Infineon Technologies

Corporate Profile

The leading semiconductor supplier to the automotive sector

Infineon Technologies is the number one semiconductor supplier to the automotive industry in power electronics and chip card applications. The company focuses on the three central challenges facing modern society: energy efficiency, mobility and security. Infineon offers semiconductors and system solutions for automotive and industrial electronics, chip card and security applications as well as applications in communications.

Infineon Technologies AG is headquartered in Neubiberg near Munich, Germany, and active in all major European markets. With a global presence, Infineon operates through its subsidiaries in the USA (Milpitas, California), in the Asia-Pacific region (Singapore), and in Japan (Tokyo).

Business Challenge

Keeping pace with the semiconductor business cycle

The principal challenge facing Infineon is linked to the cyclical nature of the semiconductor industry. Typically, a business cycle lasts three to five years, and includes periods of very rapid growth, during which the volumes of business-to-business (B2B) data can change dramatically.

Against this background, it is critical to the company that it maintains an appropriate balance between service levels and related costs, ensuring that both are aligned to the shape of the market at the time. B2B e-commerce integration has a material role to play here, since efficiency and scalability are very much in demand. Infineon required a B2B infrastructure that would be flexible enough to cope with flatter stages of the demand cycle as well as enabling response to the rapid market booms characterised by escalating volumes of B2B data. The paramount need from Infineon's perspective was to provide B2B stability throughout the cycle.

Dr Dimitri Bortnik, head of B2B at Infineon's headquarters believes that "B2B e-commerce is absolutely critical to effectively manage our logistics and our sales processes. EDI is embedded in all of our key processes."

The global nature of Infineon's business brings with it specific challenges. The company's B2B team is distributed across the globe and a central part of the team's role is to ensure global consistency in terms of service and response. FTP usage is negligible but, for historical reasons, the team has to manage a variety of different standards—EDIFACT is well established in Europe and ANSI in North America, while RosettaNet is popular with small and medium sized enterprises in Asia Pacific.

Faced with these challenges, the first priority for Infineon was to put in place a B2B infrastructure to address the sell-side of the business, delivering solutions to enable logistics and order management. The next phase, in progress now, is focused on the buy side and rolling out B2B across the company's supplier base.

The Solution

A global network that brings stability and security

Infineon has been a GXS customer since 2003 and some 99 percent of Infineon's EDIFACT and ANSI X.12 traffic runs across the GXS Trading Grid® network. In simple terms, any one of Infineon's 500+ trading partners can connect with the network and send their EDI transactions to Infineon and the B2B team at Infineon can collect those transactions from their mailbox as required.

Infineon uses GXS Trading Grid Messaging Service to exchange orders, order responses, invoices, work in progress, delivery forecasts, delivery notes as well as a range of different reports and other specific messages in the sales area. At present, electronic trading is with more than 500 customers and distributors, with some of whom Infineon is collaboratively engaged in joint product developments. The volumes of B2B data being exchanged range from 200MB to 350MB each month.

A primary reason for choosing GXS was that the company was able to provide a stable and secure electronic trading method to exchange these messages. Dr Bortnik also cites the size of GXS and, in particular, the company's global reach with its ability to provide a highly available worldwide solution. Interestingly, Dr Bortnik also believes that it is important to him that he understands the clear vision and long-term future ambitions of GXS to deliver value-added services across the network—even those that Infineon is not yet ready to adopt at the moment.

The Results

Stringent KPIs measure performance

The performance of the B2B infrastructure is assessed and measured stringently at Infineon. The B2B teams report regularly on a set of agreed KPIs (Key Performance Indicators). In addition, feedback is gathered from four different communities within the business—logistics, sales, purchasing and manufacturing production. This in itself gives an indication of how pervasive B2Be-commerce is across the company.

GXS is helping Infineon become an Active Business that operates a customer-facing supply chain supported by the continuous flow of sales, shipment and payment information within and between organisations. In this way, Infineon can address its key business challenges and respond swiftly to macro-economic disruptions on supply, and changes in the global business environment.

Asked to identify the benefits that GXS and B2B integration has delivered to the business, Dr Bortnik highlights what he sees as the three principal ones. "Firstly, efficient B2B integration translates directly into customer satisfaction levels and leads to better relations with customers. Secondly, B2B allows us to optimise certain very important internal business processes— for example, by removing the possibility of manual errors in such processes.

Thirdly, B2B lets us harmonise key processes across the world, independent of geographic region. This means that the customer will enjoy consistency, no matter where they are located, which is very significant for a global brand such as Infineon."

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