



## Press Release

### **Fifth EXCHAIiNGE Conference: No Easy Answers – Supply Chain Management Must Now Deliver Bold Ideas**

**Frankfurt am Main, September 26, 2017** – Some 200 leaders from the fields of supply chain management, finance, logistics, and purchasing converged in Frankfurt for the fifth time on September 26 and 27, 2017. “EXCHAIiNGE – The Supply Chainers’ Conference” in the House of Logistics & Mobility (HOLM) focused on such top issues as resilience and stability, the sustainability of supply chains, forward-looking business practices, digital sovereignty, and the culture of digital transformation.

“Logistics is the nerve center of the economy – and digitization is the driver,” emphasized conference moderator Klaus Krumme (Managing Director of the ZLV Center for Logistics and Traffic at the University of Duisburg-Essen) right from the outset. One of the core questions: Can efficiency remain a primary objective in the future? Digitization establishes the foundation for new, even disruptive business models and services. Now it is up to supply chain managers to develop new concepts that take into account additional factors such as environmental impact. Krumme believes that this requires a cultural shift: “There are no easy answers, and radical organizational changes will be needed.” In an online poll, conference attendees supported this sense of urgency, recognizing the special responsibility that logistics and the supply chain play in business but conceding that – among smaller companies in particular – the courage for a clear, collaborative approach is often lacking.

Dr. Uwe Schneidewind (President of the Wuppertal Institute) cited the importance of interconnected data. New players are boldly showing the way, he noted: Companies like Uber and Amazon are “supply chainers at their core.” The much-touted factor of efficiency should be “viewed in a more nuanced light, given the many unintended consequences.” Schneidewind sees “sobering progress” in freight transport in Germany. The advent of e-commerce, in addition to upending traditional livelihoods, led to a massive surge in traffic volume. Schneidewind notes that ready-made solutions do not yet exist, but he sees great opportunities for the energy sector: “In 10 to 15 years, it will be a totally logistics-driven industry.” Our relationship with the automobile, on the other hand, faces tremendous upheaval: “The model of cars that sit idle for 23 hours a day and take up vast areas for parking is economic and environmental madness.” Key questions: Who will build the automobiles of tomorrow? Where will we find the resources to put some one billion electric vehicles on the road in 2040? Schneidewind urged attendees to focus on identifying secondary resources.

“Without the small business sector, the big players will not make meaningful headway in their digitization efforts,” warned Dr. Michael Henke (Institute Director, Enterprise Logistics Division, Fraunhofer Institute for Material Flow and Logistics). He appealed to attendees to question the disparity of power structures, pay more attention to risks along the supply chain, and generally rethink what values the data-driven economy is really capable of producing. Henke sees the future development of digitally assisted hybrid products as a great opportunity for German businesses: “Silicon Valley can’t manage it in this form.”

Dr. Thomas Hanke (Deputy Director, Institute for Logistics and Service Management, FOM University of Applied Sciences Essen), speaking in the “Resilience” session, also recommended turning to familiar methodologies such as chaos theory and improvisation to deal with uncertainties. We need to systematically build on lessons learned, urged Hanke: “The precondition for genuine success and progress, of course, is an urgently needed in-depth examination of the issue of culture.”

Bettina Bohlmann (Managing Partner, 3p Procurement Branding) worked with business representatives and attendees to develop models for achieving a culture of digital transformation. The takeaway message: You need to trust your employer, colleagues, and business partners – but you must also take the leap of revealing and consciously sharing supposedly powerful knowledge. The spoken word counts more than a mere standard on paper, emphasized Markus Frank (Vice President of Corporate Purchasing and SCM at the WMF Group). SCM expert Dr. Bernd Rosenkranz (who won the Supply Chain Management Award in 2016 with PERI GmbH) talked about consciously nurturing a culture of mistakes. Daily shop floor meetings proved to be a good communications tool for greater understanding at PERI, he explained. Stefan Hentschel (Industry Leader, Tech-Industrial, Google Germany) also stressed the value of interaction, noting that the agility mindset has been an important a factor in Google’s success, along with openly shared employee objectives and open work areas without individual offices to help remove barriers – a policy “that includes Google’s top executives.”

In the session entitled “Sustainable Business Practices,” Klaus Krumme and sustainability expert Dr. Nadine Pratt cited the necessary link between SCM and the circular economy with closed loops: “Supply chainers must strengthen the power of data inherent in logistics. The aim is to systematically guide demand-driven strategies to incorporate sustainability rather than merely reacting.”

What do startups do differently? They are more radical in how they view methodologies and the time factor. Michael Sauer (Co-Founder/Business Development, Motius GmbH) reported on offensive information procurement and the polling of truckers, for example, to generate fresh ideas for Motius customers. Uwe Berndt (Managing Director, Mainblick – Partners for Strategy and Communications) took the key ingredients in the success of “young rebels” and applied them to established companies: “Bring unorthodox thinkers, visionaries, students, and startups on board to rethink how new business models are approached—but at the same time, don’t lose sight of your metalevel and the actual objective.”

Thorsten Hülsmann (Managing Director, Effizienz Cluster Management GmbH) moderated the discussion of the highly charged issue of digital sovereignty. Supply chains still store too much redundant data in some areas while neglecting important data in others areas. Certain data is not even available. This creates risks in the supply chain, necessitates the accumulation of safety stock, and makes processes more expensive. How can we preserve the digital sovereignty of those who own the data? The Industrial Data Space (IDS) – an initiative of the Industrial Data Space Association established in 2016 as an extension of the cloud concept – offers a virtual data space that supports the secure exchange and easy integration of data in business ecosystems based on standards and joint governance models. The founding members of IDS include Allianz, Boehringer, Bosch, Deloitte, Huawei, Schaeffler, Schenker, Siemens, Telekom, VDMA, ZVEI, and Fraunhofer-Gesellschaft. “The data is stored with the

owner and linked securely on demand, then shared only if requested by trusted, certified partners,” explained Lars Nagel (Managing Director, IDS). In extreme cases, he adds, only the analyses are shared, not the actual data.

Philip K. Diekhöner (Singapore-based innovation strategist and author) spoke in his closing keynote of the “inertia” that holds companies back: The idea is that what supposedly worked in the past should ideally remain the status quo. Diekhöner sees this as a negative mindset that is rooted in a broad “frozen middle class.” The implications in his view for generating innovation: “The potential that exists only in your imagination is difficult to grasp, so it is often left on the table or picked up only reluctantly.” Diekhöner mentioned Tesla visionary Elon Musk, who had no industry experience to turn to when developing the revolutionary drive technology for electric cars: “Looking backward would’ve stopped him in his tracks. Musk had an idea for the future. He trusted his instincts and his capacity to not only think through a disruptive business model but also put it into practice with diverse partners in an uncertain environment.” Critical, out-of-the-box thinkers, young rebels, and improvisers: For Philipp Diekhöner, they are key to success in the business world of tomorrow. His closing piece of advice to attendees of EXCHAiNGE: “Hire talented people, then let them work autonomously. Otherwise, the potential that is so urgently needed will fall flat.”

### **Supply Chain Management Award 2017**

The climax of the evening gala on September 26 was the twelfth annual Supply Chain Management Award – presented by Strategy&, the global strategy consulting team at PwC, together with industry trade journal LOGISTIK HEUTE. Presiding over this year’s award ceremony was Dorothee Bär (CSU), Parliamentary State Secretary at the Federal Ministry of Transport and Digital Infrastructure and Government Coordinator for Freight Transport and Logistics. The finalists – Adidas, Airbus, Covestro, and Gries Deco – presented their ideas live during the EXCHAiNGE conference, and audience votes were considered by the jury in its deliberations. The 2017 winner is Gries Deco Company (Niedernberg, Germany), the home accessories and small furniture retailer behind the DEPOT brand name. Gries Deco created a digital supply chain solution that consolidates the movements of goods across borders without losing preferences, guaranteeing full control of all important steps in the value chain. One of the primary hubs for this solution is the company’s digitized distribution center for Germany, Austria, and Switzerland. Dr. Petra Seebauer (Publisher, LOGISTIK HEUTE) joined Harald Geimer (Partner, PwC Management Consulting) in presenting the coveted trophy.

### **SAVE THE DATE**

**“EXCHAiNGE – The Supply Chainers’ Conference 2018” | September 25 – 26, 2018**

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