

PRESS RELEASE

Direct Procurement: JAGGAER and FACTON Partnership Integration of Should Costing in Procurement Offers Huge Potential

Vienna | Mason, OH | Troy, MI – July 27, 2017 – JAGGAER, provider of the world's most comprehensive Source to Pay (S2P) suite for indirect and direct spend solutions, and FACTON GmbH, the leading provider in enterprise product costing for the automotive, aerospace, mechanical engineering, high-tech and electronics sectors, are forming a strategic partnership to provide their customers with digital, efficient processes for the entire production process. The integration of product costing calculations and should cost models into the procurement platform offers huge advantages, especially for companies from the manufacturing sector.

Nearly 70% of all production costs are already established during the early phases of product development, and once production has started, it is difficult to change them. This is why it is especially important for procurement, designers and cost analysts to work together closely as soon as a new idea is introduced so that new products can be planned and produced at minimum cost. Companies in integrated, global supply chains in particular can only achieve long-term competitive advantages and expand market shares by following structured and standardized procedures. To reach that goal, companies first need integrated processes that are used in all departments and information that is centrally accessible. This is where the partnership between JAGGAER and FACTON comes in. Previously, if companies using the FACTON solution for product costing wanted to analyze the results in the JAGGAER procurement platform, they had to either extract the data from the calculation software and add it to the bid comparisons manually, or they simply were unable to use the information for bid comparisons because the data transfer process took too long. The partner solution now offers companies that used Excel for their costing calculations, and then shared the information manually with procurement, the option to use a completely integrated digital process.

Efficiency and Savings in the Production Process

By integrating both systems, data can now be transferred automatically. This eliminates the time-consuming and opaque manual process, and reduces the chance of errors. The costs added to the FACTON software by cost analysts can then be directly compared to supplier offers in JAGGAER, facilitating the structured communication of target values and specifications with procurement. Purchasers can see internal calculations (should costing) and additional offers in the offer comparison, which makes it easier to identify cost drivers and weak points in the supplier's offers. This accelerates processes, offers an improved basis for decisions in the award process, and makes it easier to control the target prices of purchased parts. Potential savings can also be identified easily, starting from

when the product idea is first introduced. In addition to drastically reducing process costs, procurement can also secure better material prices and sustainably increase efficiency in the production process.

In the second phase of the partnership, complex bills of material (BOM) will also be transferred from FACTON so that procurement can easily collect up-to-date prices for the entire BOM and add them to their calculations efficiently. The costs of complex products can thus be determined at an early stage and at any other point in their lifecycle.

Strategic Partnership with Great Potential

“The point of overlap between procurement and should costing carries huge potential,” says Thomas Dieringer, Managing Director of JAGGAER EMEA. “Many of our customers are already working with the FACTON suite. Big companies often have hundreds of complex calculations to run per month that are relevant for procurement. If these no longer have to be edited manually and collected multiple times, this instantly reduces process costs.”

Alexander M. Swoboda, CEO of FACTON GmbH, sees the long-term potential of the partnership: “Production structures are getting more and more complex. In order to stay competitive companies must closely work together with their partners. This cooperation is at the heart of Enterprise Product Costing. We are delighted that together with JAGGAER we can open new and innovative opportunities for our clients in this field.”

About FACTON

The FACTON EPC Suite is the leading Enterprise Product Costing (EPC) solution for the automotive, aerospace, mechanical engineering and electronics industries. Its specific solutions offer robust answers to the requirements of executive management and individual departments within the enterprise. FACTON EPC enables standardized, enterprise-wide costing independent of location and department for maximum product cost transparency throughout every phase of the product life cycle. Businesses accelerate their costing, achieve pinpoint cost accuracy and secure their profitability.

FACTON was founded in 1998 and has locations in Potsdam, Dresden, Stuttgart and Detroit. Hasso Plattner, founder and chairman of the supervisory board of SAP AG, has supported this innovative company since 2006. The international portfolio of customers includes Ford Motor Company, Henniges Automotive, DURA Automotive Systems, Airbus, Mahle Behr, MANN+HUMMEL, Porsche and other renowned manufacturers.

About JAGGAER: Global Indirect and Direct Spend Management Solutions

JAGGAER offers the only comprehensive and complete spend solution suites enabling commerce between any businesses, anywhere. We pioneered spend solutions over two decades ago and have continued to lead the innovation curve by listening to customers and analyzing the market. Our solutions suites are trusted by the world's largest higher education, manufacturing, pharmaceutical, life sciences, automotive, engineering, construction equipment, serial production and medical technology companies. Our indirect and direct spend solutions suites collectively form a

global network processing billions of dollars in annual spend between 900+ customers and 2.5 million suppliers. JAGGAER's SaaS based, Source to Pay (S2P) solutions enable an efficient relationship between buyers and suppliers, covering the entire spectrum of needs, from spend analysis to sourcing, through contract and supplier relationship management. Additionally, JAGGAER holds 38 patents, more than any other spend management company, and acquired POOL4TOOL in 2017. Learn how our solutions can power your organization.

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