

**Ihr Einkaufsbetreuer für den chinesischen Markt:
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Total Cost of Ownership

A powerful tool to improve
your sourcing efforts

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If you buy a car...



**...you will consider miles driven per year
in order to choose a suitable engine**

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But what will you consider...



...besides the price, if you buy in China?

Every third questioned organization accepts losses while buying in China

(Harald Kayser, Head of China Business Group, PwC)

One reason, among others, are planning errors

(Study 2008: PWC, BME)

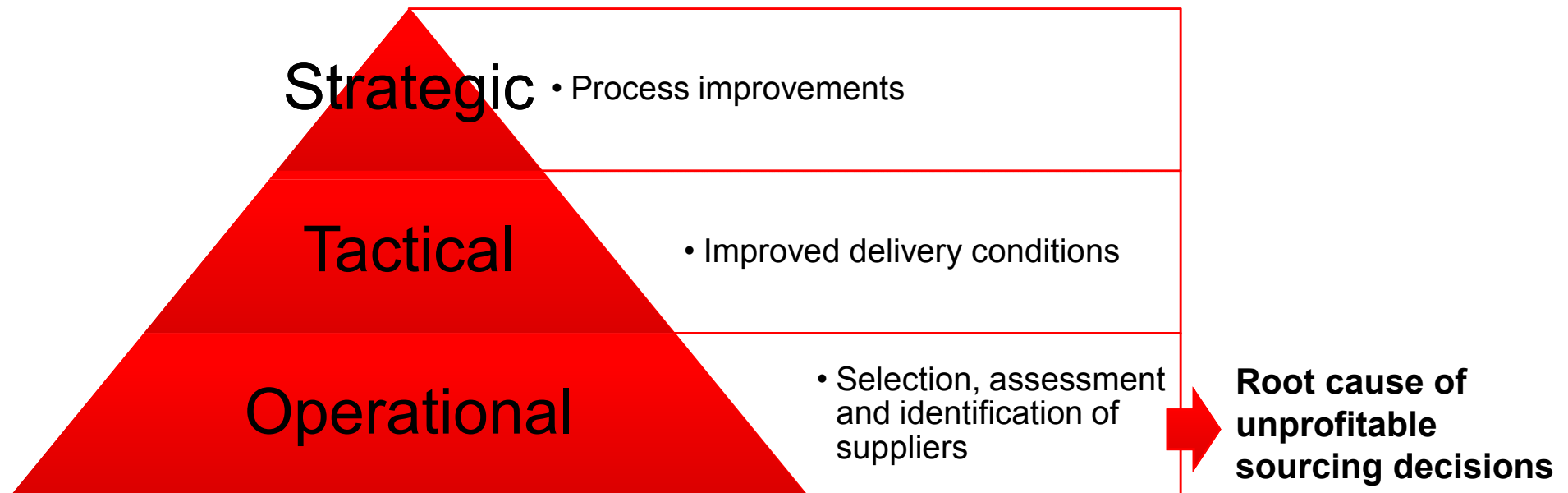
44% of the companies do not have more than basic
information regarding their purchasing (processes)

(Source: Prof. Dr. Dr. h.c. mult. Horst Wildemann)

TCO looks at much more than only the buying price...

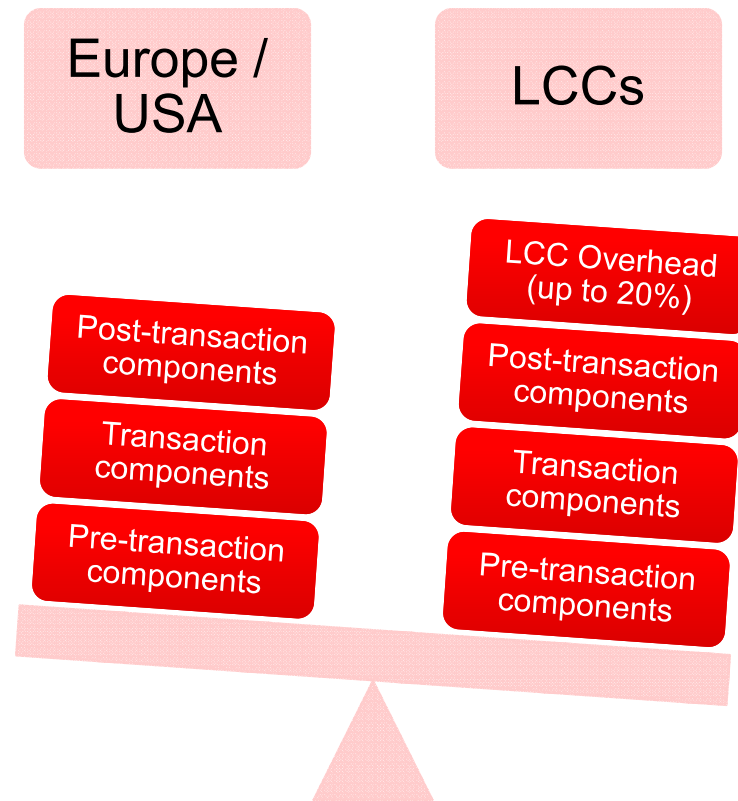
- ❖ TCO is a purchasing tool and philosophy aimed at understanding the **relevant cost** of buying a particular good or service from a supplier. The concept takes into account **all costs** that the **purchase and** the subsequent **use** of components entail in the **entire value chain** of the company, and thus expands the notion of **purchasing cost by combining the life cycle cost** effects with the acquisition price.

By analyzing the cost drivers TCO aims...



...at improving the Supply Chain on every level

Global sourcing activities make an understanding of TCO even more important

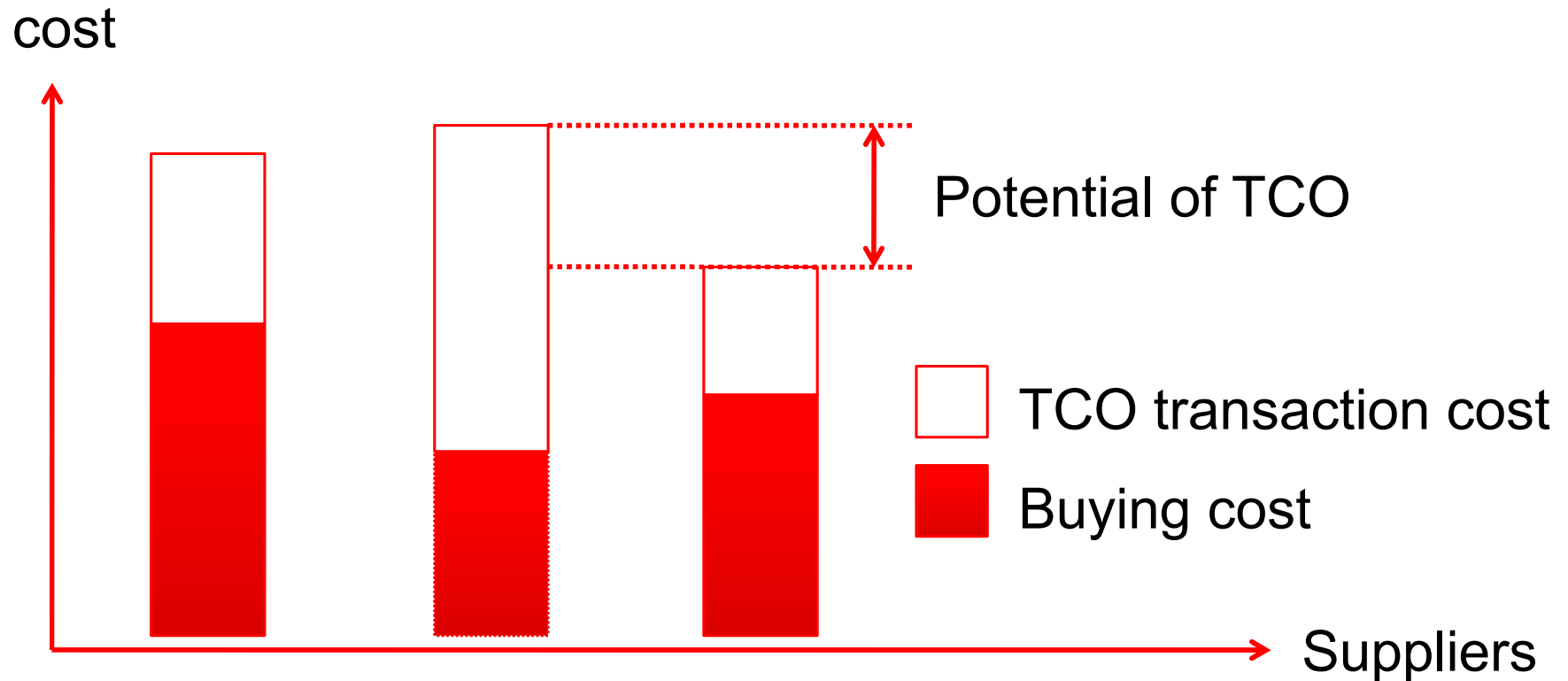


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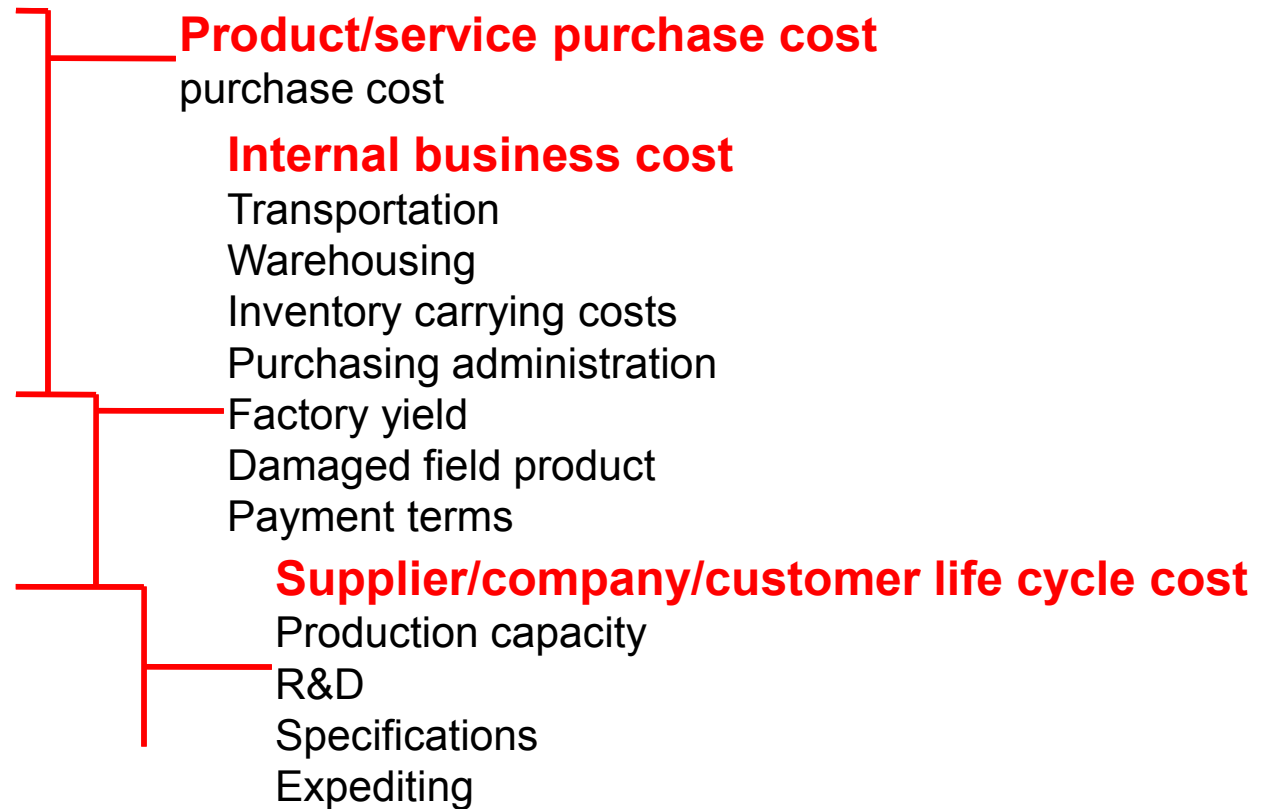


...and thus enables you to make the right choice





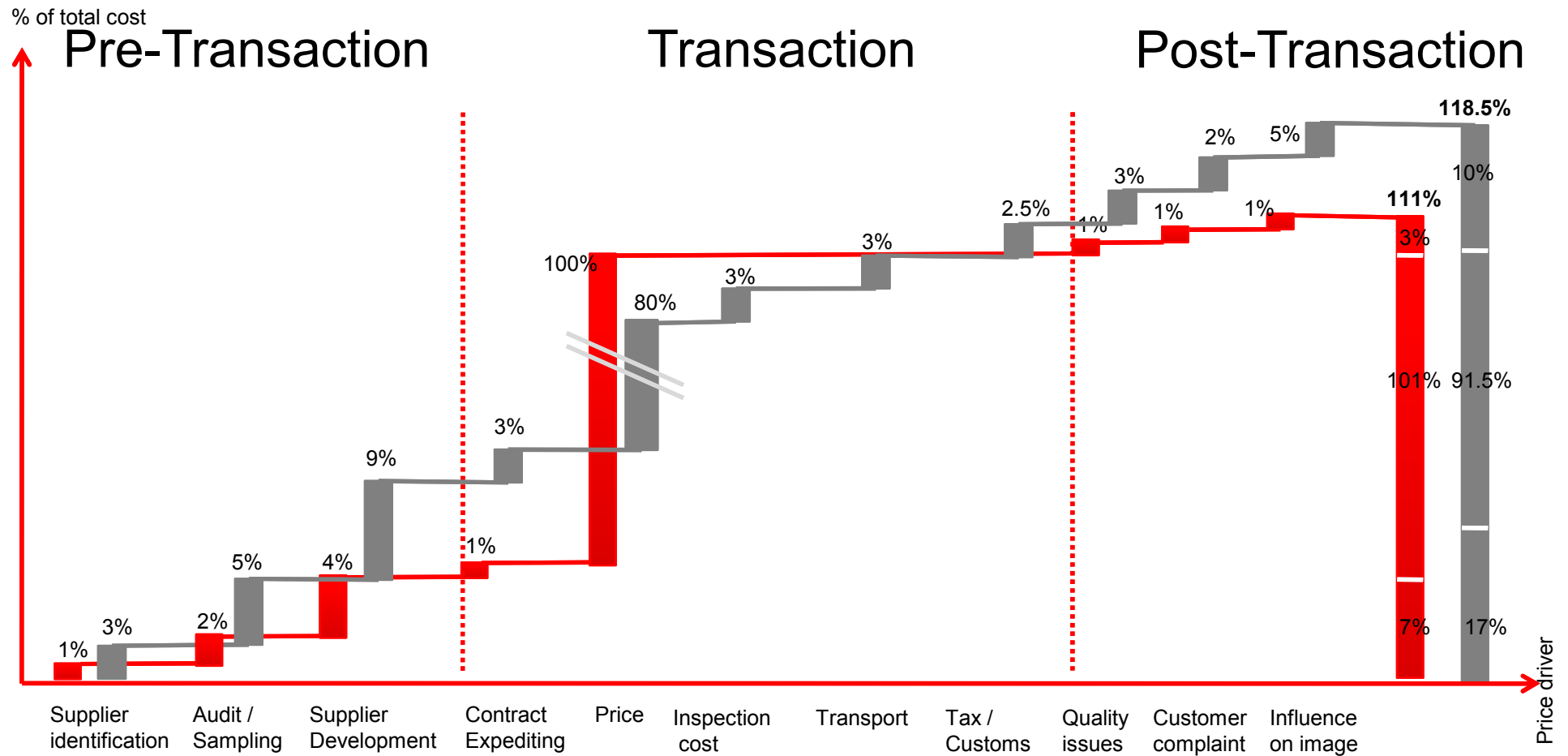
In the TCO model the buying price is only the tip of the iceberg



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Germany vs. China



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**...still purchasing in China
often justifies the efforts...**

- ❖ Companies save in average around 20% on the commodities which they buy cheapest
- ❖ In average companies save 10% when buying in China



**...but intensive preparations are
required in order to make a
profitable decision.**

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Thank you very much for your attention

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