



SOLID GROWTH WITH SMART TUNGSTEN AND MOLYBDENUM

Plansee Group knows how to continuously develop its business model.

As a specialist in metallurgical powder production and processing for tungsten and molybdenum, as well as the further processing of those materials to create semi-finished products, tools, and molded parts, it has been enjoying global success on the market since 1921.

This Tyrol-based company has now put in place a digitization strategy to set itself up for further growth.

When Austrian technology pioneer Paul Schwarzkopf founded Metallwerk Plansee Ges.m.b.H. in Reutte almost 100 years ago, for the purpose of producing molybdenum and tungsten wires for light bulbs, he lay the foundation for an international success story. Plansee Group, consists of Plansee Hochleistungswerkstoffe (Reutte, Austria), Global Tungsten & Powders (Towanda, USA), the joint venture CERATIZIT Hartmetalle und Werkzeuge (Mamer, Luxembourg) and a holding in Molymet (Santiago de Chile, Chile), operating worldwide with more than 14,000 employees and annual sales of €2.4 billion.

The impetus for its success comes from the company's will to constantly develop itself further; it has relied on innovation from the outset, and in doing so has grown to become a modern and international industrial concern. Over its history, Plansee Group has covered the entire value chain from the production of metal powders to components and tools that are ready to install. Its clear objective is to be the global leader in terms of quality and performance for all of its products.

A STRATEGIC DEPARTURE INTO THE DIGITAL ERA

To differentiate itself from international competitors on a long-term basis and to maintain its leading position, Plansee includes digitization among its strategies. Above all, the company sees an opportunity here to better meet increased customer requirements for flexibility, speed, and service quality. The corporate group identified the possibilities offered by digital networking at an early stage: Various areas have embarked on initiatives associated with the new technologies. However, these endeavors remained isolated and untidy to start with, because of the absence of an overarching digitization strategy. To address the risk of a digital patchwork, the Executive Board decided in 2016 to develop a strategy for digital transformation. In this concept, digitization is to be understood as the smart, interactive connection of data, things, and people, and it should make a significant contribution to Plansee Group's growth and economic success.

Based on the approach of Horváth & Partners, the company structured its strategy work associated with the core elements of the digital business model into two levels: The first level concerned concrete digital use cases that create added value to customers, and the second level dealt with "enablers" as the key requirement for success in those use cases – which include digital technologies and employees with digital expertise, for example.

The corporate strategy was the point of reference for all strategic questions. The digitization core team, made up of employees from various departments, went through an integrated strategy process, in which it first analyzed the initial situation and defined a digital mission statement. Based on the core elements of the digital business model, the team then organized the use cases and enablers by subject; defined the courses of action; and derived specific measures.

THE TRANSFORMATION BEARS FRUIT

Since then, Plansee has been consistently implementing the digitization strategy, while also updating it on an ongoing basis. "We have implemented new structures and methods to drive forward the development of digital business models, products, and processes," says Karlheinz Wex, Member of the Executive Board at Plansee Group. The goal is for digitization to be driven by the operational units, and centrally coordinated. In this process, the operational units have a high degree of freedom, and at the same time they must develop ideas and advance projects. However, Plansee has deliberately not designated a specialist digitization team or a Chief Digital Officer. Instead,



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a centralized, interdisciplinary committee that meets once a month functions as an entity to challenge, drive forward, and coordinate processes, as well as releasing additional resources.

The transformation bears its first fruit. Plansee Group has established its first fully digital subsidiary in the form of the Matmatch (www.matmatch.com) materials platform. In the framework of this new business model, it brings together

materials experts, material science knowledge, and customers to create added value. In addition, pilot projects that facilitate more intensive collaboration with customers are also running in parallel, with the objective of providing very targeted service and even better products, as well as developing new business models – all based on data. Plansee Group has also invested in a fund that supports industrial digitization and start-ups, which represents another way of staying at the cutting edge. ■

THREE QUESTIONS FOR
KARLHEINZ WEX,



MEMBER OF THE EXECUTIVE
BOARD OF PLANSEE GROUP

What are the most important drivers of digitization at Plansee?

WEX / Our key drivers are our customers' changing needs. On the one hand, they demand faster and more flexible services, and we have to make that possible in our organization, perhaps with the aid of IT, but also through revised processes and better collaboration with customers. On the other hand, customers also experience digitization in the personal environment and want to transfer the advantages it offers into their everyday working lives. If I use Amazon for my personal online shopping, that's my benchmark for all webshops. And if I rely on pay-per-use solutions increasingly often, I'd like to also do so in a B2B environment. We must adapt to meet these preferences.

Where do you see the biggest challenges in that?

WEX / Digitization requires courageous decisions and specialists who advance the subject in terms of both content and technology. That said, this is a subject that affects the entire company. All employees are challenged to create momentum and deliver new ideas, and to pour their energy into supporting implementation. Plansee has been so successful for almost 100 years because our employees have always been able to overcome the many challenges we have faced. Digitization is the next one, but it certainly won't be the last. This is why we have to take our employees with us and utilize all of their potential. Achieving that requires training, as well as raising awareness of new topics and ways of implementing them.

When it comes to implementing digitization, how do you ensure coordination?

WEX / Many sub-projects are executed in individual areas of the company, with each digitization-related topic being assigned to operational units. Interaction with the customer is handled by Sales and Marketing, for example, while Production is responsible for optimizing the manufacturing process. We also have a centralized committee that monitors project progress. With this configuration, we ensure that project execution is coordinated, as well as that projects are a good fit for both the business and digitization strategy, and that sufficient resources are available for them. We only push forward select topics on a centralized basis, such as shared IT platforms for all business segments and joint ventures. ■