global companies.

- 1. Country border wait times**
- 2. Customers in quarantine, shipments returned and orders decreased.**
- 3. Lack of freight capacity due to locked airplanes/vessels**
- 4. Dramatically reduced availability of transportation capabilities to Asia**
- 5. Lack of End-to-End real time supply chain visibility including inventory levels**
- 6. Lock down of production capacities**
- 7. Recovery of the economy in China stressed the supply chains from our product centers to the customer**
- 8. Balancing of the global inventories**

Supply chains into the markets , to the production sites and to the customers were under pressure and there was a danger that individual chains could break and we could no longer supply the customer.

Our answers to the challenges

Stability of the value chain

- **Manually organized “Control Tower” based on a harmonized ERP platform**
- **Regional Fulfillment Centers in our main markets (EMEA, Asia and North-America). Short /Direct shipments to the customers out of a hub.**
- **Using the visibility of our digitalized internal supply chains (Digital twin / Track&Trace) within the first product center in Germany (status : PoC)**
- **Critical products and suppliers (internal/external) identified, in order to pursue a second sourcing strategy if necessary**
- **Task force with purchasing, logistics, scheduling formed for close international coordination, scenarios played out (e.g. direct delivery from plants instead of going via DC)**
- **Changeover of deliveries to rail (Europe → Asia)**
- **Close collaboration with carriers for better visibility of the shipments**
- **Inventory in regional DCs (Hubs) increased in order to be able to deliver in the regions (e.g. Asia). Overstocks can now be accommodated in other NLs where there is demand.**
- **Shortened the supply chains to the market places by using the global manufacturing network of our suppliers/product center**

First Learnings out of the COVID 19 situation

Our requirements

- **Further rollout of the digitalization (Track&Trace) of the Supply chain within the Intralogistic in the product center**
- **High volatility in demand due to fast changes needs an automated end-to-end visibility in the supply chain → more flexibility in the supply chain needed**
- **Current processes are built for steady growth, no chance to react in due time / takes too long**
- **Local optimization vs. global optimization within the supply chain**
- **Trough the introduction of Hub concept we need more inventory steering competences to avoid double stock**
- **New possibilities due to the globally harmonized ERP system SAP**
- **Unused market information and trends as well as internal sales information (opportunities)**
- **Program planning (what needs to be produced volume wise) based on historical data**
- **Needed integrated supply chain business planning tool**

Thank you for your attention!

Sick AG

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