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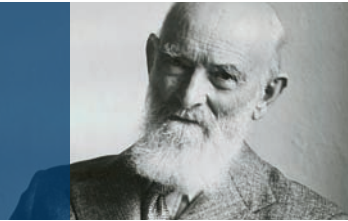
Introducing the new
Bosch **Automotive Purchasing**



BOSCH
Invented for life

“None of us should be satisfied with what they have achieved, but should always endeavor to get better.”

Robert Bosch



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Improving **Competitiveness**

The Bosch group has been creating solutions for 125 years – solutions invented for life at the leading edge of technology. We are continuously striving for positive innovation and improvement for our business partners and our company. This is at the heart of our success – globally.

In order to optimize global supply chain performance we have initiated one of the largest change projects in the Bosch group history. We will merge the purchasing activities of the automotive divisions to form one Automotive Purchasing organization starting in July 2011. This will create a homogeneous structure to optimize purchasing processes for Bosch as well as for our suppliers. Furthermore it will be the basis for significant quality improvements towards our target of zero defects.

In this brochure we will provide you preliminary information about the changes and the benefits for us and our worldwide supply base.

Management Board of Corporate Sector Purchasing and Logistics



Dr. Karl Nowak (CP/P)
President Corporate Sector
Purchasing and Logistics



Albin Ettle (CP/EA)
Executive Vice President
Global Purchasing Automotive



Joerg Mimmel (CP/EI)
Executive Vice President
Global Purchasing Indirect and
Raw Materials and Supplier Quality

Aligned to **Powerful Principles**

Aiming to enhance optimum performance in the global supply chain, we will merge purchasing activities in the automotive divisions to form one Automotive Purchasing organization starting in July 2011. The new Automotive Purchasing Organization will ensure enhanced processes and facilitate smoother operation overall for Bosch and for our suppliers. We have four major focus areas:



One Face to the Supplier

“One face to the supplier” is a central element of the new Automotive Purchasing organization, to gain advantages for both Bosch and our suppliers. Redundant visits, unclear responsibilities or contradictory requirements are always waste. The complexity of interfaces will be reduced and there will be only one point of contact for commercial as well as for technical issues for the supplier. This will happen by merging divisional commodity purchasing functions into one Automotive Purchasing organization structured into material fields and located in regional centers.



Clear Responsibilities

In general there will be one decision maker in commercial and technical meetings and a reduction of contact persons for suppliers in order to clearly represent Bosch interests. During the final negotiation phase the clear separation of responsibilities between project management purchasing and material field purchasing is an essential element of the new Automotive Purchasing. The Material Field Purchasing organization will have the sole responsibility for awarding business.



Merging divisional commodity purchasing functions to reduce complexity within the purchasing organization and enable high efficiency.



Linking Business

We will cross-divisionally link awarding new business with series production more intensively to make full use of existing potentials and provide new business opportunities to our suppliers. Good performance in current business will be positively considered in new business awards.



Increased Competition

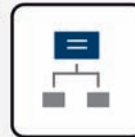
We will have at least two qualified suppliers available at the time of the awarding decision. Our preferred suppliers have the possibility to take part in projects worldwide.

Four Powerful Principles

One Face to the Supplier



Clear Responsibilities



Linking Business



Increased Competition



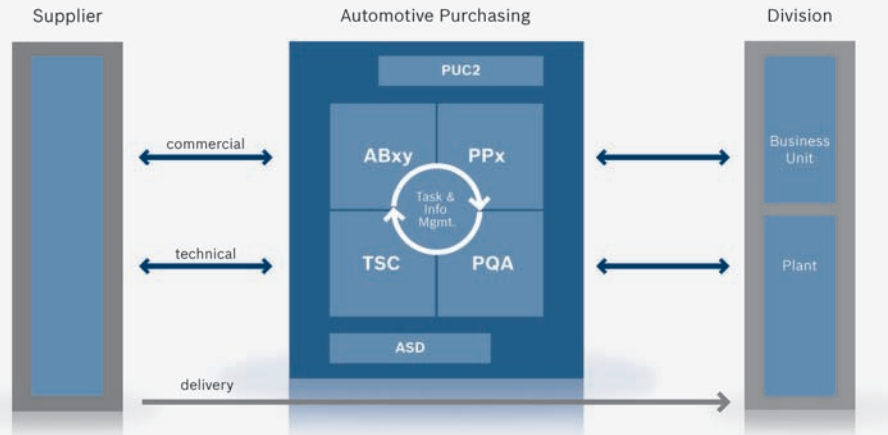
The new **Automotive Purchasing Organization**

We aim to implement our supplier and material field strategies consistently across the business sector. The number of contact points to the suppliers will be reduced, creating better and more efficient communication. In addition, we will standardize processes for our purchasing activities. Newly designed functions will contribute to better interaction between Bosch and our suppliers.

The Roles of the new Automotive Purchasing Organization

The new purchasing functions reduce complexity of purchasing external interfaces and ensure optimum performance:

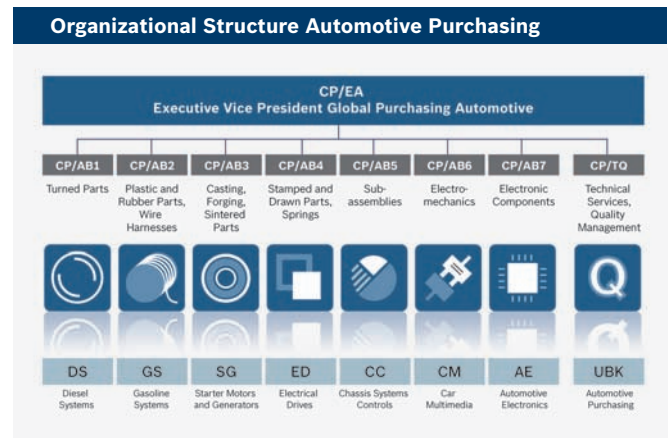
- ▶ Material Field Purchasing: ABxy
- ▶ Project Management Purchasing: PPx
- ▶ Technical Service Center: TSC
- ▶ Plant Quality Automotive: PQA
- ▶ Automotive Supplier Development: ASD
- ▶ Purchasing Controlling: PUC



Alignment to Material Fields and Divisions

Our main objectives are consistent implementation of our supplier and material field strategies across the business sector, significant reduction of interfaces to our suppliers, more competition by means of innovative purchasing methods and further improved quality of supplied parts.

These objectives can only be achieved by a fundamental reorganization leading to the new Automotive Purchasing with changed functions and harmonized processes. All purchasing units so far assigned to the divisions AE, CC, CM, DS, ED, GS and SG will be assigned to the Bosch Corporate Sector Purchasing and Logistics (CP). The new Automotive Purchasing organization is structured into seven material fields, lead by CP/ABx and the quality management organization, lead by CP/TQ. Each CP/ABx has a dual function – the global coordination of a material field for the automotive sector as well as the responsibility for purchasing in one dedicated division. This will be globally deployed by the market-oriented Material Field Purchasing (ABxy) and the



product-oriented Project Management Purchasing (PPx). The organization of CP/TQ also covers internal and external interfaces with different functions. Plant Quality Automotive (PQA) will ensure close connection to Bosch production sites. Technical Service Center (TSC) and Automotive Supplier Development (ASD) will closely cooperate with our suppliers.

Material Field Purchasing

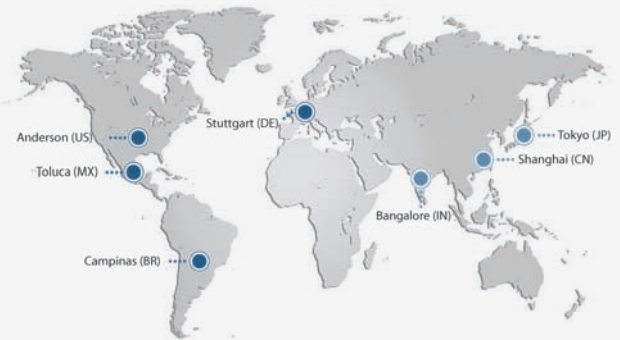
The Automotive Material Field Purchasing is based on the overall Bosch purchasing strategy. Material Field Purchasing (ABxy) will be the single point of contact for any commercial communication with the suppliers in the region, regardless of the location the supplier delivers to. Material Field Purchasing will be the only gate to business.

We will have regional Material Field Purchasing organizations responsible for the regional supply base. With this we ensure the fulfillment of our strategy: In the region for the region.

Key Facts:

- ▶ aligned to Bosch purchasing strategy
- ▶ single point of contact for any commercial communication with the supplier
- ▶ only gate to business for the supplier
- ▶ responsibility for a material field
- ▶ link business awarding to series business
- ▶ works in tandem with Technical Service Center
- ▶ empowerment of regions

Regional Centers Automotive Purchasing



Material Field Purchasing will have regional centers to support the implementation of the Bosch purchasing strategy: In the region for the region. Material Field Purchasing is organized into two regional directions – the western hemisphere (Europe, the NAFTA region and South America) and the eastern hemisphere (Asia Pacific).

Project Management Purchasing

Project Management and Preventive Quality Planning Purchasing (PPx) will manage the different projects, from platform and application projects to pre-series and series business until end-of-life (EOL). The PPx will be the purchasing interface to the business units/divisions and the internal customers of Automotive Purchasing. PPx will be aligned towards the needs of these internal customers. To ensure close cooperation the PPx is located in proximity to business units or the main development locations. PPx plays a key role in technical supplier meetings (TLG) and is responsible for technical cost saving projects during series production.

Key Facts:

- ▶ first point of contact for business units and divisions
- ▶ manages platform and application projects
- ▶ interface between BU (business unit) and Material Field Purchasing (ABxy)
- ▶ responsible for preventive quality planning and final release of purchased parts
- ▶ in charge of change management for purchased parts and technical cost saving projects

Purchasing Controlling

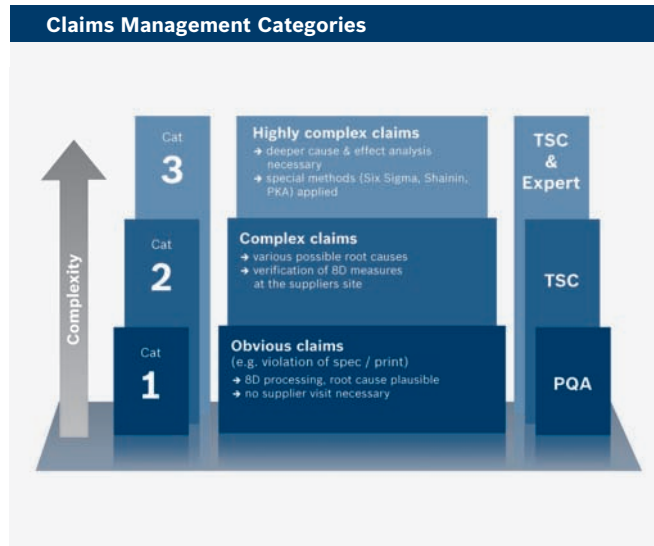
Purchasing Controlling (PUC) provides the controlling basis for the UBK Purchasing organization and will be responsible for monitoring and reporting the progress and purchasing results worldwide. PUC will have two main orientations – the division and business unit view to support the Project Management Purchasing (PPx) and the material field view to support the Material Field Purchasing organization (ABxy). PUC will have regional representatives aligned with the main regions of UBK Purchasing.

Key Facts:

- ▶ responsible for monitoring and reporting the results of UBK Purchasing
- ▶ two main orientations – the division and the material fields
- ▶ presence in the main regions
- ▶ worldwide responsibility of reporting in material field, product class, plant, business unit and division

Quality

Technical Services and Quality Management (TQ) provides with its three functions a powerful worldwide organization to ensure and further improve supplier quality and the performance of the supply chain. This also includes quick reactions based on clear responsibilities regarding the claims management process.



Plant Quality Automotive

Plant Quality Automotive (PQA) will be aligned completely to the plants and will care for all supplier quality issues with parts from the supplier. They will be located at each production site and are responsible to solve supplier quality problems to ensure a continuous production flow. PQA is the owner of the claims management process, from initiating an 8D report to closing the claim after making the final decision on claims management issues with support from the Technical Service Center (TSC). In addition, PQA is in charge for the physical measurements of the parts from the supplier.

Key Facts:

- ▶ aligned to the plants
- ▶ handles supplier quality issues
- ▶ ensures a continuous production flow
- ▶ owner of the claims management process
- ▶ in charge for the physical measurement of supplier parts
- ▶ responsible for the incoming inspection

Technical Service Center

The Technical Service Center (TSC) will be the single point of contact for technical communication with the regional supplier plant. TSC will be organized according to material fields and oriented towards regional supplier clusters.

Being close to the suppliers ensures quick cycle time in all technical communication. TSC will be able to solve any technical issues using the principle of “on-site, on-the-spot”. They will be responsible for dealing with issues related to quality and process. TSC will be in close communication with Plant Quality Automotive (PQA), Project Management and Preventive Quality Planning Purchasing (PPx), Automotive Supplier Development (ASD) and with suppliers. TSC will work in tandem with Material Field Purchasing (ABxy).

Key Facts:

- ▶ single point of contact for technical communication at the supplier plant
- ▶ aligned to suppliers and material fields
- ▶ responsible for quality and production process related issues at the supplier
- ▶ works in tandem with Material Field Purchasing (ABxy)

Automotive Supplier Development

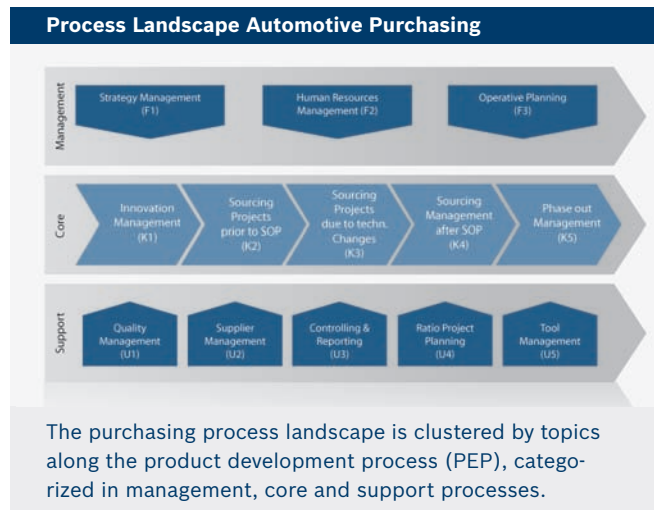
Automotive Supplier Development (ASD) will play a key role in developing the supplier to a higher level of excellence to meet the requirements of our Bosch Production System (BPS). With supplier development we create benefits for Bosch and the supplier. Starting with “Basic Enabling” up to “Strategic Supplier Development” and “Supplier Learning Groups” ASD offers a wide range of different approaches tailored to the individual supplier needs. The activities at the supplier are organized as collaboration projects with a clear structure and target definition focusing on all processes along the supply chain. The tools we use originate from BPS and general lean management approaches.

Key Facts:

- ▶ responsible for supplier development
- ▶ target is the improvement of the overall supplier performance
- ▶ collaboration projects using BPS tools
- ▶ located in the region close to important supplier clusters
- ▶ projects contracted by material field purchasing

Harmonized **Processes**

In order to implement the powerful principles of the Automotive Purchasing organization a redesign of many purchasing processes was necessary. These new requirements drove a worldwide harmonization of purchasing processes across all continents and all affected automotive divisions. A team with employees from all automotive divisions and regions worked closely together to define the process changes and necessary IT modifications to ensure that the redesigned processes work worldwide.



Changed processes also induce changes to the supporting IT tools. The new organization allows a higher degree of standardization for IT applications. For a professional global collaboration all necessary information has to be available anywhere and anytime in the global network. To increase efficiency and consistency our suppliers will be linked closer to the Bosch network with dedicated connections to ensure security and to protect intellectual property. The following two systems will play a key role in external interfaces.



Worldwide use of common IT solutions makes communication faster and more efficient.

SupplyOn

This tool is an internet-based platform which enables efficient communication between Bosch and its suppliers. SupplyOn offers a wide range of helpful services: SupplyOn WebEDI, SupplyOn Document Manager, SupplyOn Sourcing, SupplyOn Performance Monitor, SupplyOn Problem Solver. To further improve the performance of the global supply chain all Bosch suppliers are requested to join the community of SupplyOn users.

eISIR (electronic Initial Sample Inspection Report)

The timely release of supplier parts for series production during the Production Part Approval Process (PPAP) requires efficient cooperation across different functions and locations: PPx who does the planning and final release, PQA who does the part inspection and compares it with the supplier's measurements and TSC who is familiar with the supplier's production processes and who will check the PPAP documents. eISIR (electronic Initial Sample Inspection Report) provides a lean and fast way to exchange all necessary data.

Benefits of the New Organizational Structure

Any change brings on challenges as well as benefits. A solution-oriented approach is what has characterized Bosch over the years. Innovation means change and the readiness to embrace the new solutions that go with it. It's easy to do this when you think of the ultimate benefits.



The new Automotive Purchasing organization will bring a number of significant benefits through streamlined interfaces, quicker routes and less contact partners for improved communication. Bosch will be more present within the global supplier market and will significantly improve the performance of the global supply chain.

Suppliers will have the chance to benefit from higher volumes. They will be able to develop and strengthen their position in the market and to provide better performance. This means overall improvement concerning costs, quality and delivery both for Bosch and our suppliers. This change brings benefits to all those involved and is an important step towards global supply chain excellence.

Management Team Automotive Purchasing




**Executive Vice
President Global
Purchasing
Automotive**
Albin Ettle
CP/EA




 **DS** *
Turned Parts
Peter Meyer
CP/AB1




 **GS**
**Plastic and
Rubber Parts
Wire Harnesses**
Joachim Albert
CP/AB2




 **SG**
**Casting
Forging
Sintered Parts**
Ralf Rautmann
CP/AB3



 **ED**
**Stamped and
Drawn Parts
Springs**
Norbert Weiß
CP/AB4




 **CC**
**Subassemblies
Raw Materials**
Norbert Neumann
CP/AB5




 **CM**
Electromechanics
Reinhard Liebethal
CP/AB6



 **AE**
**Electronic
Components**
Detlef Krink
CP/AB7



 **Q**
**Technical Services and
Quality Management**
Erik Rein
CP/TQ

* refer to chart on page 7