

## Siemens Supply Chain Management to Eliminate the Buffers of Inventory That Exists Between Originations in Chains through the Sharing of Information on Demand and Current Stock Levels

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### Abstract

### Original Research Article

**Objective:** The major objectives of Siemens supply chain management to eliminate the buffers of inventory that exists between originations in chain through the sharing of information on demand and current stock levels. **Method:** As this research was exploratory in nature, the report has been written based on both the primary as well as the secondary form of information. **Result:** Siemens healthcare Limited has a small number of suppliers. Their responsibility is to only fulfill the local needs on behave to Siemens healthcare Limited to clients. With or without their help, Siemens healthcare Limited put them identify on their client mind by their own afford. **Conclusion:** The supply chain at Siemens healthcare diagnostics in Bangladesh is an integral link between the suppliers in Germany and customers in Bangladesh. The approach adopted to cater the demands of customers on a global scale is very effective since a global intranet of Siemens enable real time communication between suppliers and SMEL H DX. The information management systems used at Siemens Healthcare Limited are high-end applications software like SAP, Microsoft Outlook, SHOT (Siemens Healthcare on Target) which determine the profitability of the orders that customers place and can provide the estimated profit margin from each deal of the company. This ensures the end-to-end visibility of the supply chain thus ensuring the company retains a competitive growth rate with high levels of customer satisfaction.

**Keywords:** Supply chain, company, diagnostic, business service.

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## INTRODUCTION

This report describes Strategic Supply Chain Management with an intensive focus on the supply chain activities of the company “Siemens Healthcare Limited” Bangladesh [5].

As described at the Siemens Intranet for employees, “Supply Chain Management at Siemens is focused on making a substantial and lasting contribution to the success of our business activities. The primary goal of all Supply Chain Management activities is to ensure the availability and quality of the materials required to serve our customers. In order to achieve this goal, we require a globally balanced, locally anchored and close network with our supplier base, a well-conceived cross-functional approach for optimal exploitation of the innovativeness of our suppliers, and a clear focus on global functional excellence in implementation. We also believe that recruiting and developing the best and most capable

employees is a fundamental prerequisite for excelling in these areas” [6].

Siemens healthcare Limited Bangladesh is a business-to-business firm that provides healthcare solutions including Laboratory reagents, instruments and spare parts to customers in Bangladesh for identifying infections of Cancer, HIV and other deadly diseases. The current supply chain’s strengths, weaknesses, opportunities and threats have been described, the future strategic supply chain management values are also described based on input from several resources such as the head of operations, logistics co-coordinators and logistics assistants working in the supply chain management-logistics department of Siemens healthcare Limited, Bangladesh [7].

This report is focused on the Healthcare sector with specific information regarding the Strategic Supply chain management of ‘Siemens Healthcare Limited’

working under Siemens HealthCare Limited, Bangladesh.

The subject matter of this report includes introduction to the Supply chain management function in general, and precisely that of Siemens Healthcare Limited as it is operating currently and the strategic future vision for the supply chain management of Siemens HealthCare Limited, Bangladesh [6].

## Background

Siemens AG, one of the most successful global powerhouses in the field of electronics and electrical engineering, was founded by Werner Von Siemens and George Halske in 1847. Even though it began as a telegraph manufacturing company, it evolved with time and enhanced its business reach in almost all the sectors of electronics and electrical engineering. Since then, they have been playing a significant role in its overall development [1]. Today, Siemens AG is one of the largest companies in the world. With over 405,000 employees, they have successfully spread their business in more than 190 countries, and approximately 500 manufacturing sites in 51 countries (Siemens Asia 2012) [2].

Siemens entered Bangladesh in 1956 and it was incorporated in the country as a private limited company in 1974. Since then, Siemens Bangladesh Limited (SBL) has established itself as a leader in the communications, transportation, medical equipment, power generation & distribution, information technology, lighting and photovoltaic sectors of the electrical and electronics market.

And among all their sectors, the 'Healthcare Sector' is the one that gave this country a strong brand value in the field of medical IT and solutions (Siemens Bangladesh 2012) [2].

Siemens Healthcare Limited is one of the top providers of medical equipment, IT service and solutions that are influential to a new age of improved patient diagnosis & care around Bangladesh. Their expertise in medical technology plays a vital role for the welfare of the patients in both private and public hospitals. Their adequate range of imaging products and solutions has enabled the country's doctor to treat their patient in a better, secure, and more reliable way. Siemens Healthcare Limited vision is to facilitate a sustainable business growth and 95% uptime service in the medical field. They have foreign trained engineers, excellent service center with modern infrastructure such as spares parts bank, electronic and mechanical workshop, computer support etc. With an efficient model of customer care, earlier diagnosis, pre-symptomatic monitoring, detection and problem prevention – Siemens Healthcare Limited has become the country's technology of choice. In Fiscal 2011 (October 1, 2010 – September 30, 2011), their

Healthcare Sector won its biggest order for the Bangladesh market to date, which was worth EUR 5 million [3].

## OBJECTIVE

### Broad Objective

The major objectives of Siemens supply chain management is to reduce or eliminate the buffers of inventory that exists between originations in chain though the sharing of information on demand and current stock levels.

### Specific Objectives

- To identify the supply chain activities on behalf of Siemens Health Care Limited.
- To understand the sequential process of Sales Business (Own & Commission) and Service Business of Siemens Healthcare Limited.
- To understand how the efficient practice of the functional business process can affect the higher performance of Siemens Healthcare Limited.
- To recommend some possible solution to solve the problem of Siemens Health Care Limited.

## METHOD

### Data collection

As this research was exploratory in nature, the report has been written based on both the primary as well as the secondary form of information. The details of these sources are highlighted below:

### Primary Sources

Primary data were the collected directly from the officials. I have discussed the aspect of the relative supply chain activities to the related executive official and used their responses as primary data. Also I am having an internship in that organization for three long period of time in the commercial department. This department control all the supply chain activities. My working experience is also a source of my primary data in this report.

### Secondary Sources

The secondary data were, company's yearly business review report, marketing report, annual budget, in-house training material, company manual, internal meeting minute, text book and information from internet etc.

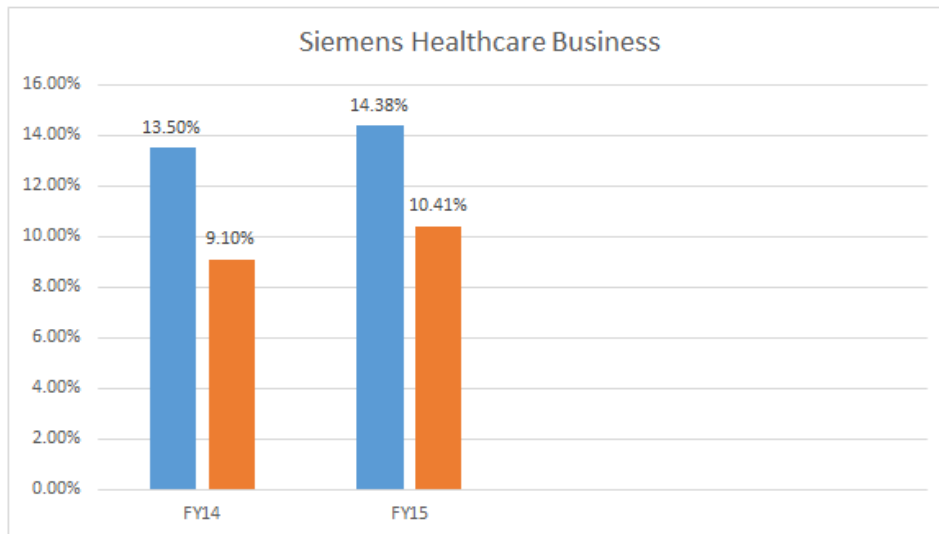
## RESEARCH DESIGN AND PHILOSOPHY

The research is designed in such a way that the reader of this can easily get an idea of the entire message of the report very easily. Here the data that are used to complete the research are collected from the both primary and secondary source. There only qualitative data is used to climb the stair of the decision because of the nature of the subject itself. The research philosophy followed here is pragmatism philosophy. Pragmatism is a rejection of the idea that the function of thought is to describe, represent, or mirror reality.

Instead, pragmatists develop their philosophy around the idea that the function of thought is as an instrument or tool for prediction, action, and problem solving. Pragmatists contend that most philosophical topics. Such as the nature of knowledge, language, concepts, meaning, belief, and science, are all best viewed in terms of their practical uses and successes rather than in terms of representative accuracy.

## RESULTS

Siemens healthcare Limited is a multinational company [1]. By working in this company, it gives a valuable insight as to where improvements are necessary in their overall supply chain structure. There is no doubt about their performance, product quality and their service which is first preference. After collecting the opinion through the survey and interview, there is some mismatch in the supply chain management process but that do not happen always, it basically occurs when they get order for big price range equipment.



**Fig-1: Siemens healthcare AG restructuring**

From the above discussion, there are still some other issues arise. Based on that some following recommendations can be made to improve their operational structure:

### Positive Site

Siemens healthcare Limited has a small number of suppliers. Their responsibility is to only fulfill the local needs on behave to Siemens healthcare Limited to clients. With or without their help, Siemens healthcare Limited put them identify on their client mind by their own afford: [3].

- Siemens healthcare Limited is loyal to their clients. They always do regular business with their actual client. (ex: Ibn Sina Hospital). And they also keep their loyalty to Siemens healthcare Limited.
- They provide world class quality medical product and great service for maintaining the equipment.

### Negative Site

- Many of the clients are dissatisfied about the price that Siemens is offering because they are expensive compared to their competitors especially in X-Ray, MRI, CT-scan, MI machine.
- List amount of clients are dissatisfied about their warranty period.

- Though they operate their supply process by their own that creates a boundary which sometimes raises difficulties to fulfill their clients demand.
- They don't involve any promotional activities that they loss their popularity among new clients.
- Without the help of the intermediate they always bound to communicate directly with their clients which some time difficult to handle for them.
- They need to increase the number of employee whose work in to observe the market frequently and inform them regarding the situation.

### Finding through the survey questionnaire

Siemens HealthCare Limited has their key client ex: Ibn Sin, Popular Diagnostic, Apollo Hospitals and many others Private and Government Hospitals. They provide their sales and services through their own terms and conditions also getting tender and purchase order. Siemens HealthCare Limited has a set of different vendor and local supplier for their required products. They are certified based on their quality of the product and services. They ensure zero tolerance of any compliances, Siemens HealthCare Limited frequently interacts with clients to set its reliability, responsiveness, and others services [2]. They have online survey portal for customer satisfaction. Siemens HealthCare Limited target yearly to improve Supply

Chain Management. Through online they understand client's needs. They have a good number of vendors for critical parts to overcome the breakdown. To use ERP and SAP software they control their supply chain activities as well as establish process of managing key accounts and emphasis on order fulfillment for their key clients. Siemens HealthCare Limited convey their clients time to time regarding the shipment so that

customers know everything. But some customers are good and some are not up to the marks. By creating new ways, digitalization, clean ways, reducing wastage method, authorization and paperless, they can improve their value in their customer's mind [7].

### Personal overview

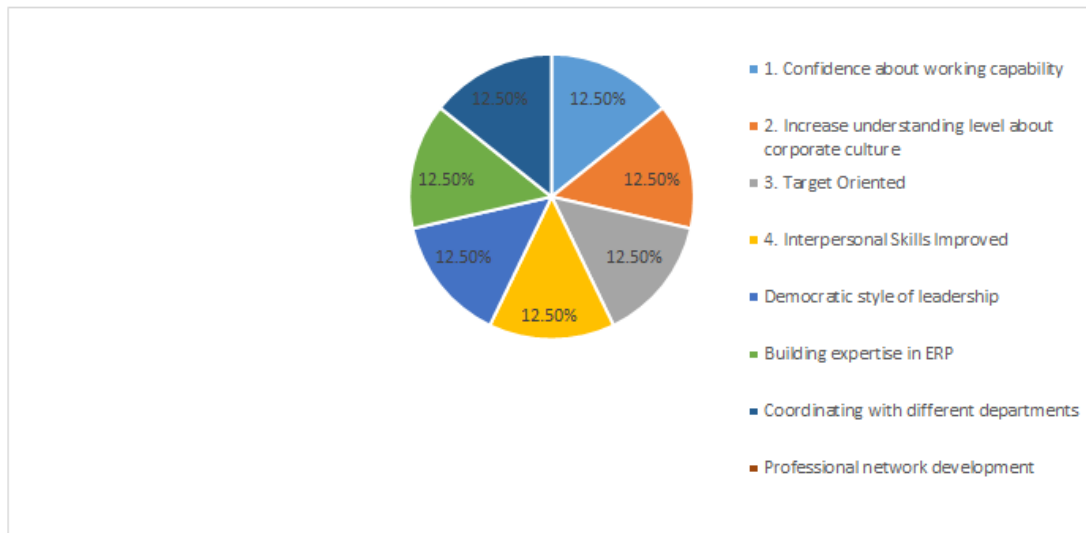


Fig-2: Sales

### Personal Overview

1. Confidence about working capability: Being a new entrant in the corporate sector, my confidence about the work or task has developed, what is given to me is reliably and consistently done by me. And for any kind of related task, I am capable to do it confidently.
2. Increase understanding level about corporate culture: As a part of corporate world now I can easily understand what to do, what I should not to do in a corporate culture. This means I am now able to understand the environment very well.
3. Target Oriented: Every year my senior or supervisor officials are setting the individual and group target. And I have become very much target oriented from the internship program.
4. Interpersonal Skills Improved: After joining in a corporate world my interpersonal skills have improved. Like, the way to handle vendor, communicate with customers, negotiation with bank and vendors etc.
5. Democratic style of leadership: As a student of Jahangirnagar University, it is my aim be a leader in any position. But it has improved while I have joined in the corporate world. I have cultured how to listen to what others has to say.
6. Building expertise in ERP: After joining in Siemens Healthcare Limited I have an opportunity to learn to work in ERP tools Called SAP. Which is not only used by our country but also all over the world and it has high demand.
7. Coordinating with different departments: As I already said that, they have 3 departments and I have always worked with all departments. That is how I learned to coordinate with the tasks and officials from different departments.
8. Professional network development: I learned how to develop professional network. Developing Interpersonal communication skills is an effective way to establish business relations that will help the fresh graduates to start their professional career.

### DISCUSSION

Siemens Healthcare Limited has a great potential in the world as a leading global brand. To achieve the desired position in the market, improvement in many divisions is essential. As the necessity and awareness of medical healthcare is increasing day by day, more hospitals, clinics and diagnostic centers are growing rapidly [1]. These results in Siemens Medical share in the market, which means the duties and responsibilities of Siemens Medical Solutions to the customers and society, are also increasing. Though the prices of Siemens' medical equipment's are higher than others, still it has the highest market share of medical equipment's and energy plants. So all the concern departments like corporate as well as sales and commercial departments should be more promote and efficient to compete with the challenging opportunities of the future forward.

From the analyze perception, there are some areas where Siemens healthcare Limited can improve their operation and performance [3].

- Siemens healthcare Limited has less promotion activities than rest of the Siemens AG group. They should increase advertising expenditure more than before.
- In Bangladesh Siemens healthcare Limited should establish a factory to produce some of their low cost machine because every machine of Siemens healthcare Limited sells in Bangladesh are imported from the other factories or warehouse in the world
- There is no repair workshop of damaged spare parts of the machine in Bangladesh. All damaged spares are exported to Germany or USA for repairing. Establishing a workshop will reduce this cost and improve the job experience of the engineers in Bangladesh.
- Siemens healthcare Limited has some code name of their equipment like: Somatom go. up, Somatom go.now, Somatom definition edge, Somatom sensation etc. which create confusion among general knowledge of people. So, if they explain the meaning of that, that could be easily understand by other.

## CONCLUSION

The supply chain at Siemens healthcare diagnostics in Bangladesh is an integral link between the suppliers in Germany and customers in Bangladesh. The approach adopted to cater the demands of customers on a global scale is very effective since a global intranet of Siemens enable real time communication between suppliers and SMEL H DX. The information management systems used at Siemens Healthcare Limited are high-end applications software like SAP, Microsoft Outlook, SHOT (Siemens Healthcare on Target) which determine the profitability of the orders that customers place and can provide the estimated profit margin from each deal of the company.

This ensures the end-to-end visibility of the supply chain thus ensuring the company retains a competitive growth rate with high levels of customer satisfaction [6].

In short, Siemens is gaining bigger and better tenders in Bangladesh in terms of healthcare Limited providing Siemens with growth opportunities.

Siemens considers the supply chain as an integral asset and thus has invested millions of Dollars to ensure the supreme quality of processes, activities and strategies to be adopted in order to enable the supply chain personnel for best practices implementation [5].

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