Global Shared Services

Eliminating Paper from Accounts Payable
An Exploration of Siemens‘ Journey towards 100% e-invoicing Adoption“

Siemens AG
Karin Springer
GSS AFS SB

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From Werner von Siemens' workshop to global player – active in over 190 countries

1847  Founding of "Telegraphen-Bauanstalt von Siemens & Halske" in Berlin
1850  First international sales agency in London
1855  Founding of the Russian company as the first foreign branch
1904  First permanent office in China
1905  Founding of Siemens do Brazil
1924  Founding of Siemens India Ltd.
1961  Exports exceed 1 billion DM for first time
1968  Siemens passes the 100-country mark
1970  Founding of Siemens Corporation, USA
1994  Founding of Siemens Ltd. China in Beijing
Key figures

Revenue by Sector

- Healthcare: 17%
- Infrastructure and Cities: 22%
- Energy: 35%
- Industry: 26%

Based on total Sector revenue, first half of FY 2012

Revenue by Region

- Asia, Australia: 19%
- Germany: 15%
- Europe, CIS, Africa, Middle East (excl. Germany): 38%
- Americas: 28%

Based on customer location, FY 2011

Revenue and employees

- FY 1986: 20,000 employees, 20,000 revenue
- FY 1990: 40,000 employees, 40,000 revenue
- FY 1995: 60,000 employees, 60,000 revenue
- FY 2000: 80,000 employees, 80,000 revenue
- FY 2011: 100,000 employees, 100,000 revenue

Employees in thousands

Revenue in millions of €

Continuing operations – comparison with previous year

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2011</th>
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</thead>
<tbody>
<tr>
<td>New orders</td>
<td>74,055</td>
<td>85,582</td>
</tr>
<tr>
<td>Revenue</td>
<td>68,978</td>
<td>73,515</td>
</tr>
<tr>
<td>Income</td>
<td>4,262</td>
<td>7,011</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>7,043</td>
<td>5,885</td>
</tr>
<tr>
<td>Employees</td>
<td>336,000</td>
<td>360,000</td>
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</table>
A strong local partner for customers – in more than 190 countries

- Employees: Germany - 32%, Americas - 23%, Europe, CIS, Africa, Middle East (excl. Germany) - 28%, Asia, Australia - 17%
- Revenue (billions of €): Germany - 10.8, Americas - 20.5, Europe, CIS, Africa, Middle East (excl. Germany) - 27.9, Asia, Australia - 14.4
- Major production facilities: Germany - 76, Americas - 77, Europe, CIS, Africa, Middle East (excl. Germany) - 67, Asia, Australia - 71

All numbers refer to continuing operations.
GSS is a large captive Shared Services organization, with a broad portfolio of services*

** GSS FY 2012 currently employs 6,000 FTE**

AFS Exemplary Portfolio:
- Accounts Payable
- Accounts Receivable
- Closing & Reporting

AFS Key statistics:
- Employs 2,400 FTE**
- 12.5 Mio payments per year
- 7 Mio customer receipts

HRS Exemplary Portfolio:
- Organizational & Employee Development
- Payroll & Pension Svcs.
- Health Management.
- Global Mobility Services
- Travel Expenses

HRS Key statistics:
- Employs 2,300 FTE**
- 3.4 Mio travel & expense claims
- 300,000 paychecks per month
- 170,000 pensioners per month

SCMS Exemplary Portfolio:
- PO Processing & Clearing
- OneSRM User support
- Catalogue Mgt

SCMS Key statistics:
- Employs 700 FTE**
- 400,000 Purchase Orders / year
- Average productivity of 2,200 purchase orders per FTE

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* GSS ‘Other Services’ employs 600 FTE** and is not shown on this slide

** Current FC 12 (Actual), based on figures of July 2012 (rounded)
We are delivering most of our services with the five biggest Off- and Nearshore Centers of Global Operations

About GSS Global Operations

- We concentrate work in five global service delivery centers to benefit from **scale** and **drive** standardization
- We optimize a **global network** using optimal offshore and nearshore locations
- We ensure **operational excellence** by employing experts and conducting shared services as a core business
- We use **technology** as a key enabler to our success (e.g. global back-office applications)

### Argentina

- **Nearshore Center**
- Located in Buenos Aires
- Serving Siemens Clusters BRA, AAN, MAM

- **Employees per GO DC, Figures = actuals as of 30th of Sept. 2011; Argentina: including satellite Sao Paulo.**

### China

- **Nearshore Center**
- Located in Beijing
- Serving Siemens Clusters NEA, JAP

### Czech Republic

- **Nearshore Center**
- Located in Prague
- Serving Siemens Clusters CEE, RCA

### India

- **Offshore Center**
- Located in Bangalore
- Serving Siemens Clusters ASN, CAN, PAC, SAS, USA and countries PAK, ZAF, NIG, GBR,

### Portugal

- **Nearshore Center**
- Located in Lisbon
- Serving Siemens Clusters AFR, MEA, NWE, SWE
We are on tracks with our Roadmap to become a preferred partner for all Siemens businesses as of the end of 2013

As a zero profit organization we strengthen Siemens' competitiveness by providing & continuously improving cost effective and high quality services for Siemens businesses worldwide.

Our Roadmap defines clear goals to reach World Class performance by 2013:

Portfolio
Consolidation of transactional services first and increased value-add by portfolio expansions later

Operations
Operational excellence and globally standardized processes

Customer
Customer satisfaction on promoter level

People
Strong service attitude and entrepreneurship

Financials
1st quartile cost position in defined services

We focus primarily on operational excellence and reaching market benchmarks. Success will come from a strong service culture. As entrepreneurs we run GSS as a service business.

Global Shared Services
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GSS AFS customers differ in ....

**SIZE**

Of our 468 internal customers

- 12 big units (more than 100,000 3rd party invoices p.a.) produce 35 % of invoice volume
- 114 medium sized units (between 10,000 and 100,000 3rd party invoices p.a.) produce 52 % of invoice volume
- 342 small companies (less than 10,000 3rd party invoices p.a.) produce 13 % of invoice volume

** PROCESSES **

In years of decentralised accounting on business-unit-level processes have been tailored based on business activities, local requirements and size of the company.

**IT-LANDSCAPE**

GSS AFS is working on more than 90 SAP systems and ca. 40 different Non-SAP ERP-systems with different processes, settings and workflows.
Roadmap to world-class AP: the path to paperless is an evolution rather than a revolution

GSS supports all Siemens businesses on their evolution towards world-class AP with tailored solutions and individual approaches leveraging our knowledge as global service provider

Target dimensions

- **Resources & cost**
  - Expending fewer resources whilst maintaining performance

- **Efficiency & speed**
  - Enabling faster processing and enhanced accuracy

- **Transparency & control**
  - Providing visibility and technical prerequisites to optimize payment timing

- **Compliance**
  - Fostering adherence to legal, accounting, quality and contract standards

1) Leveraging of potentials depends on existing customer setup and process maturity as well as on scope of chosen solution

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GSS scanning solution

- **Efficiency & Automation**
  - Expending fewer resources whilst maintaining performance
  - Enabling faster processing and enhanced accuracy
  - Providing visibility and technical prerequisites to optimize payment timing
  - Fostering adherence to legal, accounting, quality and contract standards

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- **Process Maturity & Compliance**
Different benefits are realized with increasing process maturity

**Why centralize first?**
...because upstream automation has to consider downstream paper handling.

**Centralize**
with GSS Scanning offering Email PDF

**Shared Services & Subcontracting**
- Process bundling, reduction of redundant activities, complexity and technology cost
- AP process harmonization and standardization
- Realization of labor arbitrage potentials
- Increased transparency and eliminate paper cycle time loss

**Replace**
shifting to eInvoicing

**Supplier Integration**
- Reduction of process steps (scan/process/verify)
- Enhanced information quality (source data)
- Increased visibility for WCM, financial forecasts, risk analysis
- Increased process transparency and reporting capabilities

**Automate**
End-to-end process integration

**End-to-End Process Integration AFS**
- Reduction of manual process efforts
- Automated workflow and dispute resolution
- Seamless ERP integration
- Increase spend visibility, accuracy and consistency

** „Reduce Process Complexity“**

** „Enable Process Potentials“**

** „Optimize & Integrate“**

**Process Maturity**

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Solution Set-up: Scanning / E-Invoicing / Freight Clearing 4 Clusters

- Classic EDI / Web4Bis
- e-invoices – structured data, no EDI
- External platforms
- e-mail / pdf-invoices
- Scanning
- PO flip, verification
- Data conversion
- Logistic services
- Redirection of freight-invoices for logistic service providers
- Freight Clearing 4 Clusters

Workflow 1
- Other ERP systems
- Non-Standard ERP
- Central Reporting
- Standard ERP Spiridon
- Workflow 2

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The GSS AFS Scanning Solution helps decrease running costs and paves the way for future automation

**Issue**
- Handling of scanning and verification of incoming invoices through GSS
- Reduction of running costs for our customers
- Increase quality by providing a unified process (high quality OCR for all AREs)
- Provide a basis for further automation of paper based accounting processes (e.g. automated cash allocation)
- Provide a basis for handling of electronic invoices: set systems for automated posting, integrate full scale AP-process for electronic invoices into all ERP-systems

**Solution**
- Scanning done by external service providers in each country (cloud solution for small countries)
- External Provider platform performing
  - OCR, manual verification,
  - legal and business checks including rejection process
  - Data conversion into Siemens EDI

**Benefits**
- **Quality increase** of incoming data to 99 % and elimination of manual verification in GSS centers
- **Reduction of running costs** by 20 % - 50 %
- Support of e-invoicing initiatives by providing **comprehensive reporting** on incoming paper invoices for analysis and controlling
- By setting up automated posting scenarios **30-50 % of scanned invoices can be posted automatically**
- **Centralized interfaces** reduce rollout costs and set the basis for further process automation initiatives

**Benefits proven, worldwide Rollout ongoing since end of 2011**
E-Invoicing – Contributions of an Accounting Service Provider to Business Driven Initiatives

Key question for eInvoicing: how to get the invoice into EDI format?

GSS AFS strategy:

A. Support CSCM projects for increasing B2B EDI penetration and establishing EDI platform standards and solutions. Ensure integration of invoicing with logistic requirements and value add services.

B. Develop and roll-out stand-alone solutions for processing of unstructured messages (invoices and other AP documents) for supplier without or with only logistical EDI integration.
What can Global Shared Services offer to automate the process for incoming invoices?

- We manage e2e process and IT integration of the standardized architecture for Scanning and e-invoicing
- We implement a worldwide standardized and automated process for e-mail invoices with pdf attachment
- We speed up structured e-invoicing by offering a solution which is easy to implement and therefore attractive for suppliers
- We offer onboarding-services to support business in their vertical e-invoicing initiatives
Thank you