

MNPX SUPPLIERS DAY: OPEN EXCHANGE OF INFORMATION – ALSO ABOUT MONEY – A KEY CONDITION FOR SUCCESS

TRUE PARTNERS ARE ALWAYS LOOKING FOR WIN-WIN

On the last day of March, the Make Next Platform organised another MNPX – a day that is all about knowledge exchange. This time the focus was on the collaboration between the scale-ups that the platform has under its umbrella and their strategic suppliers. Effective cooperation proves to be based above all on open, mutual exchange of information, about the technology of course, but also about the money. This seems more second nature to scale-ups than to the large established outsourcers.

BY MARTIN VAN ZAALEN

Thales Netherlands in the eastern Dutch town of Hengelo develops and builds radar systems. Complex, innovative systems. And then one thing is a given: the creation process is full of uncertainties. At some point, it must be purchased for, and then the buyers and the suppliers they do business with want clear agreements. They want to stipulate delivery times and prices in contracts, for example. Important decisions must then be made while much knowledge is still lacking. At a time after which all sorts of technical changes will still prove necessary, initiated by engineering, to make the product more producible, or by marketing/sales, for additional features that the customer allegedly also finds very interesting.

CASUAL

This is a brief outline by Saskia Hazebroek, director of procurement at Thales Netherlands, the Dutch arm of the French multinational that focuses on the defence & security, aeronautics & space and cyber-security & data protection markets. She is one of the keynote speakers at the Make Next Platform's (MNP) MNPX Suppliers Day in late March hosted by ASML. An informal Friday event with most participants casually dressed, amicably moderated by Boudewijn Baud, who does not hesitate to whistle on his fingers to conduct everyone back into the hall after a break.



Saskia Hazebroek, director of procurement at Thales Netherlands, has taken the step towards 'collaborative subcontracting'. Photo's: Mariska Staal

IN SEARCH OF WIN-WIN

In her talk, immediately after lunch, Hazebroek referred to the presentations earlier in the day from the 'emerging OEMs'. These 'eOEMs' are part of the MNP's Virtual Accelerator. From their stories, which they shared with a key supplier, it became clear that they had already understood that you can only outsource efficiently and effectively if you are open. But Hazebroek has since taken

requires much, intensive contact with the supply base, says Hazebroek, but once underway, there are no surprises for those involved. Unlike the old outsourcing model that was full of surprises over the course of the entire term, which meant that agreements made had to be constantly adjusted. It all runs much more smoothly now, points out the procurement director who, she says, had little trouble convincing her own procurement

THE OLD OUTSOURCING MODEL WAS FULL OF SURPRISES OVER THE COURSE OF THE ENTIRE TERM

that step as well, towards 'collaborative subcontracting'. A way of outsourcing based on a Harvard model with six basic principles: reciprocity, autonomy, honesty, loyalty, equality and integrity. No longer as an OEM trying to have the suppliers bear the risks as much as possible, but looking for win-win in everything.

NO SURPRISES

It requires constant risk monitoring, disclosing any risks found and then making them shared risks. At the start of the project, this

department of the use and necessity of this model. And the enthusiasm is now spreading through the group like wildfire.

OPEN BOOK: FASTER AND MORE FLEXIBLE

One of the eOEM vendor presentations Saskia Hazebroek referred to after lunch was that of Steef van Leeuwen, purchasing manager at Enschede-based Bond3D, along with Robbin van Zanten, account manager at strategic supplier Nijdra Group. Its topic was 'open

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book calculation'. A key advantage of this, it appears, is that it is faster and more flexible. Bond3D, scale-up OEM of 3D printers of high-performance plastics, is by definition unable to specify everything in detail to its suppliers, Van Leeuwen explains. At the same time, this still small and young outsourcer does not want to bear all the associated risks alone. The remedy, he says, is to put his key cost drivers openly on the table. From the response to this, it can be seen whether the supplier in question has a good understanding of exactly what is intended, exactly what the specifications are. This prevents nasty surprises later, avoids misunderstandings with all the time-consuming and costly rework involved.

NO MARGIN HIDING

That openness and trust gives system supplier Nijdra the space to buy from its own suppliers and encourages the fair sharing of all costs. According to Van Leeuwen, 'open book' means that the supplier does not hide a margin or come up with sudden cost increases later in the process, complete with accompanying explanations such as raw material prices or wages that 'unexpectedly increased'. After all, in an open relationship, no surprises occur. Even if significant changes prove necessary in the design of – in this case – advanced 3D printers, the partnership can deal with them flexibly. That mutual openness provides the zest and energy to continue doing business in the long run as well, the two unitedly explain to their audience of mostly other tandems of emerging OEMs and their key suppliers.

SMALL CUSTOMER, BIG SUPPLIER

That balance in their relationship is also echoed in the talk by Wil Stutterheim,



Steef van Leeuwen (right), procurement manager at Enschede-based Bond3D, gave a presentation on 'open book computing' together with Robbin van Zanten, account manager at strategic supplier Nijdra Group.

co-founder and CTO of In Ovo and Saïd el Ouadi, senior sales representative of Sciex. A combination of, on the one hand, a small scale-up with 50 employees that hopes to bring its fourth machine for detecting cockerels in fertilized eggs to market this year. And on the other, a multinational concern with more than 2,500 people on the payroll. In Ovo's machines can detect those cockerels in eggs as early as nine days after they are laid. So that those male chicks do not have to crawl out of the egg before being culled. Besides an economic issue, it is also an ethical one, Stutterheim explains. Sciex provides an essential high-throughput mass spectrometry module for this purpose.

SHOWING GREAT AMBITION

To make the partnership between this small client and large supplier successful, Stutterheim and his colleagues asked themselves the

question: 'How can we help Sciex help us?' They did so by explaining their technology very well, explicating the prospects on the global market, and – above all – by showing that they have great ambitions. Corporate sales of the American Sciex proved sensitive to this, not only to the commercial potential, but also to the emotional side, says El Ouadi. In order to properly secure the deployment of Sciex over the longer term, a sizable team of staff at various points in the group is involved in the project. Meanwhile, 2.5 million eggs have been successfully tested, work is underway on a machine that can detect gender as early as day six of incubation (the deadline for an egg-gender test imposed by the German government by 2024) and production of the machines is being scaled up: 22 systems must be installed at hatcheries by the end of 2026.

GOING DOWN A RISKY ROAD TOGETHER

The challenges facing the third eOEM-supplier combination are not any the less. QuinteQ Energy wants to market an energy storage system equipped with a 'kinetic battery'. This is how Wouter Biemans, co-founder and CTO of the Waalwijk scale-up, explains the flywheel at the heart of the system. That has to reach speeds as high as 22,500 RPM and would therefore benefit from a bearing that is as frictionless as possible. To that part, Bakker Magnetics makes an indispensable contribution, as a developer, a sourcer and a manufacturer. The bearing the two are developing includes two magnets that create a magnetic field on which the flywheel rotates – contactless. To prevent the magnets from bursting apart at the tremendous speeds and forces, a plastic ring had to be fitted around them, a component for which Bakker himself searched his supply base. It is clear from sales engineer IJsbrand Velzenboer's additions that Bakker is not risk-averse. After all, whether the ring

now developed actually meets the very high tolerances associated with 22,500 rpm remains to be seen, but there is no question of hourly billing. The two embarked on a risky path together and jointly committed to it, for the long haul, as they declare in unison from the stage in the room at ASML's headquarters.

FAMILY RATHER THAN PRIVATE EQUITY

In that Veldhoven setting, a contribution from the major semiconductor company obviously could not be missing. Jan Keller, former executive vice president of strategic sourcing & supply chain and Wayne Allan's predecessor (see interview on page 16) does the honours. He outlines a supply base of 6,000 suppliers spread across 15 countries that supply seven production sites. Among others, for the latest chip machine, the NXE, a 180-tonne machine consisting of some 100,000 parts, largely supplied by those suppliers. The fact that ASML was able to score such mega success with this EUV machine is largely down to that supply base. It consists not of suppliers who provide a product or service for a fee, but of partners, Keller defines. And these appear to be mostly family-owned companies. Unlike – mainly American – private equity financed companies, family businesses are willing to look at the long term. Prospective suppliers who already start talking about money, returns and payback periods in the first contacts are not

the partners he is looking for, says the ASML manager.

ASSISTING IN SOURCING

It is also important that ASML and its first-line suppliers constantly ask themselves whether a component should be made in-house, or whether there is a supplier in the market that can do this better and can make the investments. In that sourcing, ASML assists its suppliers, Keller outlines. To search together for the best fit. Towards a fair distribution of risk and remuneration. ASML then discusses 'openly' whether the partners are able to make the requested customer-specific investments. Suppliers tend to propose recouping the IP generated while working with assignments for other customers, but this is not automatically approved. Suppliers must then trust that things will work out, although that is only feasible in the long term. That ASML is truly committed to the concerns of



The audience consisted mostly of tandems of emerging OEMs and their key suppliers.

its suppliers no matter what. 'Veldhoven' finds that trust much easier with family businesses than with U.S. private equity firms, is Keller's experience. ●

- www.thalesgroup.com
- www.bond3d.com
- www.inovo.nl
- www.sciex.com
- www.nijdra.eu
- www.quinteqenergy.com
- www.bakkermagnetics.com
- www.asml.com

MAKE NEXT PLATFORM: SUPPORT FROM OEMS FOR eOEMS

The MNP platform was founded by four large OEMs – ASML, Huisman, Thales and Vanderlande – together with the TechnologyRating Foundation. The platform assists self-creating, emerging OEMs (eOEMs) with technological and entrepreneurial knowledge and experience – help they badly need, because developing, building and marketing physical machines and devices requires multiple multitasking. After all, chess has to be played on numerous boards simultaneously: HRM, marketing, sales supply chain management, etcetera. This means that it always takes more time than anticipated, Fred von Dewall says, kicking off the MNPX Suppliers Day (the 'X' stands for knowledge exchange). As a scale-up, you need an ecosystem for that. Those OEMs do not charge for it. 'Unique in the world,' says the chair of MNP and of the

TechnologyRating Foundation, which supports the platform with 'a proven rating system for new technology-based firms'. But the officials involved are challenged by it and learn from it as well. Conditions for admission to the MNP accelerator include 'truly new IP' that is already at TRL ≥ 7. A turnover of at least 50 million euros within five to seven years must also be considered realistic. These scale-ups currently have a spot in the MNP Virtual Accelerator: QuinteQ Energy, Smart Photonics, In Ovo, VS Particle, Eindhoven Medical Robots, Vivotla (formerly IMS), Bond3D and VitalFluid. Von Dewall concludes his intro by expressing his hope of being able to greet the first eOEM that breaks through the 1 billion euro sales barrier within fifteen years.

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