For Leica, risk management is the foundation of robust and flexible supply chains and a fundamental part of strategic sourcing and supply management.

Case Study
Supply Chain Risk Management at Leica Camera
Modern global supply networks are complex and vulnerable. Like many companies with suppliers in the region, Leica Camera AG was affected by the floods in Thailand and the earthquake in Japan. Having weathered the impact of these events, the company recognized the need for comprehensive supply chain risk management:

- Reduce manual effort and automate information procurement
- Preventive action planning and an early warning system for safeguarding supplies
- Constant monitoring of all direct suppliers, up to second-tier suppliers
- Risk management as part of supplier management

Leica Camera AG monitors risks along its global supply chains all the way to sub-supplier structures, with production plants and logistics hubs all being taken into account. To determine the financial consequences of potential risks to sales and corporate success, Leica creates criticality assessments on the financial impact of the damage. Strategic action plans have been developed for effective risk prevention and crisis response management. Risk management is integrated in the sourcing and supplier management processes and entrenched in the daily operations of Purchasing.

This comprehensive approach to risk management enables Leica Camera AG to create transparency into risks and dependencies along the entire supply chain of its direct suppliers, through to sub-suppliers. Early warnings allow Leica Camera AG to act immediately and prevent disruption in the supply chains of its most important products. Risk prevention and supplier development measures are planned and implemented, safeguarding future production and ensuring quality remains at a high level.

About Leica
Leica Camera AG is an international premium-segment manufacturer of cameras and sport optics products. The legendary status of the Leica brand is founded on a long tradition of excellence in the construction of lenses and optical devices. Today, in combination with innovative technologies, Leica products continue to guarantee better pictures in all situations in the worlds of visualization and perception. Leica Camera AG's headquarters are situated in Wetzlar, in the German state of Hesse, and the company’s second production location is in Vila Nova de Famalicão, Portugal. The company has representative offices of its own in Australia, England, France, Italy, Japan, Switzerland, Singapore, South Korea and the USA. Innovative products have been the driving force behind the company’s positive development in recent years.
Leica Camera AG manufactures top-quality and long-lasting products its customers have come to expect. As a premium-segment manufacturer and innovator, Leica and its suppliers push the boundaries of what is technically possible. As a result, supplier qualification and development is a lengthy process and switching to alternative sources of supply is often not an option, making it even more important for Leica to protect itself from supply chain risks and disruptions.

Modern global supply networks are complex and vulnerable. Like many companies with suppliers in the region, Leica Camera AG was affected by the floods in Thailand and the earthquake in Japan. As a result of these crisis situations and the need to ensure long-term supplies in the future, Leica decided to introduce comprehensive supply chain risk management.

**Risk monitoring and assessment right up to sub-supplier structures** Leica Camera AG currently monitors all direct suppliers in riskmethods’ Risk Radar. To ensure that risk management is successfully implemented, Leica uses the following functions:

- Visualization of supply chains on the interactive world map to identify risks and dependencies
- Risk scorecard with over 80 risk indicators (supplier, location, country and product category risks) covering all relevant risks
- Automatic integration of data sources and riskmethods’ Risk Intelligence Service to identify current and emerging risk situations
- Fully-automated early warning system with noise cancellation, so users can focus on relevant risk monitoring of (sub) suppliers, locations, countries and logistics hubs

Leica implemented riskmethods’ Supply Chain Identification Service to identify sub-suppliers and second-tier suppliers and increase transparency across the entire supply chain.

“For us, risk management is not a stand-alone solution, but rather a core element and decisive competitive factor in strategic purchasing.”

Ulrich Weigel, Head of Purchasing & Vice COO, Leica Camera AG
For Leica AG, it is not only important to identify relevant risks at an early stage, but also to ascertain the financial consequences of a potential supply disruption. With this information, Leica can devise fact-based appropriate preventive measures and procedures for crisis situations. Leica’s first evaluation yielded significant findings: extremely high dependencies for several strategic suppliers, requiring at least 12 months to procure replacements. Using riskmethods’ Impact Analyzer, Leica assesses criticality and potential damage based on the following questions:

- Number of eligible alternative suppliers
- Total time to recovery
- Substitutability and relocation time

For Leica, risk management is the foundation of robust and flexible supply chains and a fundamental part of strategic sourcing and supply management. Risk profiles of potential suppliers are analyzed and risk information is used in supplier development to formulate long-term action plans. Leica has also extended supplier development to include risk mitigation measures for risk prevention and rapid response to crises. Furthermore, measures with corresponding effects must be defined, namely measures for risk prevention, risk transfer, risk mitigation or risk acceptance.

This comprehensive approach makes risk management a decisive competitive factor and core element of the daily operations of Purchasing at Leica Camera AG.

“riskmethods’ Supply Chain Identification Service has enabled us to successfully identify our sub-suppliers, so as to create transparency about risks and safeguard our supplies.”

Ulrich Weigel, Head of Purchasing & Vice COO, Leica Camera AG