Case Study
Supply Chain Risk Management

Increased transparency to avoid production downtime and ensure continuity of industrial insurance coverage.
Benefits

Thanks to riskmethods’ Supply Risk Network software solution, Dräger is able to ensure transparency of a large number of risks along their global supply chains. The near-real time early warning system, and monitoring of latent risks through world class data sources provide Dräger with a mission-critical advantage: early recognition of risks in the supply chain. These time-saving activities enable the company to implement appropriate countermeasures for risk prevention and risk mitigation, both on a preventive and reactive basis. The transparency gained also results in increased insurance coverage across additional areas and increased insurance capacity.

Solution

The Supply Risk Network enables Dräger to carry out integrated monitoring and assessment of all risks along their global supply chains (including suppliers, locations, countries and logistics hubs). In doing so, all types of risks are mapped to a risk scorecard, including threats such as natural disasters, fires, strikes, financial indicators or sanction risks. In addition, Dräger adds company-specific quality and performance indicators to the scorecard, such as internal site assessments. The riskmethods solution is currently being used in the sales, insurance, production and logistics departments. The Supply Risk Network access is role-based, allowing Dräger to address each functional department’s requirements and interests when utilizing the tool.

Challenge

In the last few years Dräger has faced threats across risks of all kinds such as supplier insolvency and fires at production sites. Meanwhile Dräger is among the many companies following the outsourcing trend, resulting in increased dependency on their suppliers. In order to identify possible insolvency risks in the supply chain and in the supply base, Dräger collected very selective financial information from their suppliers. Therefore, complete transparency in the supply chain was not ensured. During these aforementioned supply chain disruptions this approach resulted in significant costs for damage prevention.
In the last few years Dräger has been threatened by supplier insolvencies and production plant fires. At the time, Dräger was merely collecting business information from its suppliers, and did not have a comprehensive approach in place that allowed for early warning nor preventive risk management. As a result Dräger lacked transparency of risks within their supply chains. Moreover, in the event of business interruptions or production downtimes, Dräger experienced high costs as a task force needed to be assembled for risk minimization and risk reduction.

Given the challenges they experienced, Dräger opted for riskmethods’ innovative supply chain risk management software, with the aim of creating transparency along their global supply chains.

Dräger is using the solution in two ways. First, the early warning system generates alerts in near real time and informs all responsible parties of risk events affecting their supply chains, and any risk objects along those supply chains including suppliers and locations. Dräger also uses riskmethods’ Supply Risk Network for monitoring latent risks as part of preventive risk management. Dräger’s suppliers are geocoded into the Supply Risk Network world map to immediately assess potential latent risks associated with country related risk such as political, economic or natural hazard threats. In consequence, Dräger benefits from quicker crisis response time and preventive risk mitigation, gaining a competitive advantage.

The Supply Risk Network enables Dräger to monitor and assess all risk types along the entire supply chain – including suppliers, locations, countries and logistic hubs. The individual risks are displayed in a risk scorecard, which records risk changes. The Supply Risk Network monitors and identifies latent risks via numerous connected databases, such as MunichRE NATHAN Risk Suite for natural disasters, World Bank and United Nations Data for country risks, Transparency International for reputation risks, Bureau van Dijk for financial risks and FOR-MAT for sanction risks. In addition, riskmethods’ Risk Intelligence Service monitors and analyzes over a billion online sources in near real time. The risk scorecard also provides an option for Dräger to add their own key performance indicators. Dräger uses this option for importing risk analyses of its own sites worldwide.

As mentioned, Dräger has engaged all stakeholders cross-departmentally to really incorporate and promote a new risk management culture within their organization. The riskmethods solution supports this cross-functional approach with filter functions to enable user-specific views. A single click suffices in order for users to access the relevant data specific to their use case. In addition, the system provides user-specific alerts and analyses. For example, the insurance and logistics departments leverage the reporting and analytics section for more informed recommendations, site assessments and overall, to gain a better overview of the production risks they are exposed to.

“Increased transparency to avoid production downtime and ensure continuity of industrial insurance coverage”

Mathias Kohl, Head of Insurance

„riskmethods is an important component for us when it comes to ensuring continuity of challenging insurance coverage and an improved cross-functional risk management approach within the company. “
About Dräger
Dräger is a leading international company in the fields of medical and safety technology, and has been developing innovative technical devices and solutions trusted by users all over the world. No matter where Dräger products are used, the focus is always on life. Whether for use in clinical, industrial or mining applications, in firefighting or rescue services, Dräger products protect, support and save lives.

Dräger is also impressed with the user interface whereby they can visualize the end-to-end supply chain within the world map, and the intuitive display of risk information within the risk scorecard. The tool is fun-to-use and requires very little maintenance. The Supply Risk Network from riskmethods is an important tool for Dräger to ensure continuity of insurance coverage and to recognize, assess and combat risks more easily, on a preventive basis.

Jennifer Ahlers,  
Project Manager Purchasing

„The Supply Risk Network from riskmethods provides excellent user-friendliness, characterized by an active notification function that informs us of all risks in near real time.“