



Country: Global
Industry: ERP

Web: www.sap.com

CASE STUDY

Molex Drives Intelligent Supply Chain Collaboration Through SAP Business Network

Real-Time Supply Chain Visibility Unites Global Community of Suppliers and Buyers to Yield Significant Improvements in Operational Agility, Transparency and Resiliency

CHALLENGES

- Legacy supplier portal required time-consuming manual entry of purchase orders
- PO collaboration process was laborious, requiring emails to 900+ supplier email addresses
- Limited visibility across global supply chain hampered responses to supply chain changes and disruptions with agility and speed

SOLUTION

- Molex enlisted SAP Business Network to digitize and standardize supplier information about purchase orders, inventory, quality and invoices

- Steering committee, KPIs and native-language YouTube-style videos drove global deployment of 900 suppliers responsible for delivering 70,000 parts each year

BENEFITS

- Within 18 months, \$1 billion in transaction volume completed on SAP Business Network
- Over 90% of POs confirmed through SAP Business Network in a third of the time required previously
- Major productivity gains deliver tangible business value from increased assurance of supply and timely, accurate “clear to build,” which empowers customers to meet commitments



Navigating global supply chains is a complex undertaking. It requires a careful balance of on-time, on-budget performance, as well as unwavering rigor to anticipate and respond to market volatility and variability. As a leading developer and supplier of innovative connectivity solutions found in cutting-edge products across major industry sectors, Molex has built a global supply chain that orchestrates the efforts of 900 suppliers and transfer of 70,000 parts and components all over the world.

A long-standing collaboration with SAP, anchored by its world-class ERP solution, helps fuel Molex's global operations. In addition, SAP Business Network for Supply Chain and SAP's global team of supply chain experts have taken on a more prominent role with Molex over the past eight years to address increasingly important procurement and supply chain issues.

"SAP Business Network is the conduit for connecting Molex's back-end ERP system to their external trading partners," says Matt Tichelaar, Director, SAP Business Network. "This allows Molex to digitally collaborate with suppliers, contract manufacturers and external service providers while building an essential bridge that keeps their global supply chain in sync."

MOVING FROM TACTICAL TO INTELLIGENT COLLABORATION

Approximately two years ago, Molex decided to double down on its digital supplier strategy by replacing a legacy supplier portal with foundational technology capable of connecting buyers and suppliers more effectively. To support this endeavor, Molex tapped SAP Business Network to help automate and standardize processes across its global supplier community.

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Director, SAP Business Network*

"We wanted to move beyond the tactical side of collaboration and build an intelligent tool — not just passing information back and forth, but bringing intelligence into our collaboration," explains Tony Gainsford, Director, Supply Chain, Molex. "The project has been a great success, exceeding initial expectations."

Specifically, Molex had outgrown its previous supplier portal and wanted to digitize supplier transactions and interactions as part of the company's multi-year, end-to-end digital transformation journey. "We buy more than 70,000 parts from suppliers all over the world every year," Gainsford says. "There are many different categories and ways to buy parts because you don't buy resin the same way you buy metal or electronics."

Molex sought to deliver more timely and accurate information about purchase orders, inventory, quality defects and invoices. Additionally, the team wanted to increase its ability to move quickly and decisively in mitigating business risks when confronted with unplanned supply-chain disruptions. Greater transparency into supplier commitments to demand plans, along with real-time visibility into critical inventory levels were also highly sought after.

Seamless digital connections between buyers and suppliers are crucial to improving assurance of supply as it confirms the quantity and delivery schedules for all necessary parts and components. This information, in turn, facilitates accurate "clear to build" directives, which essentially give operations and customer service the go-ahead to move forward with production timelines to meet end-customer commitments. Together, Molex and SAP Business Network rose to the challenge of closing the loop from purchase orders to invoices by breaking down business barriers and complexities that impacted near real-time communications with direct material suppliers.

DEPLOY GLOBALLY, CONNECT LOCALLY

To unite project stakeholders, Molex established Key Performance Indicators (KPIs) and created a steering committee comprising supply chain leaders across the organization. The team met monthly during each deployment phase to hear status updates, as well as strategize on how best to remove any impediments to success. Visionary leadership, including strong support from Molex's Chief Supply Chain Officer, along with others across the organization, created excitement and momentum for the project.

Deliverables were separated into workstreams, starting with discrete purchase orders, including consignments, stock and subcontracting. Molex selected Asia as its first geographic area for the rollout since the region contains a significant portion of the company's supply chain. "We were laser focused on onboarding suppliers, and brought an agile, interactive approach to learning," recalls Gainsford. Instead of creating reams of training materials, Molex generated short, native-language videos as part of its curriculum for buyers and suppliers. A digital scorecard was used to quickly identify and resolve potential problems and acceptance barriers.

"The SAP team has been inspired by Molex's pragmatic approach to this project, as well as their supplier onboarding program," adds Tichelaar. "They used state-of-the-art, YouTube-style videos in multiple languages in an organized curriculum where they could track progress. It's a model other companies can emulate."

A BETTER WAY TO CONNECT, TRANSACTION AND PARTNER

Molex successfully onboarded 900 suppliers, resulting in more than \$1 billion in transaction volume taking place on SAP Business Network within 18 months of deployment. Now, suppliers can easily access the portal while large-volume B2B suppliers benefit from a wide array of digital connection approaches to access vital purchase order information.

The ability to confirm purchase orders quickly and easily through SAP Business Network has received a welcome boost, as over 90% of all purchase orders are now confirmed through the system. This is a big improvement over the previous portal, which included a lot of manual entry, resulting in a 30% confirmation rate. Most important, the average turnaround time to complete confirmations has been slashed by a third while the number of PO confirmation changes has been reduced dramatically.

Moreover, using this new portal means less than 10% of buyers still need to confirm POs on behalf of suppliers, which represents a substantial decrease. Typically, more than 80% of buyers who used the legacy portal needed to intervene and confirm POs on behalf of suppliers. Overall, the number and frequency of PO confirmation changes also have been reduced.

"Molex has seen significant improvements in supplier order confirmation rates and advance ship notice adherence," Tichelaar adds. "The company also is driving tangible business value from increased consignment inventory, better resource productivity and improved on-time delivery."

To realize additional business benefits from SAP Business Network, Molex recently completed a pilot on scheduling agreements and now is exploring the addition of multi-tier POs, return POs and supply forecasting capabilities. These additional enhancements are part of the company's roadmap to further automate, standardize and consolidate key supply chain activities around the world.

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FOSTERING A RELATIONSHIP OF MUTUAL BENEFIT

Throughout this project, Molex continually has looked for ways to finetune interactions with suppliers while working closely with members of the SAP Business Network to keep elevating user experiences. “Molex helped us co-innovate on collaborative processes, with the PO reconfirmation process being the standout,” says Tichelaar. “Now Molex has a way to synchronize all changes that occur within the supply chain, and that is really important, especially in a high-tech supply chain like Molex’s.”

The impetus behind the reconfirmation process stemmed from recurring situations where, based on fluctuating demand or shifting production timelines, material requirements either were pushed out or canceled. As a result, a reconfirmation process was needed to ensure order accuracy and supply continuity amidst these many

changes. Together, SAP and Molex worked on adding this functionality to quickly address the impact of capacity and lead-time challenges.

SAP is also adding new functionality that supports EDI 865 to allow confirmation of changes to an original purchase order placed with trading partners. With this addition, B2B suppliers will enable the confirmation of quantity, date and price changes, as well as new item adds and deletions.



“We’ve co-developed a number of significant enhancements to SAP Business Network through listening to, and learning from, each other as we’ve moved along,” notes Gainsford.

“We lean in and help SAP — and they lean in and help us. It’s a relationship of mutual benefit.”

To gauge satisfaction with the overall project deployment and ultimate user experience while informing the future development roadmap, Molex conducted an extensive supplier survey and shared feedback with the SAP Business Network team. “This was the most comprehensive supplier feedback study on supply chain collaboration that we’ve seen,” Tichelaar comments. “Molex shared the results with us to help foster a dialogue on how we can improve the supplier experience.”

For Molex, the overarching value driven through SAP Business Network is based on the real-time, transparent connection between buyers and sellers. “We’ve moved more than \$1 billion across SAP Business Network, and we absolutely did not think we would get to that point as quickly as we have,” concludes Gainsford. “But a great team and a great effort brings it all together — suppliers are on time, we are on time, and we deliver to our customers on time, so they can run their production lines on time and meet their commitments.”

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