BLOCKCHAIN at AIRBUS Procurement

Flying through the Digital Transformation

Blockchain & Smart Contract Summit – Berlin 2019 Arnaud Cervera – Procurement Digital Transformation

Procurement Digital Transformation - Insights

Berlin Feb. 14th & 15th

Arnaud Cervera



The global Supply Chain PROCURES 80% of added VALUE of our products

FACTS & FIGURES

3700 skilled and committed EMPLOYEES

From more than **37** COUNTRIES WORLDWIDE More than 7100 direct material SUPPLIERS

THE WORLD IS CHANGING FAST. Airbus needs to lead the transformation



becoming GAME CHANGERS Increased

CUSTOMERS' EXPECTATIONS The INDUSTRIAL RAMP UP & adaptation to be secured

П

NEW COMPETITORS and NEW TECHNOLOGIES changing the market WORLD IS CHANGING

To continue the success story WE must REINVENT OURSELVES

Step Change

SUPPORT our WORK with SHARED & RELIABLE DATA

CONNECT DATA, PEOPLE and COMMUNITIES with all interfaces ADAPT QUICKLY to EVOLVING CUSTOMER needs

Redefine our E2E operations with new **DIGITAL** TOOLS

Procurement's transformation is POWERED by DIGITALLY enabled capabilities

Today, we FOCUS ON

Improving the quality of the **DEMAND** SIGNAL

Leveraging the potential of having a **CONNECTED ECOSYSTEM**

 (\mathbf{a})

Bringing SOURCING into the DIGITAL WORLD DIGITALIZATION

To make the transformation happen, PEOPLE ARE THE KEY

The difference between 'looking digital' and 'BEING DIGITAL' LIES IN OUR PEOPLE

PEOPLE EMPOWERED with the DIGITAL TOOLS NEWSKILLS such as analytics, collaboration and innovation sensing

AGILE MIND-SET & behaviour

AIRBUS

PEOPLE

On the longer run, our vision is to DRIVE END TO END SOURCING & SUPPLY CHAIN OPERATIONS

INTEGRATED INTO THE ECOSYSTEM OF PARTNERS

Create a **single collaboration interface** to all Airbus, Airbus suppliers & **partners**, by sharing relevant data that creates opportunities to **better operate** and **innovate**

EFFICIENT, INTEGRATED & DIGITIZED PROCESS

Run efficient & dematerialized end to end processes through data unification, digital sourcing tools, blockchain applications & automatization of admin processes



END TO END CONTINUITY & TRACEABILITY

Provide **E2E visibility** on purchased parts and material flows along the **product lifecycle** from design to procure to deliver.

PERFORMANCE COCKPIT

Be able to **monitor in real-time** Supply and Procurement Operations **performance**, to make insight driven and **faster decision** based and to better sense and react to supply chain risks and drill down into root causes VISION

G DIGITAL SUPPLY CHAIN & SOURCING WILL BE...





➢ EXPECTED☑ BENEFITS

- Optimize stock & working capital
- Decrease number of missing parts
- Reduce demand bullwhip effect
- Enhance management of contracts
- Gain visibility into saving opportunities
- Drive Insight-driven commodities strategy
- Improve collaboration & integration with suppliers
- Better mitigate supply chain issues & risks
- Improve end to end quality through faster issue resolution and quality feedback loop
- Develop digitally-fluent & empowered teams

VISION

To achieve our vision, we will go through a paced TRANSFORMATION JOURNEY High **Digital Contin** from Design to Pro Supply Chain in Skywise Outcomes Business Seamless Sourcing & :=0 BLOCKCHAIN IN Contract management Cognitive & Advanced analytics physical Automation of transactional processes Machine learning Data unification Process Supplier Monitoring Platform Mining $\bigotimes \equiv$ Supplier Officer & Buyer monitoring tools Medium VMI Air Supply & E-Proc, 0777 2010 2020

AIRBUS

VISION

To achieve our vision, we will go through a paced TRANSFORMATION JOURNEY



AIRBUS

VISION

Blockchain is useful when you see these problems in the business



If several of these apply, blockchain might be useful

5 DRIVERS FOR AIRBUS

First Value findings of blockchain in Airbus Supply Chain

BLOCKCHAIN IN THE SC COLLABORATION

No need to use a third party for single source of truth

Supply Chain transactions **simplification**

« Real time » versus batch mode: **increase SC visibility**

Data access for **Analytics**

Easy access/usability/low cost for SMEs

SMART CONTRACT

Commercial/Operational **Contract updates** (any contractual metada)

Enforcement of **remedies/penalties** triggered by events (e.g. concessions, late payment)

Compliance obligations flow down (e.g. environment)

Purchase To Pay

Implementing Blockchain is not only a Technical challenge



NOMINAL SC FLOW USE CASE





Nominal SC Flow Use Case – Blockchain





PROOF OF CONCEPT



We have engaged the overall Airbus community through the set up of a Blockchain Council



Customer

Services

HR

Security

Blockchain Council will stand as the guardian of Airbus approach for all topics related to Blockchain

The current list of collected A&D Use Cases has been clustered in 11 categories



Several PoC have been run among which Pilot Certificate Counterfeiting

USE CASES

Interests and feasability have been demonstrated

NEXT STEPS

Moving from Proof of Concept to Pilots

Identification of Pilots on limited process steps being on Supply Chain collaboration or Smart Contract

Identification of **Value Case** (Cost of transactions versus Third party solutions related costs)

WHAT IS AT STAKES

Implementation of an **Aerospace Blockchain** as a standard, regardless Aircraft manufacturers

Defining the right **Industry governance** and **business model** with relevant SLAs and **privacy rules**

Airbus is entitled to start running operational pilots in partnership with Suppliers



