

ERIKS



Easy Order System[®]

Integrated supply

PROCUREMENT COST REDUCTION

An integrated approach of the supply side

In today's markets purchasing functions are becoming more and more professionalized. The traditional transaction-oriented approach is being replaced by an integrated approach. Whereas only product prices were compared in traditional environments, today the focus is increasingly on monitoring the Total Cost of Supply. Furthermore, the performance of suppliers and their ability to deliver added value have become main points of interest.

A strategy often executed to improve the performance of purchasing processes, is the differentiated purchasing strategy. A modern corporation aims at reducing its supplier-base for the following reasons:

- improved supplier-base management
- clustering of relatively small volumes
- carrying out of process improvements
- performance improvements
- cost reduction

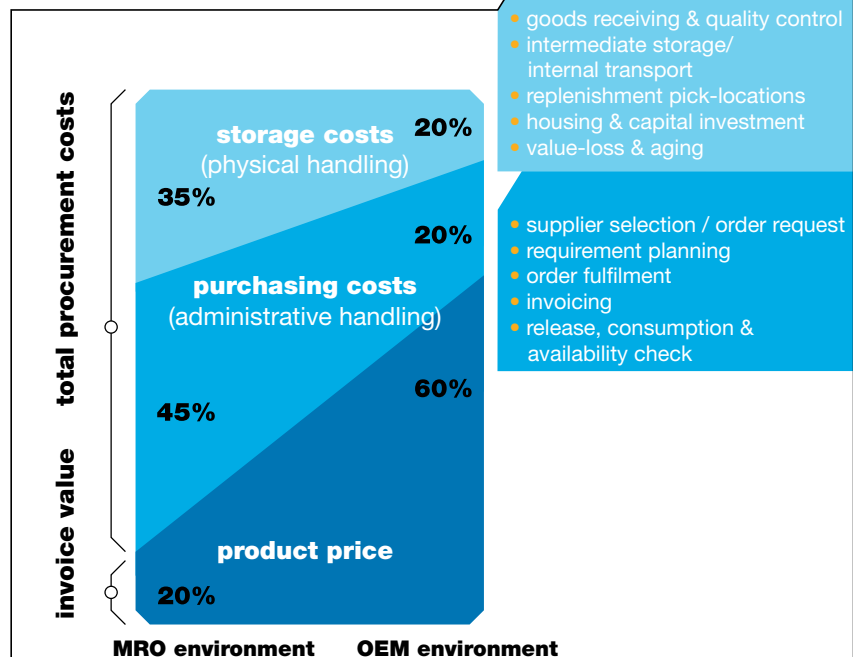
C-parts: low purchasing value, many transactions

C-parts – of which ERIKS provides a wide range – represent a relatively small part of a company's total purchasing budget. Although their purchasing value is limited, the procurement costs of these items are considerable.

For example, did you know that C-parts are responsible for about 80% of the Total Costs of Supply?

The majority of a company's savings potential on procurement cost is therefore undeniably linked to its C-parts procurement.

TOTAL COST OF C-PARTS SUPPLY



source:
Aberdeen Group
PWC, Forrester



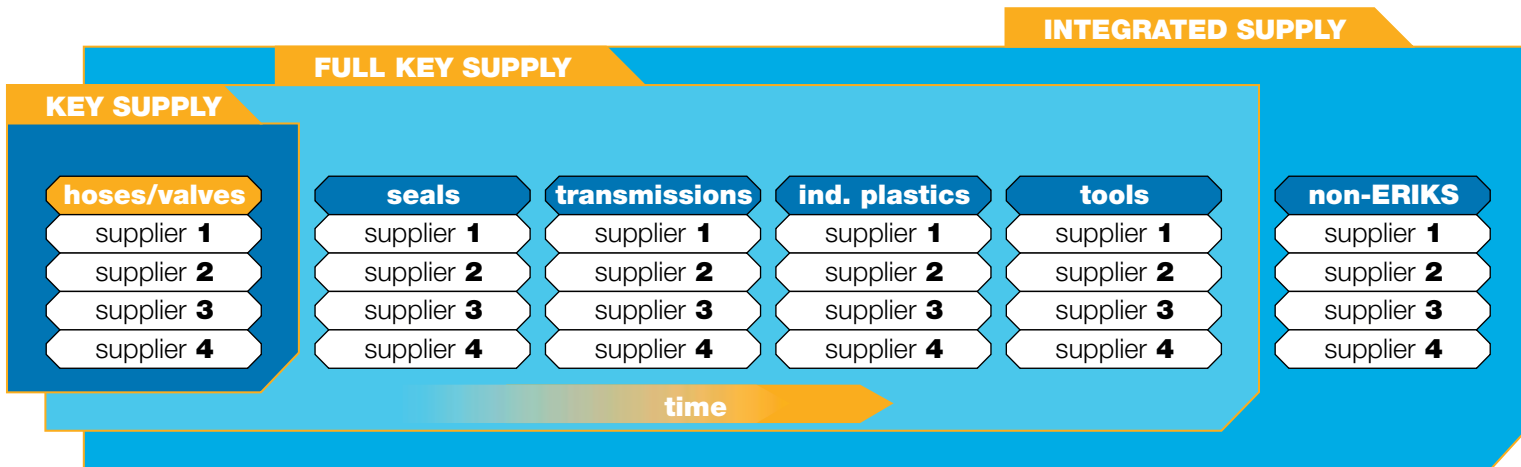
Easy Order System®

Supplier-base reduction

Reducing the number of suppliers results in direct savings. Savings that are incurred by improved handling efficiency (reduced number of shipments, less internal transport, lower stock levels, etc.) and redundancy of several administrative tasks (placing order requests at several suppliers, managing supplier relationships, less invoices, etc.).

Further cost reductions can be achieved by working together in carrying out production or maintenance process improvements. It is essential that this is preceded by the clustering of small purchasing volumes and allocating of a limited number of suppliers. This allows sufficient economies-of-scale to justify process improvement efforts.

From Key Supply to Integrated Supply

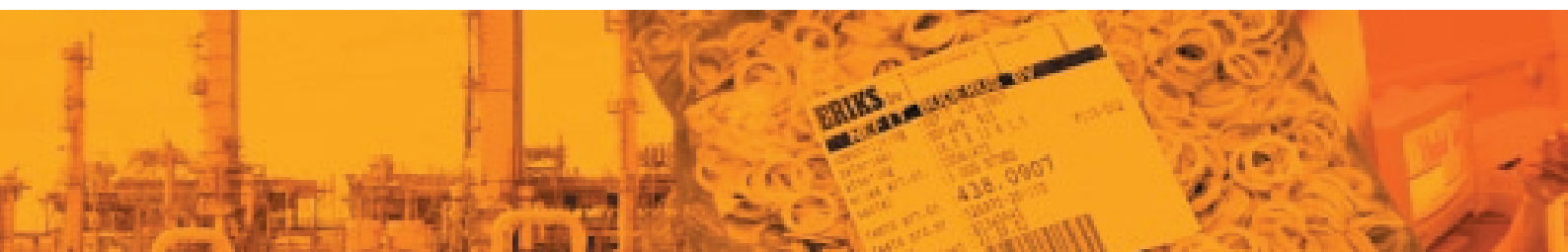


Key Supply

Our buyers' first step is generally the selection of a limited number of Key Suppliers. ERIKS defines a Key Supplier as the exclusive provider of one or more product groups. In other words: you as a buyer only have one supplier per product group. ERIKS provides the product groups flow technology, sealing technology, power transmissions, industrial plastics and tools & maintenance products.

Key Supply within our product groups can be organized as follows:

- With products from the ERIKS product range
A large number of items will be available from stock, while other items within our product range will be available within the agreed delivery lead-time.
- With third-party products on request
Should you require products that are related to one of the ERIKS product groups, but are not part of our standard portfolio, ERIKS is willing to supply these on request. Stock of these items will, in such instances, be made available to you.





Integrated Supply

Integrated Supply allows the product portfolio to be further enlarged by additional technical components. An increasing range of products will be made available through our expanding network of local outlets, the ERIKS Service Centers. Several strategic partnerships with suppliers of supplementary product groups will strengthen our one-stop-shop concept and enable you as a buyer to further reduce your supplier-base.

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REALIZING COST SAVINGS

Since many of today's companies struggle to manage their C-parts supply efficiently, ERIKS has developed a technical & logistics services programme to enable drastic cost savings that result in improved shareholder value for its customers. This total set of value added services is marketed by ERIKS under the name Easy Order System®. The strength of the Easy Order System® lies in the combination it provides of technical & logistics services with Integrated Supply. By offering a wide range of mechanical engineering components, ERIKS is able to fulfill the role of key supplier for various product groups, helping you as a buyer effectively to reduce your supplier-base.

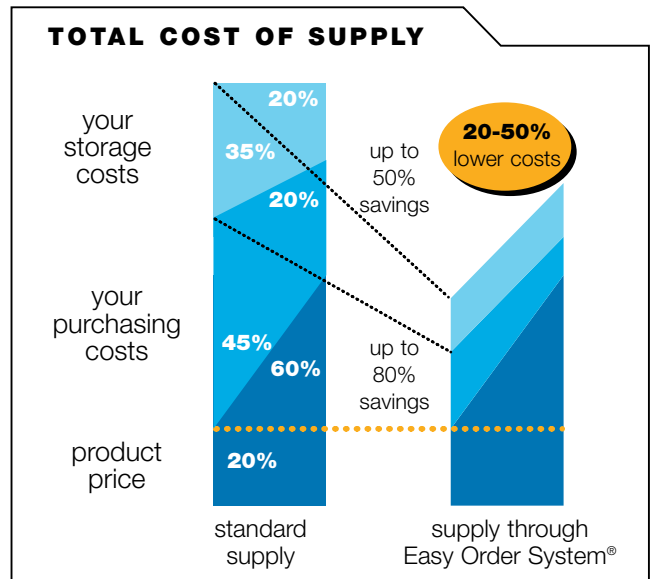
The Easy Order System® represents a wide range of highly developed technical and logistics services in which Kanban and VMI solutions play a central role. This entire set of services is clustered in a "Services Menu Card", with each individual service contained in a separate "Menu Option" that enables us to provide you with tailor-made solutions. These "Menu Options" are categorized in seven different "Service Categories", each focusing on one specific part of the procurement process. This brochure will expound on the various services that we offer with regard to each of these seven categories.



Easy Order System®

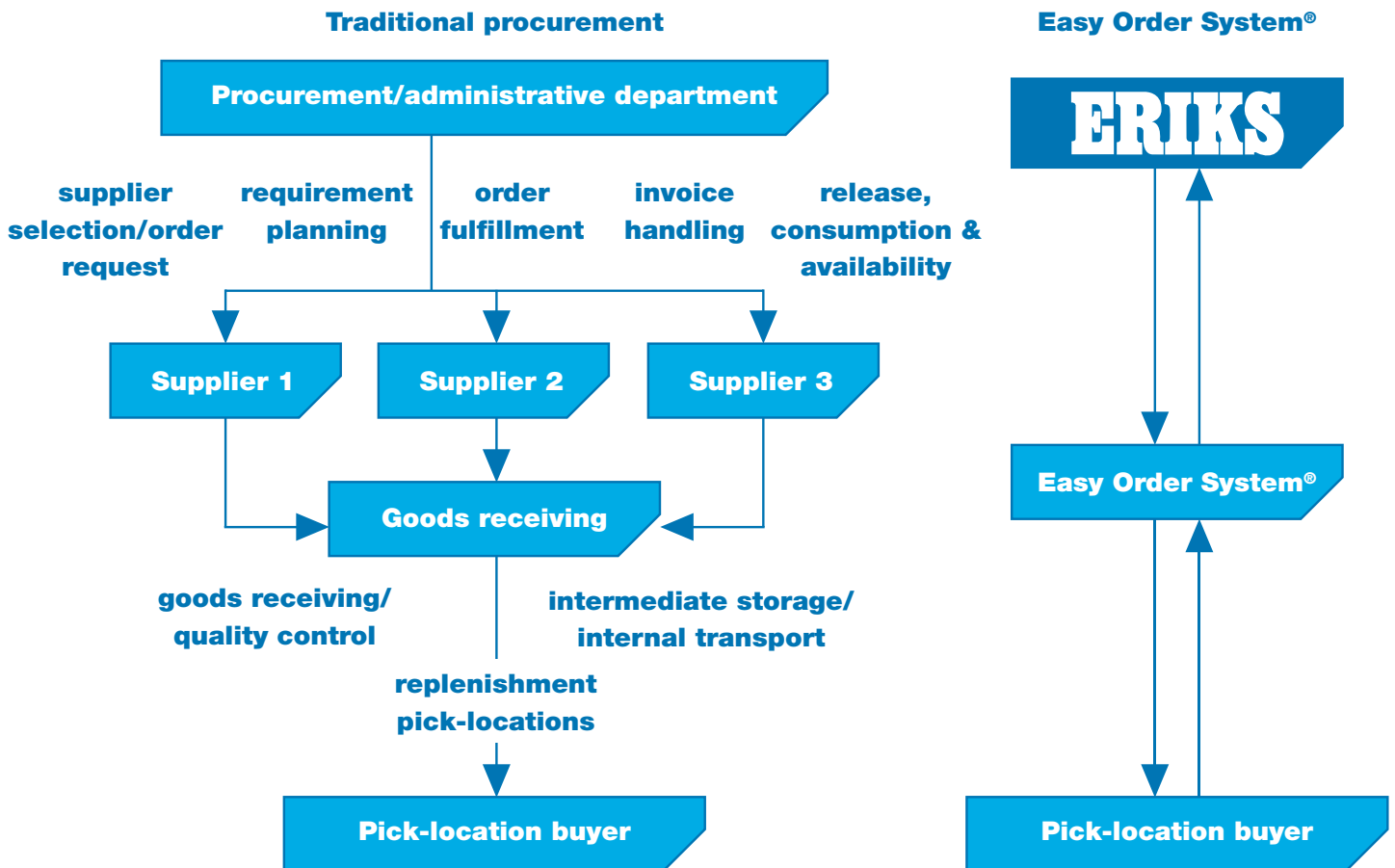
THE BENEFITS

The Easy Order System® simplifies the entire C-parts procurement process by drastically reducing the number of manual transactions. By carrying this out on a wide range of products, a considerable decrease in procurement costs can be achieved. Depending on the product portfolio and type of business (MRO or OEM), savings up to 80% of the total procurement costs are a realistic outlook. As a result, the Total Cost of Supply will decrease with 20 to 50%.



source: Aberdeen Group
PWC, Forrester

TRADITIONAL PROCUREMENT VS. EASY ORDER SYSTEM®



Easy Order System®

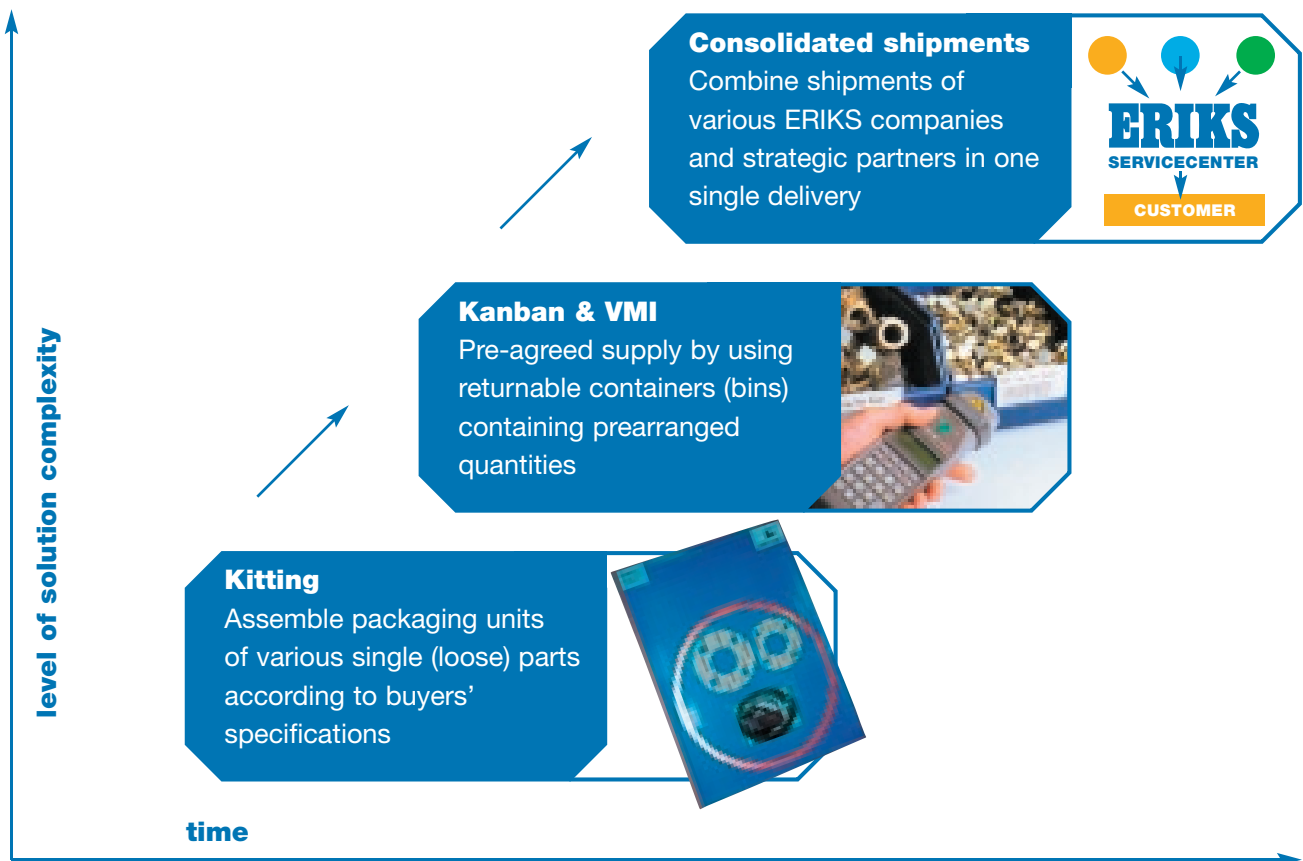
MILESTONES FOR IMPLEMENTATION

Approach

The Easy Order System® concept is based on a step-by-step implementation strategy. When building up a combined concept of technical and logistics solutions, it is important to concentrate on one specific area of interest at a time. It is for this reason that each and every service of the Easy Order System® is provided with a separate "Menu Option".

To find out which part of your procurement process represents the majority of cost savings potential, we will arrange a personal meeting and ask you to gather the required data. In close consultation with you, we will subsequently draw up an implementation plan that incorporates a continuous improvement path and an overview of the various "Service Options" to be implemented.

EXAMPLE OF A STEP-BY STEP IMPLEMENTATION OF THE EASY ORDER SYSTEM®



Next step

For more information about the Easy Order System®, call your ERIKS account manager and find out how easy it is to save costs in your supply chain.

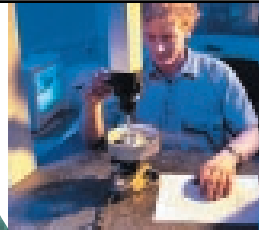


Easy Order System®

EXAMPLES OF TECHNICAL & LOGISTICS SERVICES

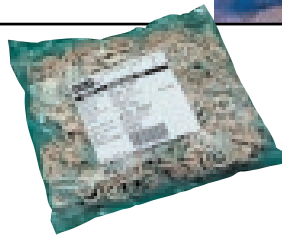
PRODUCT SERVICES

- Customized products
- Kitting
- Certified Supply



DELIVERY SERVICES

- Buyer-specific code no. & labeling
- Shipment Clustering
- Variable delivery options



VARIABLE DELIVERY OPTIONS

- delivery frequency
- delivery lead-time
- delivery address
- delivery windows

ERIKS SERVICE CENTER

- Local branch/ service desk
- Buyer-specific stock
- Field Service Team



INVENTORY SERVICES

- Kanban/VMI



E-BUSINESS

- (SAP)business connector
- e-Catalogue (Tradcom)



TECHNICAL SUPPORT

- Inspection, testing & repair
- Engineering
- Technical training

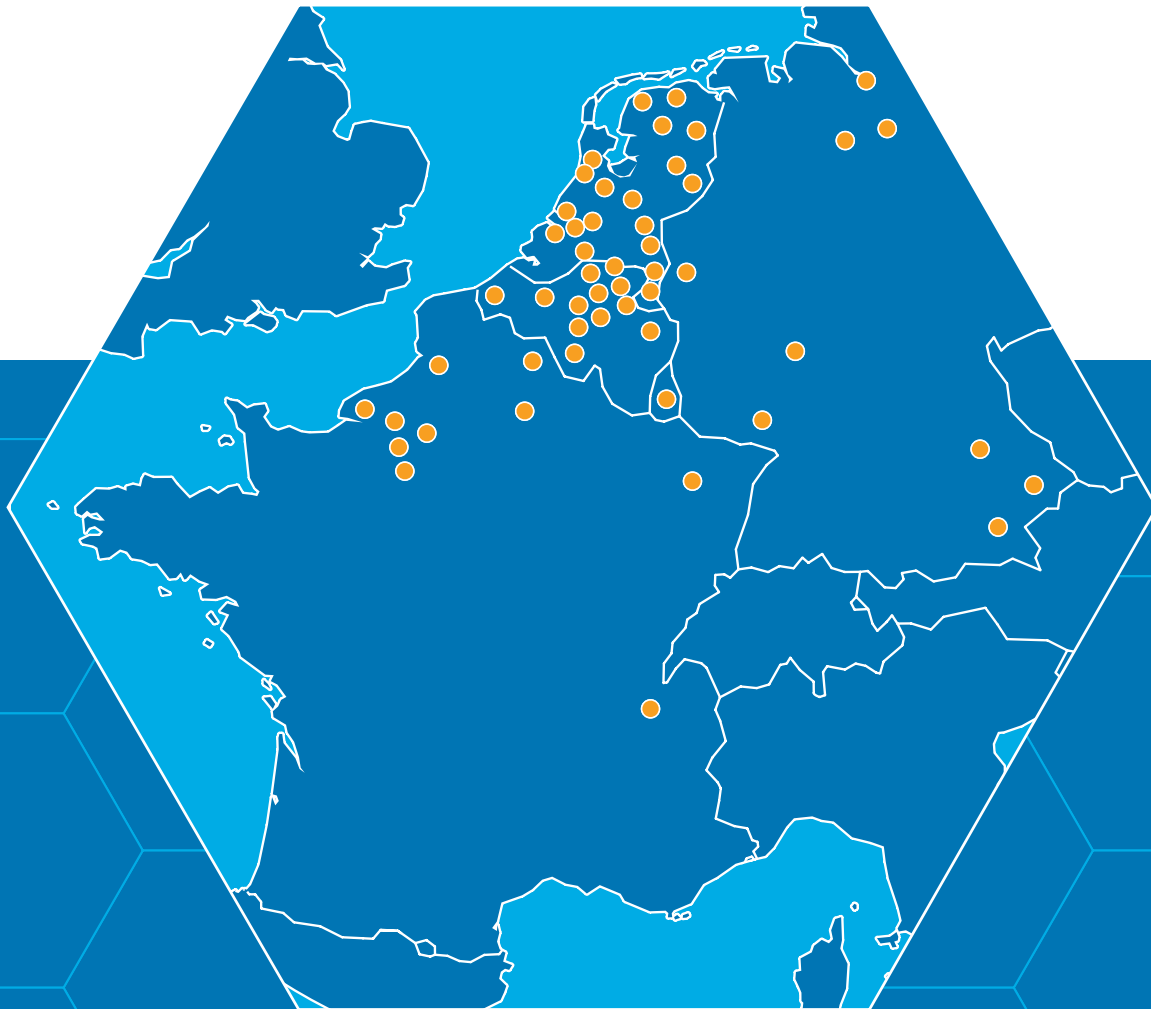


PROJECT SUPPORT

- Plant production-stop hosting



INTEGRATED TECHNICAL & LOGISTICS SOLUTIONS



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