



**STRENGTHENING SUPPLIER
RELATIONSHIPS AND
EMBRACING DIGITAL
TRANSFORMATION IN
EXTERNAL
MANUFACTURING**



Luiz Barberini
External Manufacturing LatAm

GENERIS Boston 2025



Forward-Looking Statements - Disclosure terms

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Legal Notice

The product names designated with TM are brands of the Bayer Group or our distribution partners and are registered trademarks in many countries.

STRENGTHENING SUPPLIER RELATIONSHIPS AND EMBRACING DIGITAL TRANSFORMATION IN EXTERNAL MANUFACTURING

- Building strong partnerships with suppliers for longterm success
- Developing suppliers to drive innovation and growth
- Connecting procurement, logistics, planning, and production to optimize external manufacturing
- Using AI and technology to improve supplier management and procurement

Objective : Share our experience, targeting to make YOUR life easier

Luiz Barberini – MSc. , MBA , CQE , CPIM , CSCP

Keynote
Speaker
since 2008



Logistics

Manufacturing

Planning

Demand

Procurement

Cold Chain

A Complex World

~5.0 bn €
sales with
~6.000 products



8 Suppliers LatAm
USD30million



Supply from **>200** external **CMO's**



Supply from **12** internal **PS sites**



~850
formulations

~13.000
Number of Materials



~1.500
Material Suppliers

1.6
BILLION



1.6
BILLION

Procurement X Relationship Roles

INTRODUCTION
WHY WE NEED IT?

THE ROLE
OF
PROCUREMENT

TRUSTFUL
RELATIONSHIP

GETTING
ALIGNED

TIPS
&
TAKE AWAYS

Procurement X Relationship Roles

INTRODUCTION
WHY WE NEED IT?

THE ROLE
OF
PROCUREMENT

TRUSTFUL
RELATIONSHIP

GETTING
ALIGNED

TIPS
&
TAKE AWAYS

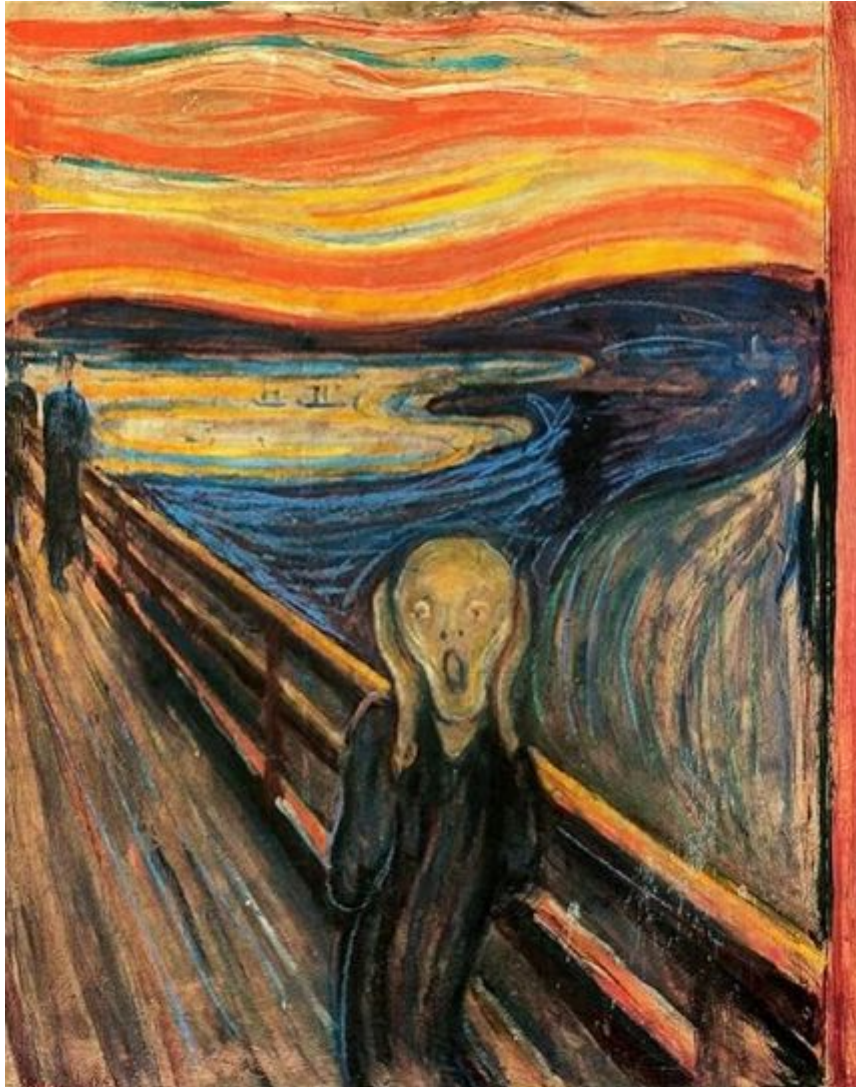
Long Story Short :

To manage the
complexity of an
operational relationship

Managing the complexity



Managing the complexity



Pharma entering higher demand and individualized care, enabled by AI-driven R&D and visible Supply chains

Resilience now means moving from JUST-IN-TIME to **JUST-IN-CASE**, with multi-regional sourcing, pre-qualified alternatives, buffer stocks and complex networks

Tariffs are re-shaping both contracts and footprints

A Short Story



Menu

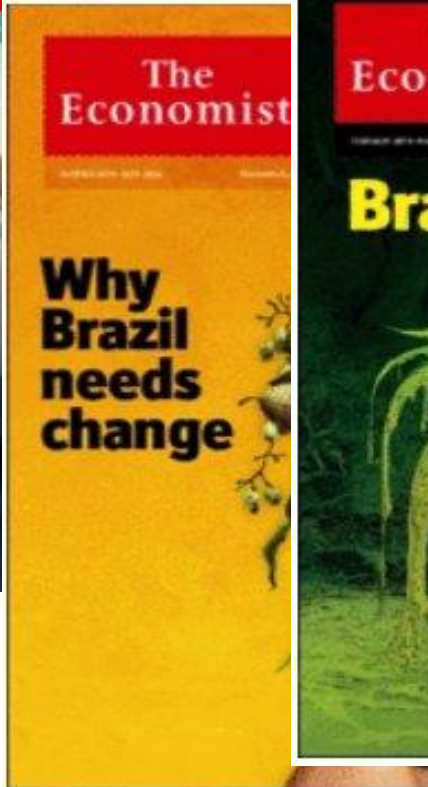
Weekly edition

The world in brief

Search



Brazil takes off



Leaders | A profligate president

To halt Brazil's decline, Lula needs to cut runaway public spending

Investors have started to worry



PHOTOGRAPH: GETTY IMAGES

Jul 18th 2024

Share

The Contract X The Reality

In Logistics, contract is based on this...



The Contract X The Reality

...but sometimes the reality is different



The Contract X The Reality



And the most complex factor



WHY IS SUPPLY CHAIN



THE LAST TO KNOW?

The procurement guy....



Procurement X Relationship Roles

INTRODUCTION
WHY WE NEED IT?

THE ROLE
OF
PROCUREMENT

TRUSTFUL
RELATIONSHIP

GETTING
ALIGNED

TIPS
&
TAKE AWAYS

The Outsourcing Way – CTS/CMO evolution

FierceBiotech

BIOTECH RESEARCH CRO MEDTECH

CRO

Bayer contemplating outsourcing more R&D as part of restructuring: Reuters

by Joseph Keenan | Oct 16, 2018 2:24pm



Bayer is contemplating outsourcing more of its R&D as part of an overall restructuring plan, Reuters says. (Bayer)



Bayer is contemplating outsourcing more of its R&D as part of an overall restructuring plan, Reuters **reported**, citing the German pharma giant's work council.

The Outsourcing Way – CTS/CMO evolution

FierceBiotech

BIOTECH RESEARCH CRO MEDTECH

CRO

Bayer contemplating outsourcing more R&D as part of restructuring: Reuters

by Joseph Keenan | Oct 16, 2018 2:24pm

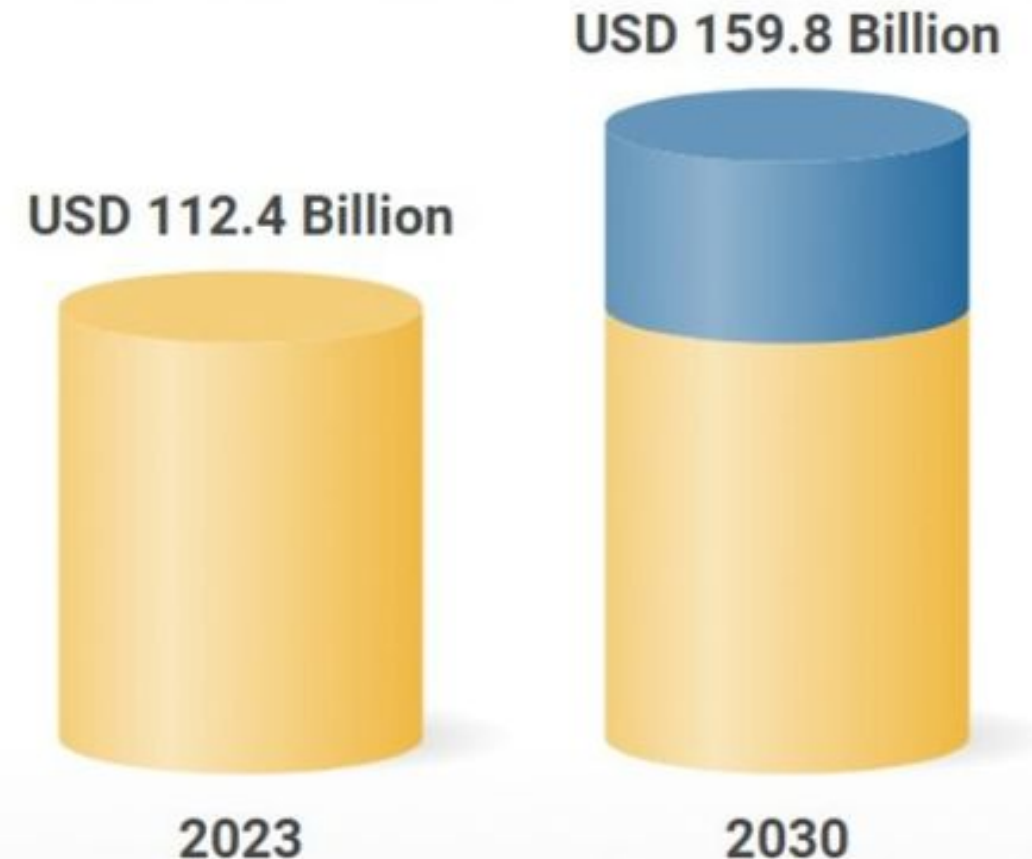


Bayer is contemplating outsourcing more of its R&D as part of an overall restructuring plan, Reuters says. (Bayer)



Bayer is contemplating outsourcing more of its R&D as part of an overall restructuring plan, Reuters **reported**, citing the German pharma giant's work council.

Market forecast to grow at a CAGR of 5.2%



The Roles at Procurement

Procurement

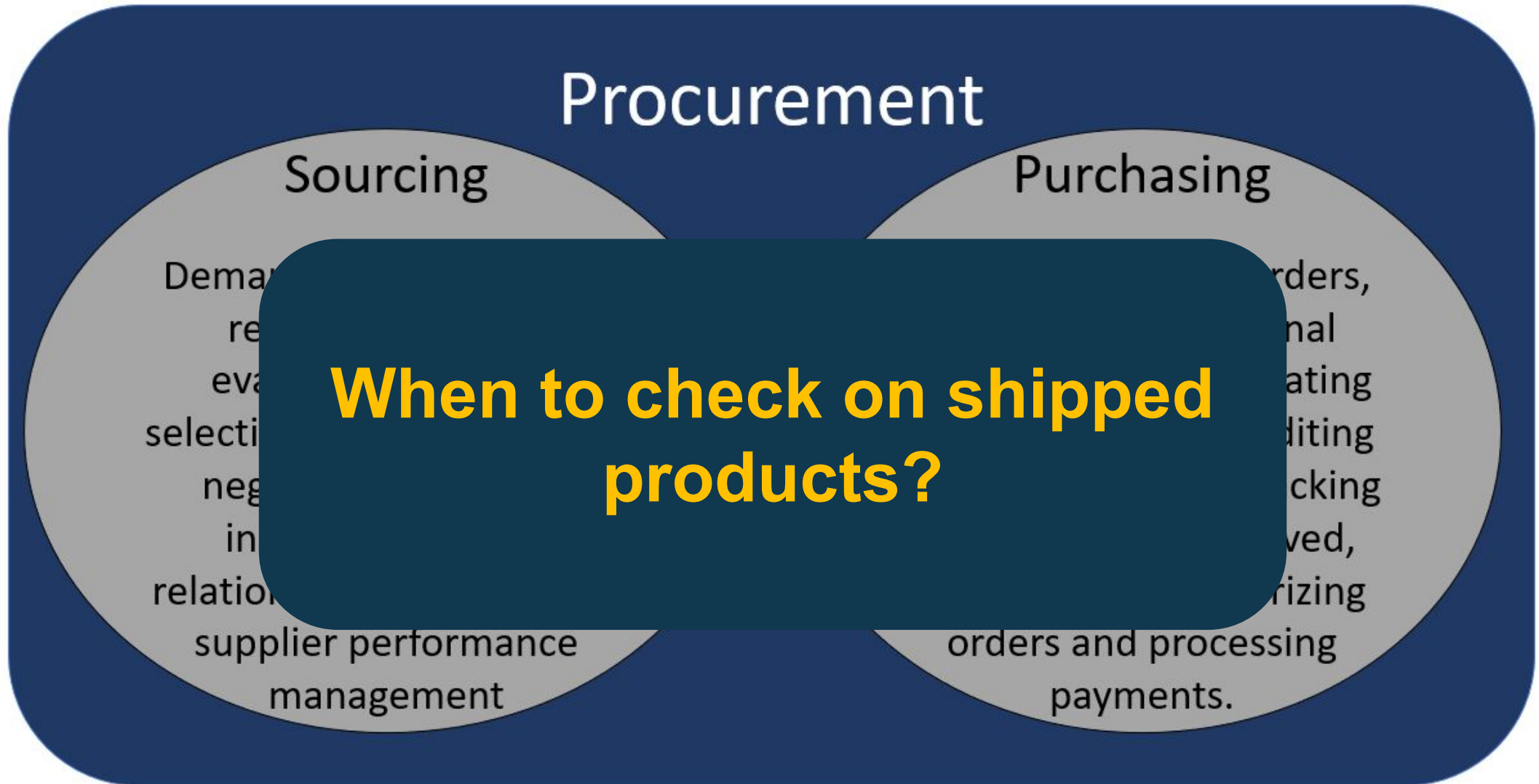
Sourcing

Demand analysis, market research, supplier evaluation, supplier selection, bidding, contract negotiation, supplier insertion, supplier relationship management, supplier performance management

Purchasing

Opening purchase orders, managing operational tasks, and communicating with the supplier, auditing order delivery and tracking orders already received, receiving and authorizing orders and processing payments.

The Roles at Procurement



The tale
of a
dreamed



Evolution on Procurement Role

Manual processes with limited or no tech-deployment

- Non-standard processes
- Low/no tech utilization
- Resource effort not optimized based on risk, criticality, value
- Right balance not found between speed and risk/compliance
- Lack of clarity on roles and responsibilities
- Poor data capture from procurement processes

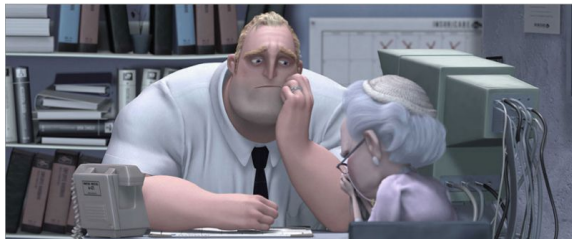
Evolution on Procurement Role

Manual processes with limited or no tech-deployment

- Non-standard processes
- Low/no tech utilization
- Resource effort not optimized based on risk, criticality, value
- Right balance not found between speed and risk/compliance
- Lack of clarity on roles and responsibilities
- Poor data capture from procurement processes



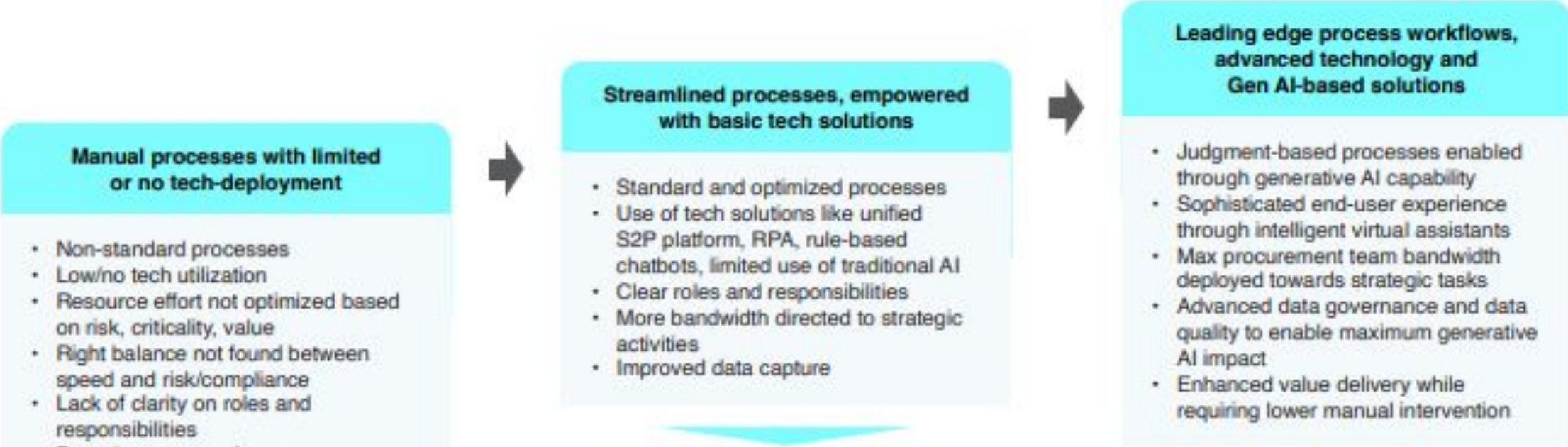
Evolution on Procurement Role



Evolution on Procurement Role



Evolution on Procurement Role

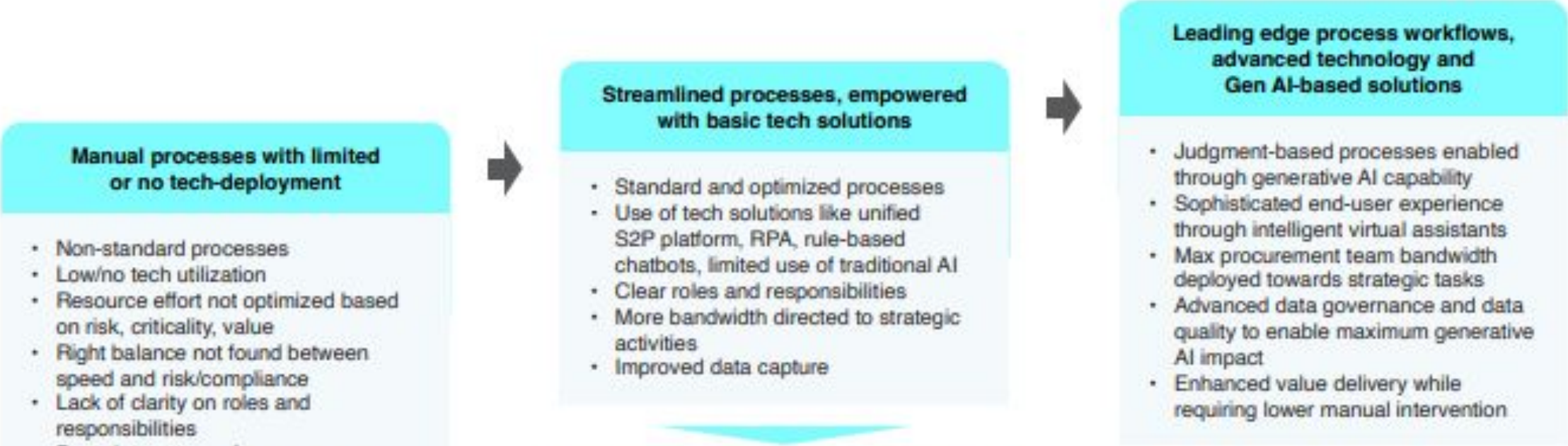


Step-change in efficiencies and results (like cost savings) with use of tech-driven S2P processes

Transformative procurement results, with generative AI augmenting procurement team skillset, adding significant value in judgment-based activities, and further enhancing transactional activities



Evolution on Procurement Role

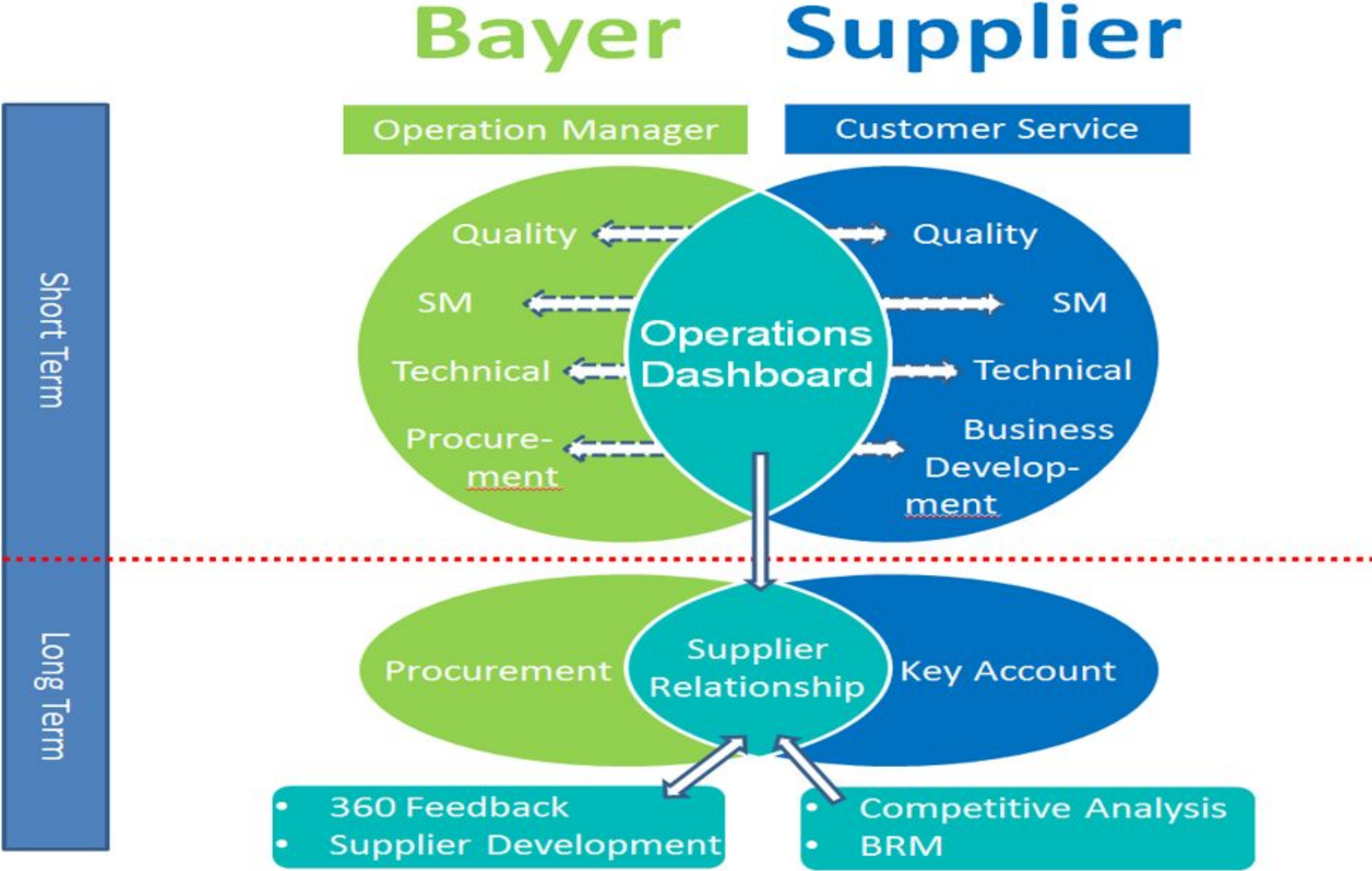


Step-change in efficiencies and results (like cost savings) with use of tech-driven S2P processes

Transformative procurement results, with generative AI augmenting procurement team skillset, adding significant value in judgment-based activities, and further enhancing transactional activities



Bayer External Manufacturing Model



The Technology approach

Hi Tech X Hi Touch



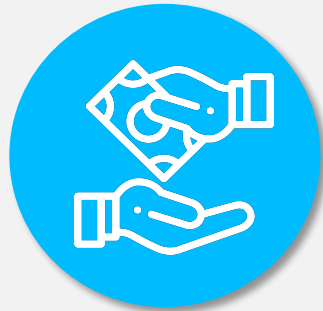
Relationship Important Insights



Hi Tech X Hi Touch



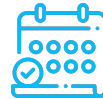
The Intangible Relationship



Relationship Important Insights



Hi Tech X Hi Touch



The Intangible Relationship



Play Jazz – Plot and Improvisation



Procurement X Relationship Roles

INTRODUCTION
WHY WE NEED IT?

THE ROLE
OF
PROCUREMENT

TRUSTFUL
RELATIONSHIPS

X

AI

GETTING
ALIGNED

TIPS
&
TAKE AWAYS

Approach Above and Beyond - PROCESS



Intro of Strategies/Programs/Vision

Health for All - Hunger for None



Organizational Changes



New
Operating
Model



Order to
Cash PH/CH



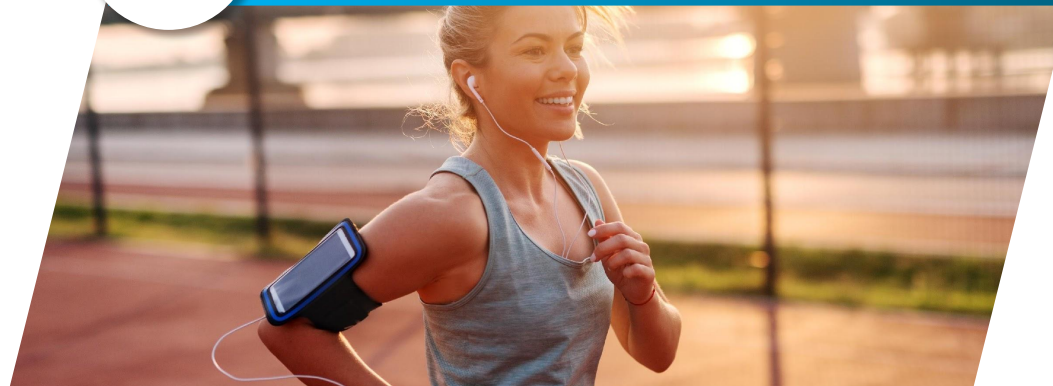
Warehouse
& Distribution



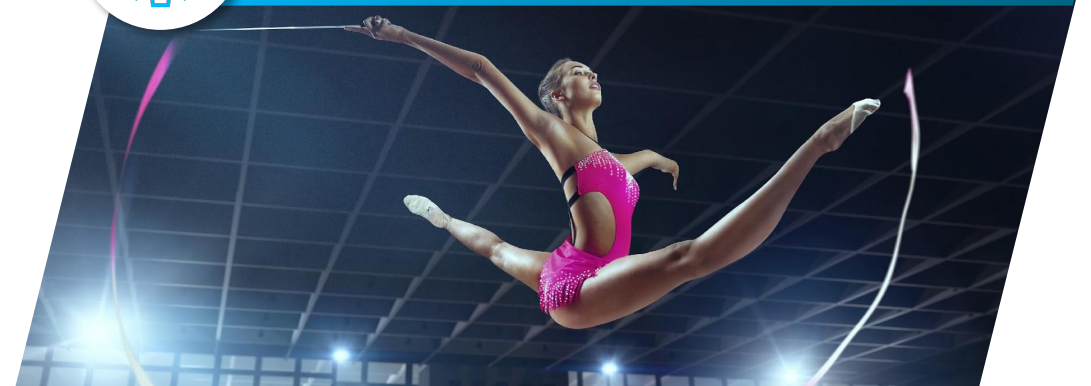
Data
Analytics



Speed of Performance Improvements



Agility in long-term planning



Approach Above and Beyond - TECHNOLOGY



Digitization

The process of making information available and accessible in a digital format.

Digitalization

The process of considering how best to apply digitized information to simplify specific operations.



Digital Transformation

The process of devising new business applications that integrate all the digitized data and digitalized applications.

Approach Above and Beyond - TECHNOLOGY



Open an Existing Card File
The "505" was the workhorse
and statistically proved to
be the most reliable piece of
equipment in the world
for processing data.

Approach Above and Beyond - TECHNOLOGY



“Digital Transformation is more about
People rather than technology”



Key Relationship Factors



Bacon & Eggs

Key Relationship Factors

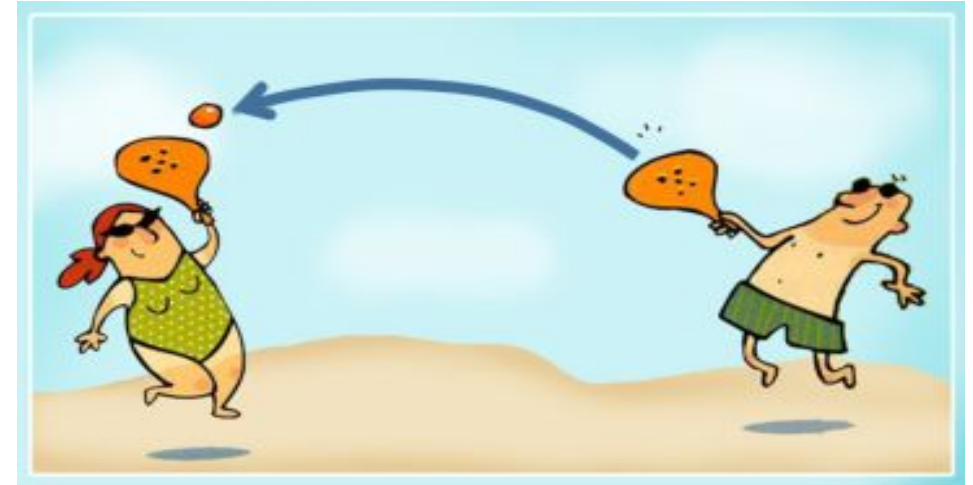


Bacon & Eggs
The chicken is
involved but the pig
is committed

Key Relationship Factors



Bacon & Eggs
The chicken is involved but the pig is committed



Paddleball

Key Relationship Factors



Bacon & Eggs
The chicken is involved but the pig is committed

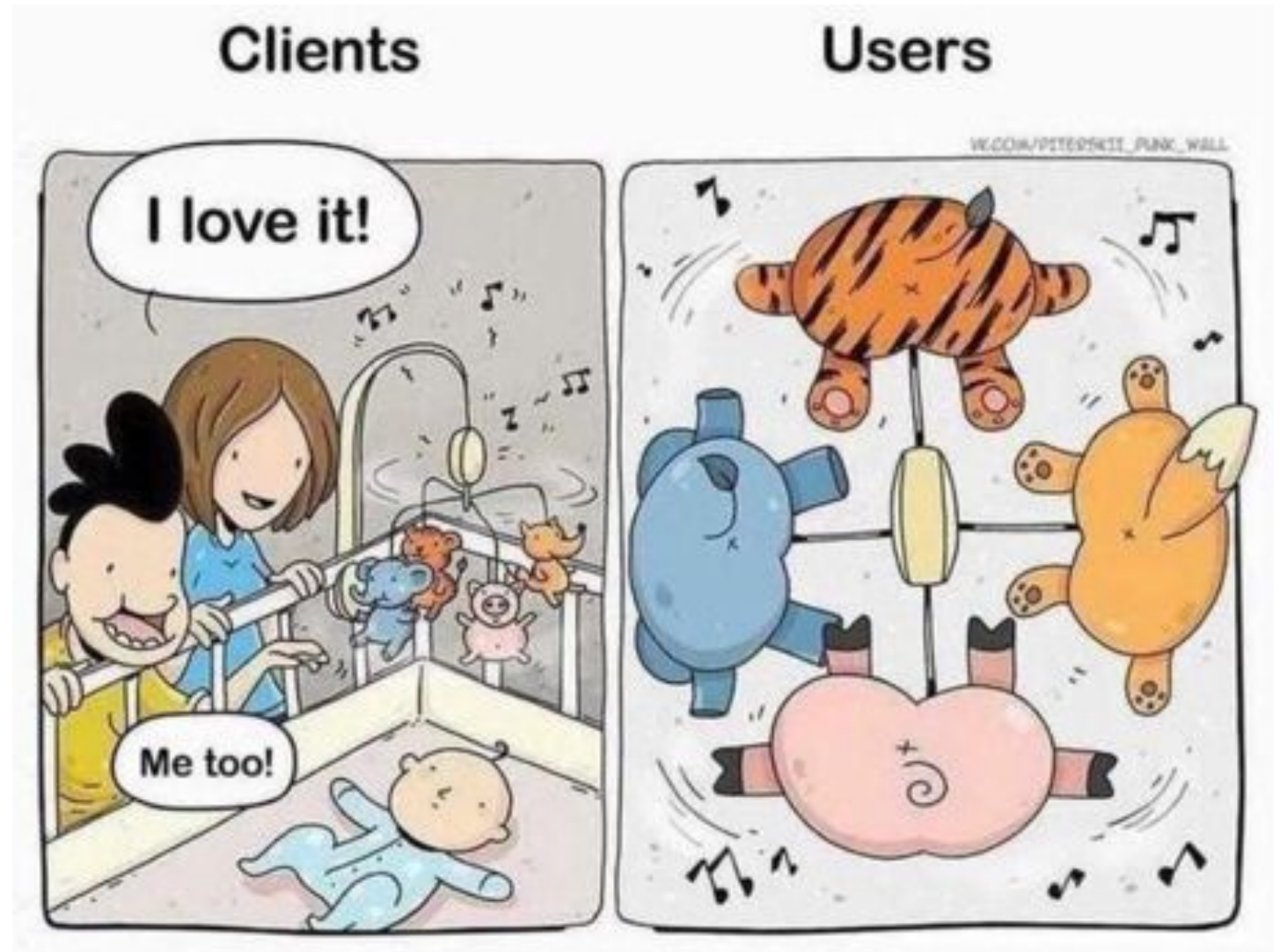


Paddleball
When you send good balls, odds are you'll get good ones back

The new procurement model – focus on customer & user



The new procurement model – focus on customer & user



Human Intelligence X Machine Learning AI

HI

Human Overseen on critical situation
(emotional context)

Interrelational connections driving common
supported decisions

Human creativity in conditional thinking

Incredible Precision should not go with great
confusion

Human driven decisions modelling will still
give us clear approaches in moments of
great confusion and emotional stress

ML

No intelligent analytics but intelligent
assistance

Help humans to look at, understand and
organize the situations they will be in

Reality will be presented objectively

Information will be available in the realtime
of its analysis excluding biased and
subjective past experiences

AI controlled prognosis tools free from
cognitive bias

Human Intelligence X Machine Learning AI

HI

Human Overseen on critical situation
(emotional context)

Interrelational connections driving common
supported decisions

Human creativity in conditional thinking

Incredible Precision should not go with great
confusion

Human driven decisions modelling will still
give us clear approaches in moments of
great confusion and emotional stress

ML

No intelligent analytics but intelligent
assistance

Help humans to look at, understand and
organize the situations they will be in

Reality will be presented objectively

Information will be available in the realtime
of its analysis excluding biased and
subjective past experiences

AI controlled prognosis tools free from
cognitive bias

Humans generate value and are accountable for outcomes coming from ML insights

Next generation Manufacturing Strategies

Pharmaceutical

1 Supply Chain

Real-time visibility and tracking

2 Overstocking and understocking

3 Cold chain loses

4 Counterfeit medicines

5 Overreliance on a single region



Decentralization @ Production shift to target areas

AI driven accurate analytics avoiding plant downtime

Always-on connectivity and real-time plant and CMO connectivity

Permanent availability without stock piling

Procurement X Relationship Roles

INTRODUCTION
WHY WE NEED IT?

THE ROLE
OF
PROCUREMENT

TRUSTFUL
RELATIONSHIP

GETTING
ALIGNED

TIPS
&
TAKE AWAYS

Manage Business and Relationship with

TRANSPARENCY

HONESTY

SINCERE COLLABORATION

helps in getting full Trust

**100% of customers
are people.
100% of employees
are people.
If you don't
understand people,
...you don't
understand
business.**



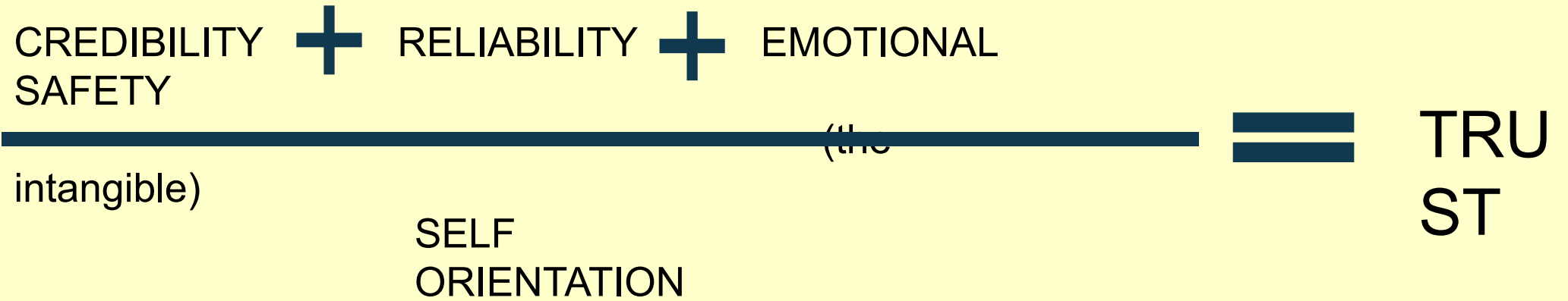
HOW?

“Breakfast at Tiffanys”

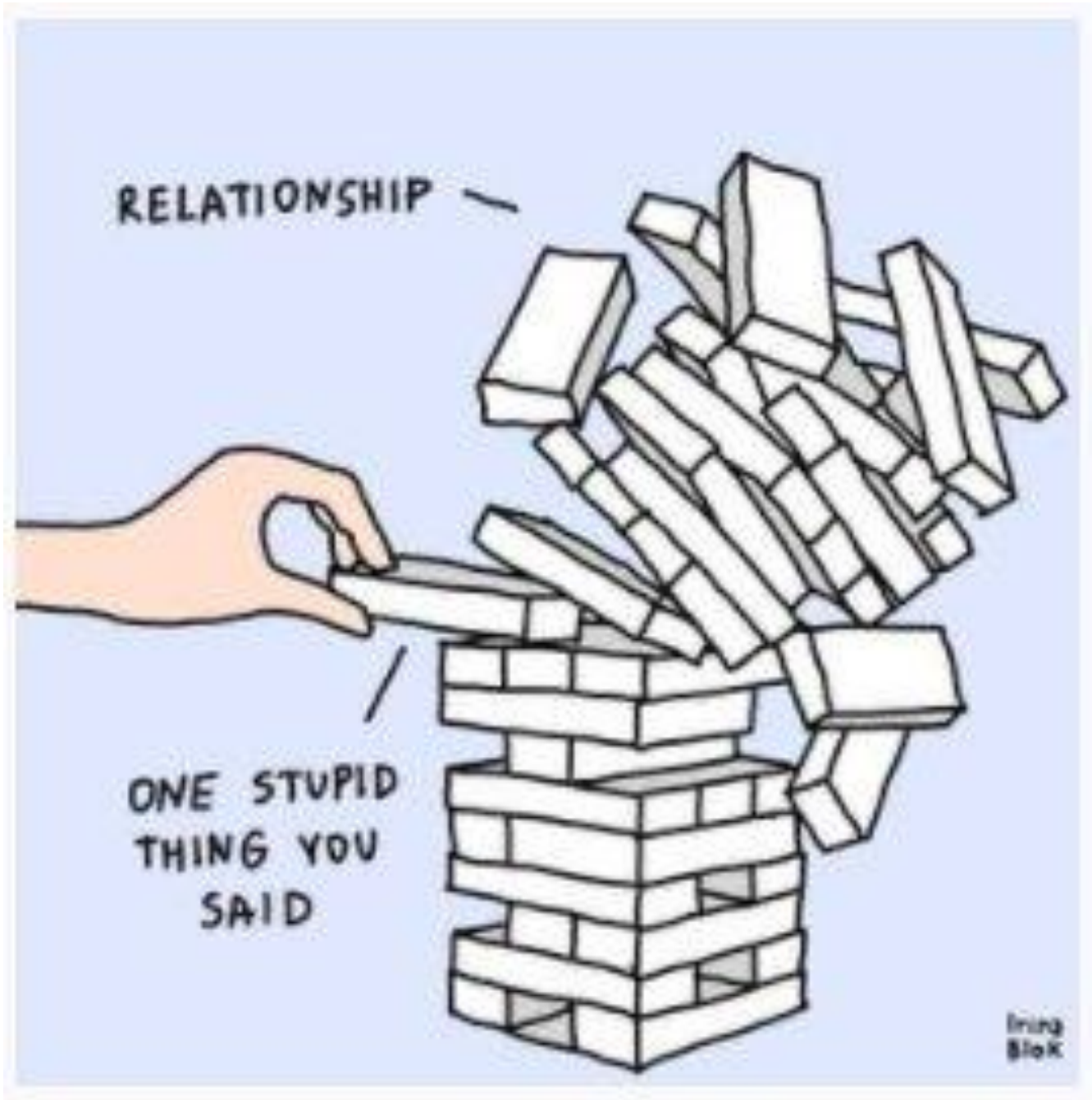
Deep Blue Something



Closing....







THE COMMUNICATION



Closing....



*STRENGTHENING SUPPLIER
RELATIONSHIPS AND EMBRACING
DIGITAL TRANSFORMATION IN
EXTERNAL
MANUFACTURING*

*FINAL COMENTS AND
TIPS*

Build relationship based on trust,



focused on
customer's needs



and helped by the
humanized technology

Closing....

There are two rules for the success:
1. Never tell everything you know.

Roger H. Lincoln

Detroit City councilman, Juvenile Justice Court judge, and author

See you here Next

Year.....



Thank you

*And please provide your
feedback*





Thank you

*And please provide your
feedback*

