

William Demant



DGS

René Schneider
CFO of William Demant



René Schneider

CFO, William Demant

Curriculum

- Born in 1973
- M.Sc. in Economics from Aarhus university
- CFO since 2015
- Employed with the William Demant since 2015



Agenda

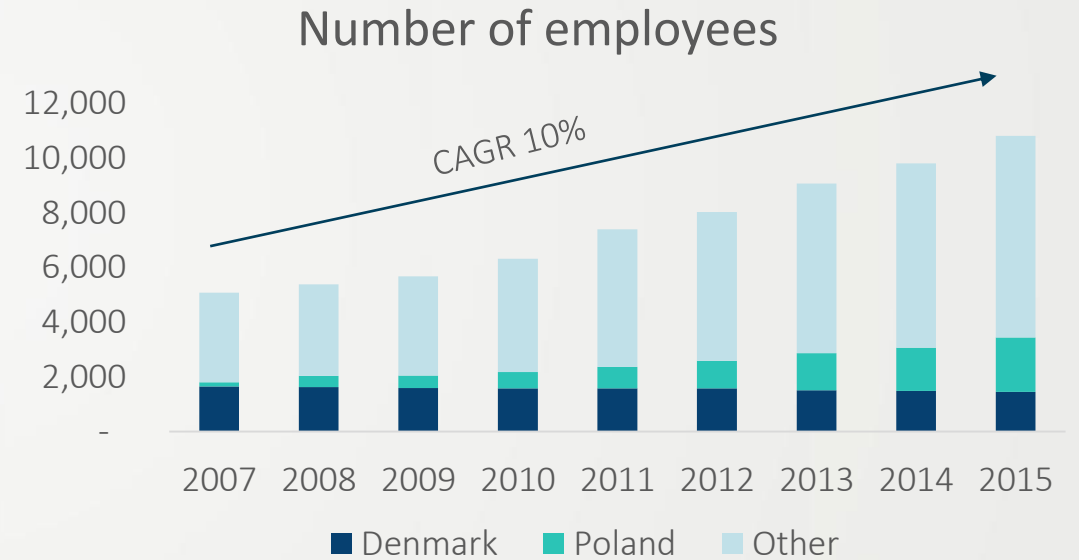
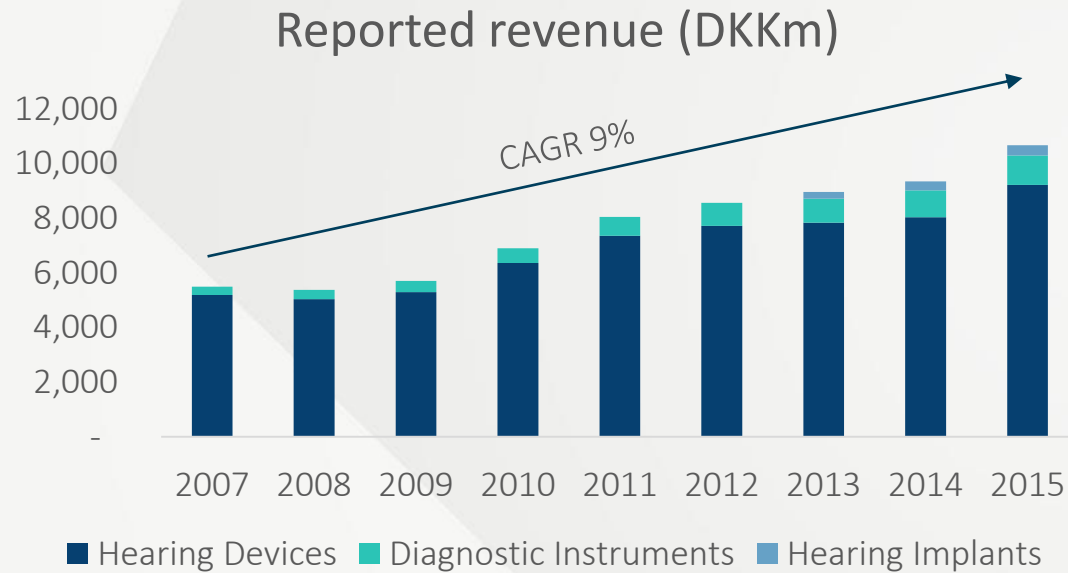
- Introduction to DGS
- Operations
- IT
- Financial Shared Services Centre
- Case - The Netherlands



Introduction to DGS



Need for common infrastructure to support growth



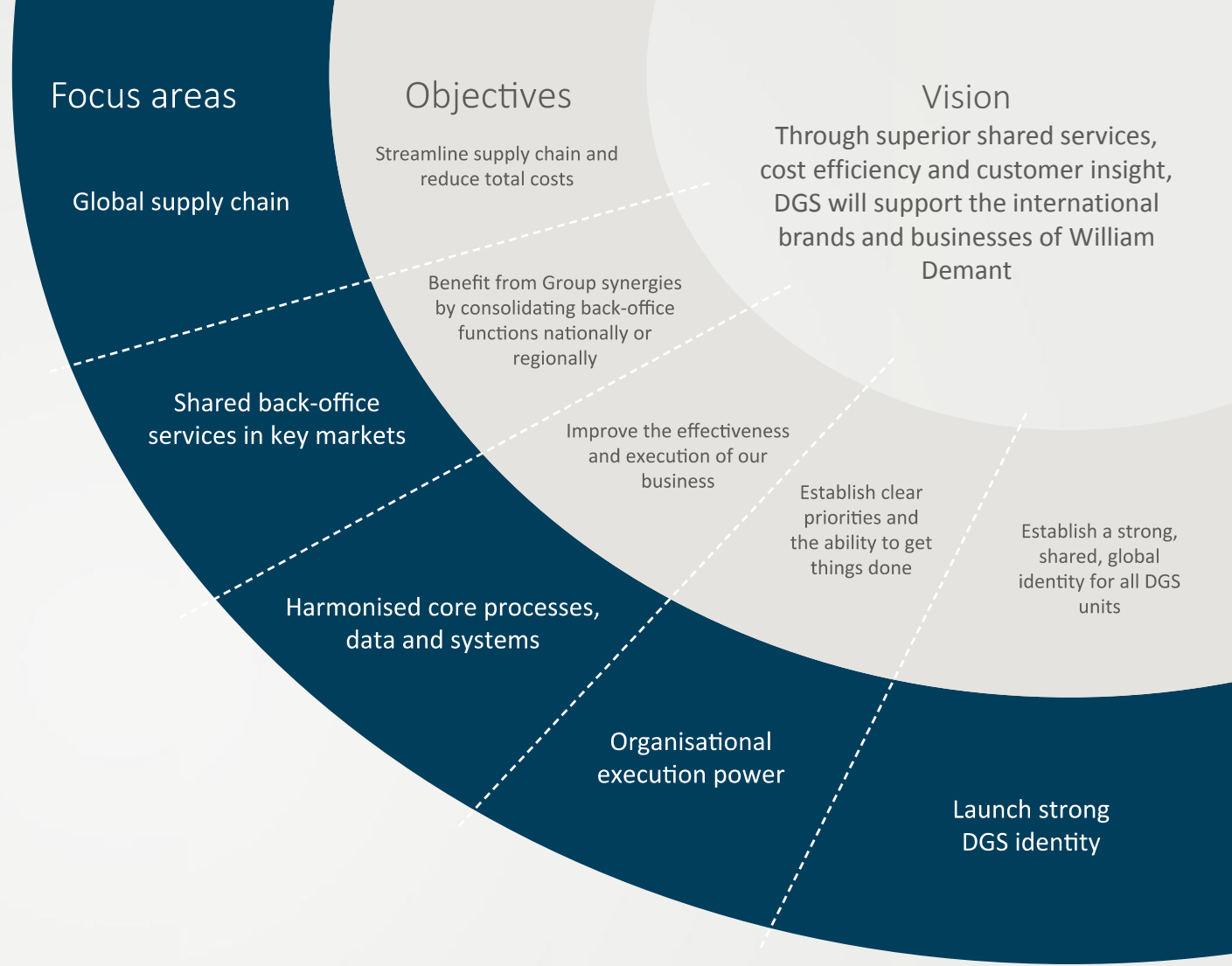
DGS established to effectively support growth

DGS is the identity for the shared services functions in William Demant

William Demant Holding A/S			
Hearing Devices	Hearing Implants	Diagnostic Instruments	Personal Communication
Oticon Bernafon Sonic	Oticon Medical	Maico Interacoustics Amplivox Grason-Stadler MedRx Micromedical	Sennheiser Communications Phonic Ear FrontRow
Shared functions – DGS			
Operational and distribution activities			



DGS vision and values





DGS – Operations



Efficiency improvements have offset lower prices

Expanding industry-leading gross margins despite lower prices

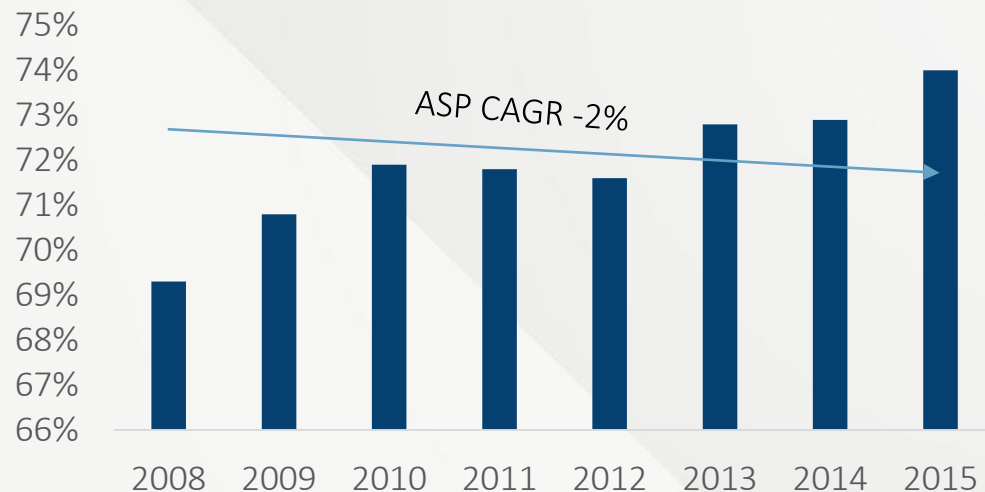
Lower prices
(negative for gross margin)

Operational efficiency
(positive for gross margin)

Economies of scale
(positive for gross margin)

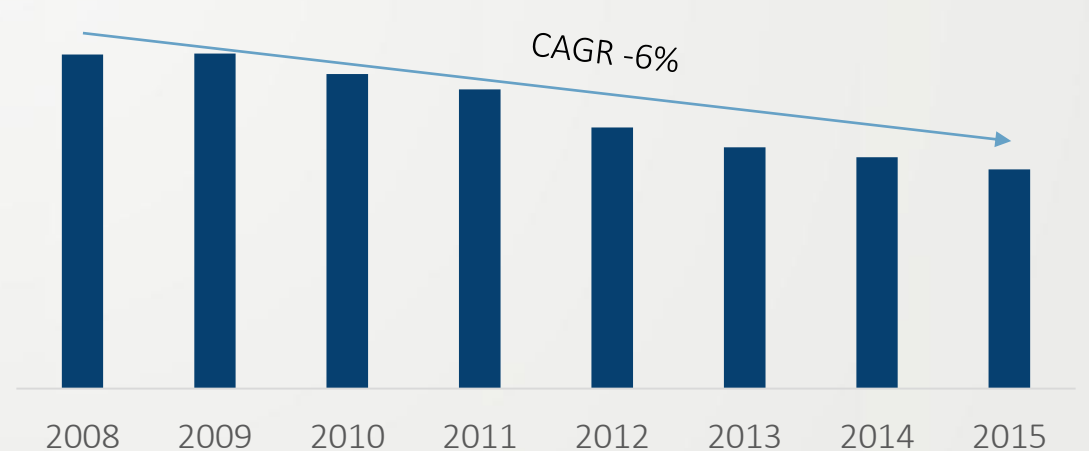
Retail acquisitions
(positive for gross margin)

Gross margin development



Note: ASPs (RHS) are based on constant exchange rates

Hearing aid cost per unit



Note: Standard products are based on constant exchange rates

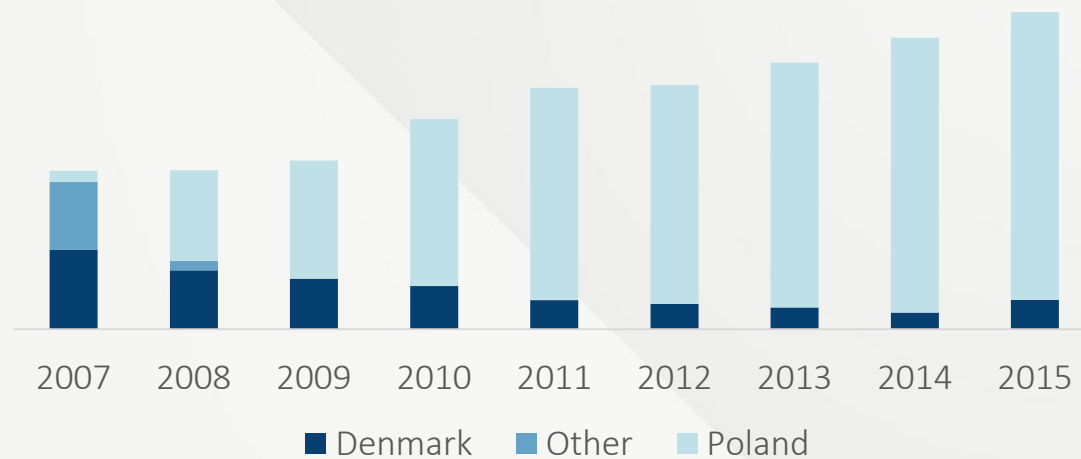
Global operations footprint

- Economies of scale
- Central production
- Future ambition to build three main production hubs

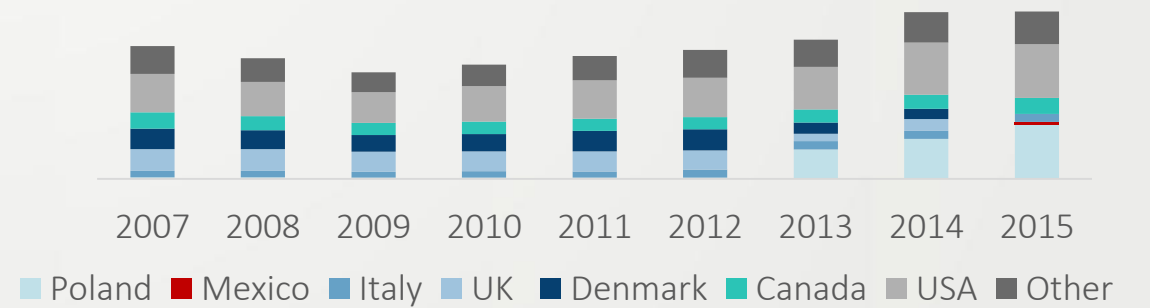


Global locations: Poland, Mexico
 Major local locations: Denmark, Italy, Germany, France, USA, Canada, China, Korea, Australia and Japan

Standard production

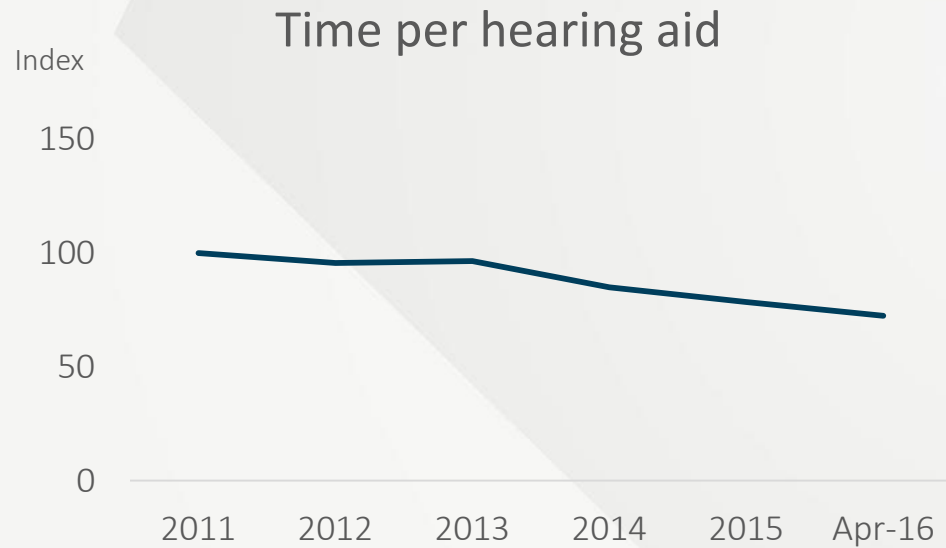


Custom production



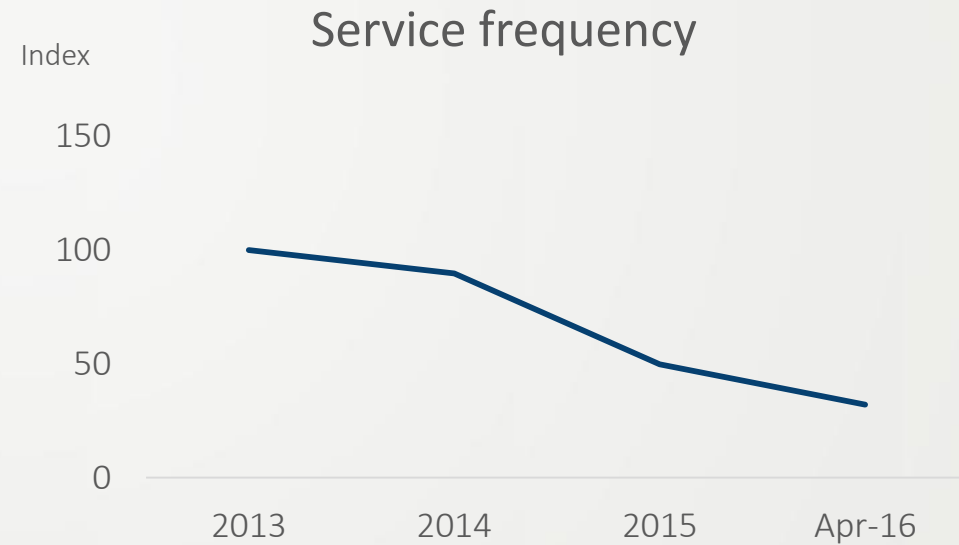
State-of-the-art hearing aid manufacturing

Lean set-up: Designed for manufacturing



Note: 2011 = Index 100

Introduction of nanocoating in 2013

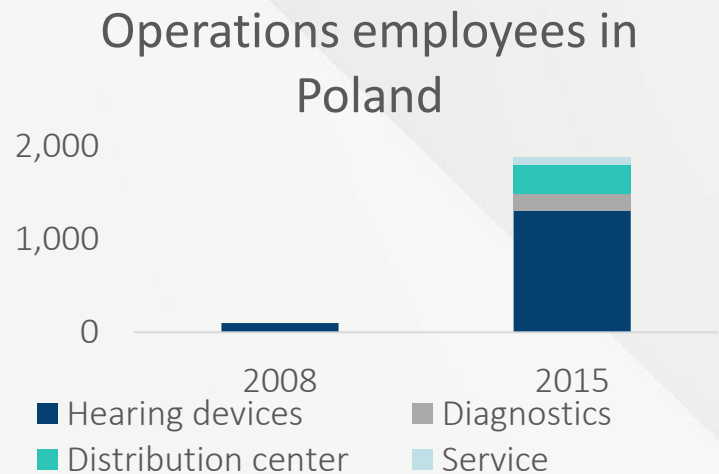


Example: Oticon US RITE

Note: 2013 = Index 100

European central hub in Poland

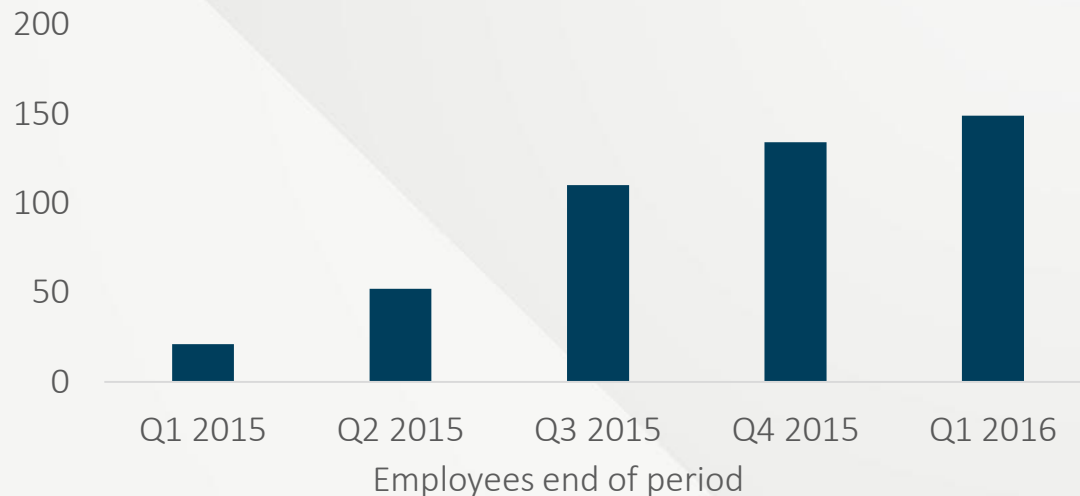
- ~2,000 employees
- High productivity
- Knowledge sharing
- Design for manufacturing
- Flexible and fast ramp-up
- Access to labour



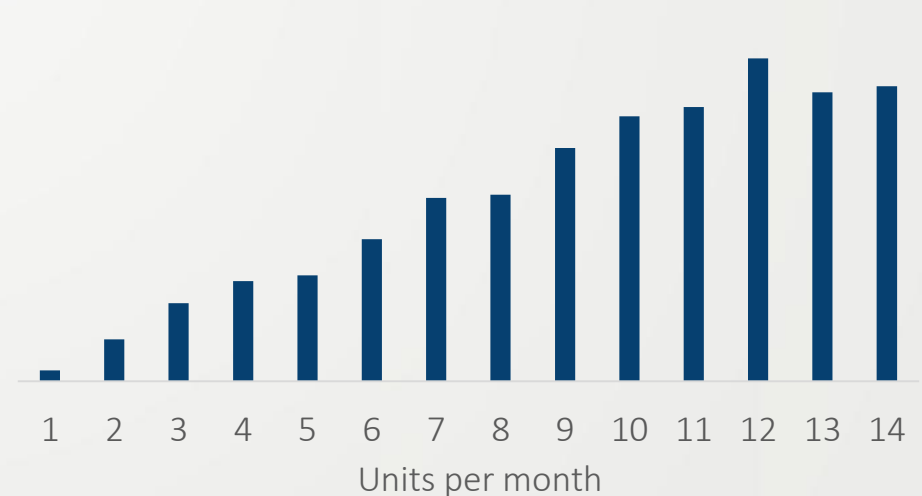
Custom production established in Mexico

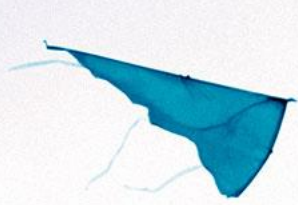
- ~200 employees by end of 2016
- Flexible and fast ramp-up
- Access to labour

Operations employees in Mexico



Production ramp-up in Mexico

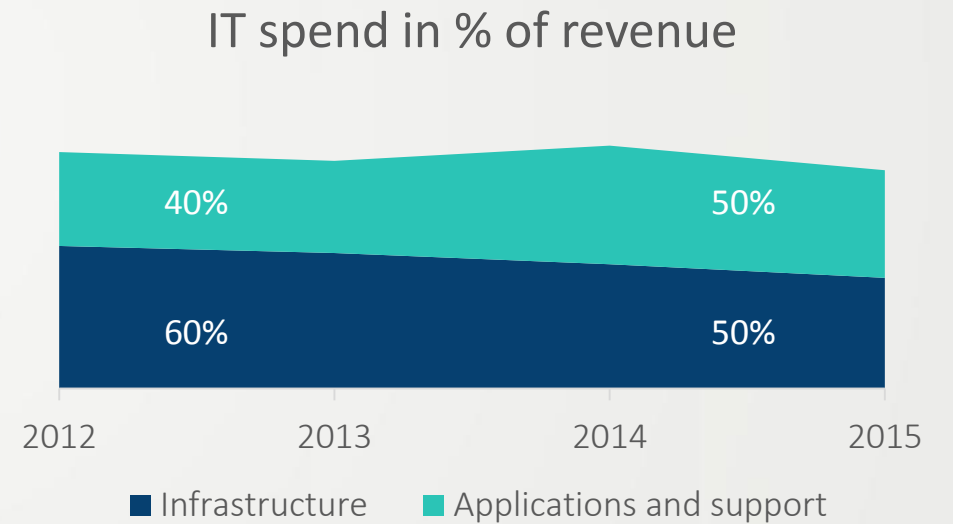
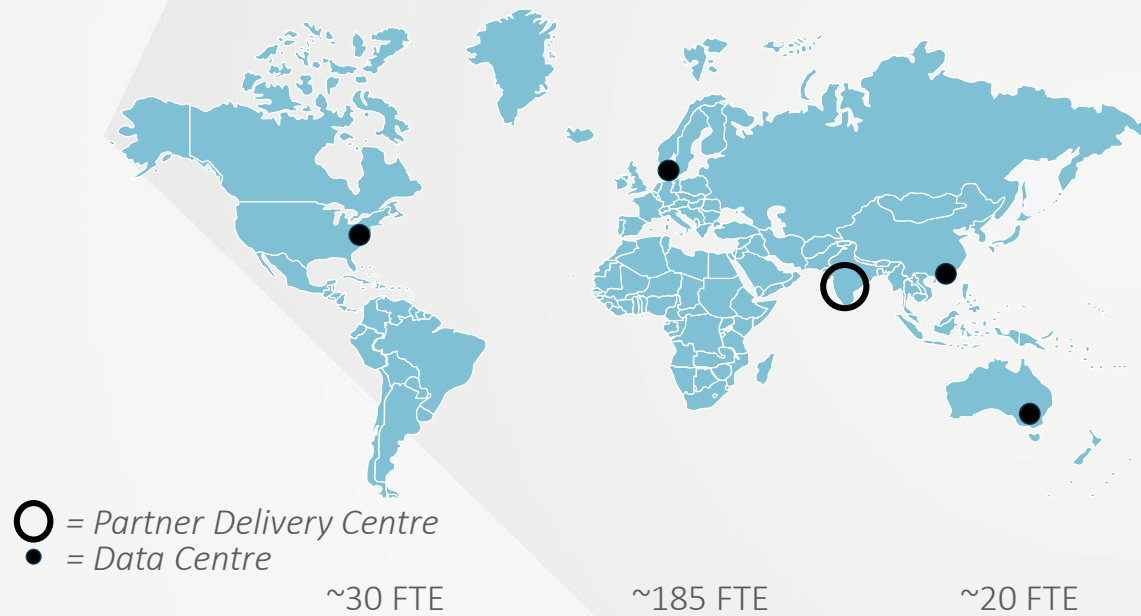




DGS – IT



IT costs in control and investment in new ERP system

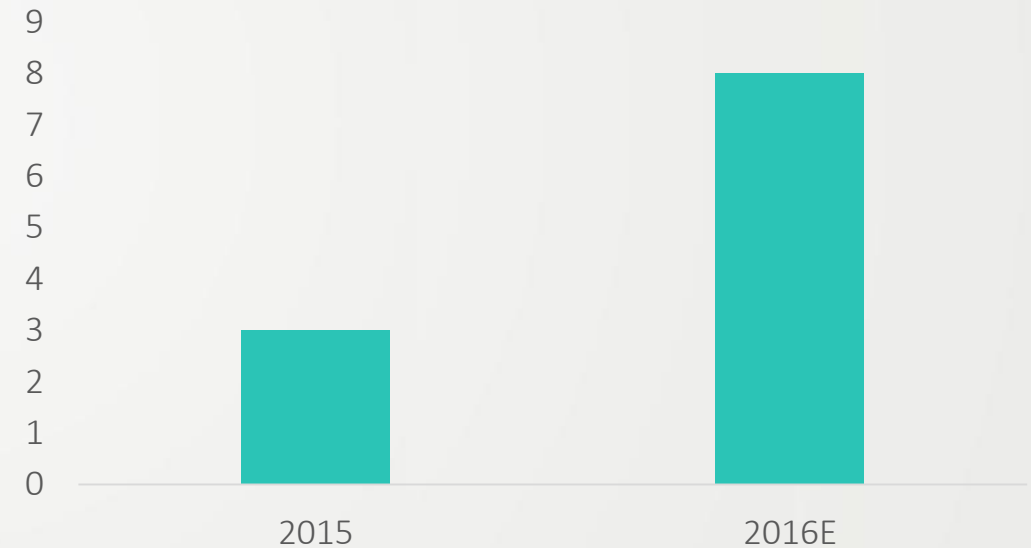


Rolling out a global ERP system

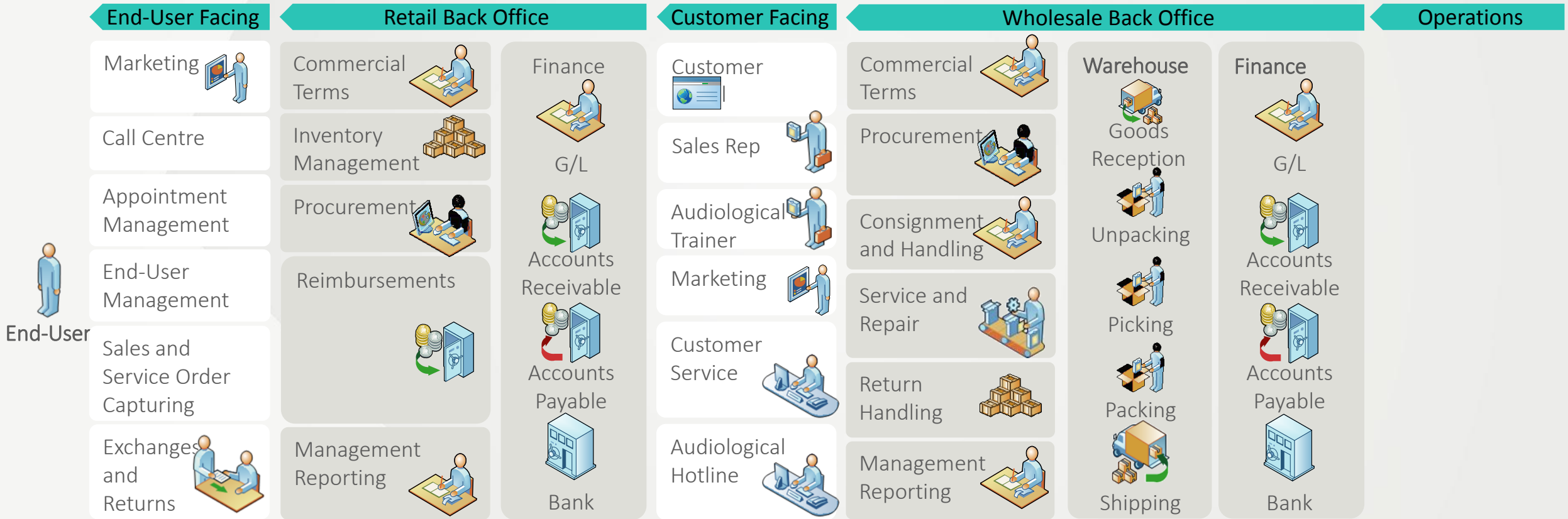
Integrated ERP and business process deployment

- Low costs
- Low risk
- Country-by-country approach

Global ERP system go live



Getting more benefit from being a global company



Products Master Data

Shared retail front- and back-end

Are we promoting WDH brands in our clinics?

HA Units per product brand					
	Total	Non WDH General	Oticon	Bernaфон	Sonic
Total	6,786	519	4,984	3	1,276
	101	-	99	2	-
	105	7	90	-	8
	865	162	686	-	13
	941	20	532	-	389
	127	20	92	-	15
	180	25	88	-	67
	472	63	390	-	19
	896	49	839	1	7

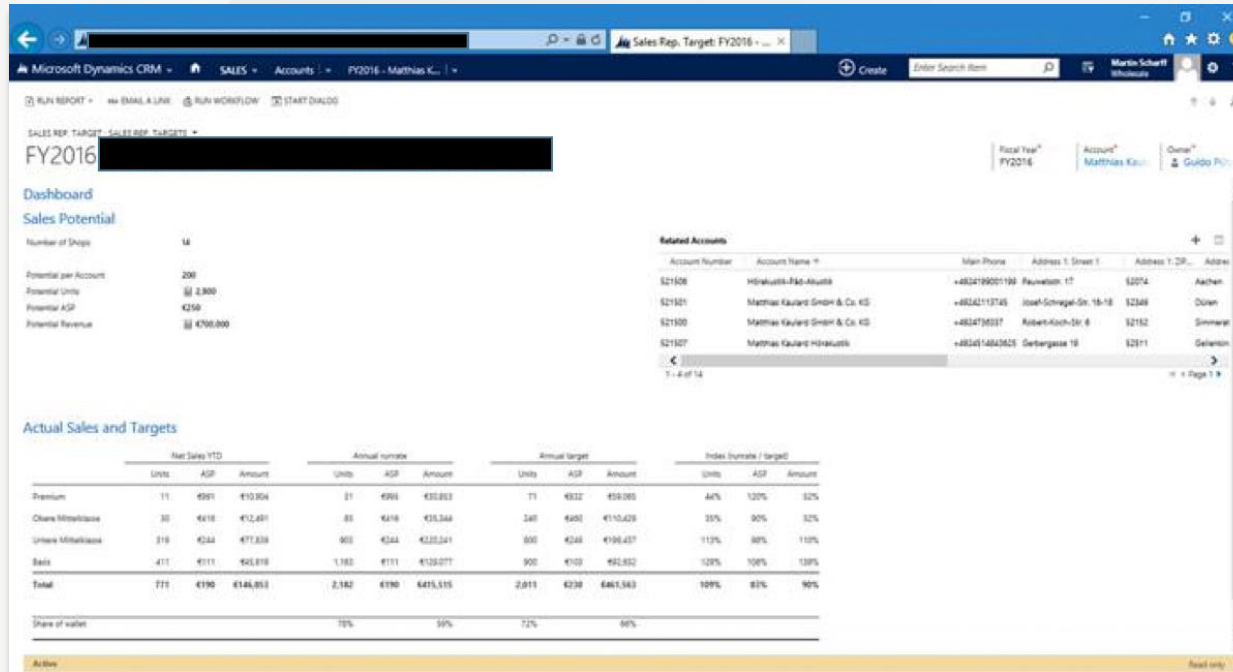
Date: 2016-05-20			
# Test Appointments Created last work day	Actual	Target	% achieved
	307	1,003	31
# MMA created last work day	179	539	33
# Test Appointments Scheduled for today	256	553	46
# Test Appointments Scheduled for tomorrow	15	3	500
# Test Appointments Scheduled for day after tomorrow	0	3	0
3rd Party MTD	64%		
Order units last work day	145	17	853
Order units MTD	1,325	280	473
# Total Test Appointments MTD	8,170	8,405	97
# Total Test Appointments Last Month	10,861	11,698	93

Open Tests			
Clinic	Fri 2016-05-20	Mon 2016-05-23	Tue 2016-05-24
Total	297	256	222
1011 NJ Brick	32	32	30
1013 (Closed) NY Brooklyn	4	4	4
1018 NJ North Cape May	8	8	8
1023 NJ Cherry Hill	4	5	8
1033 NJ Denville	28	27	26
1036 NJ Dunellen	16	12	16

Do we have sufficient test appointments to reach our sales targets?

Note: Test data

Using transactional data in sales reps' daily work



Actuals versus targets for the particular customer

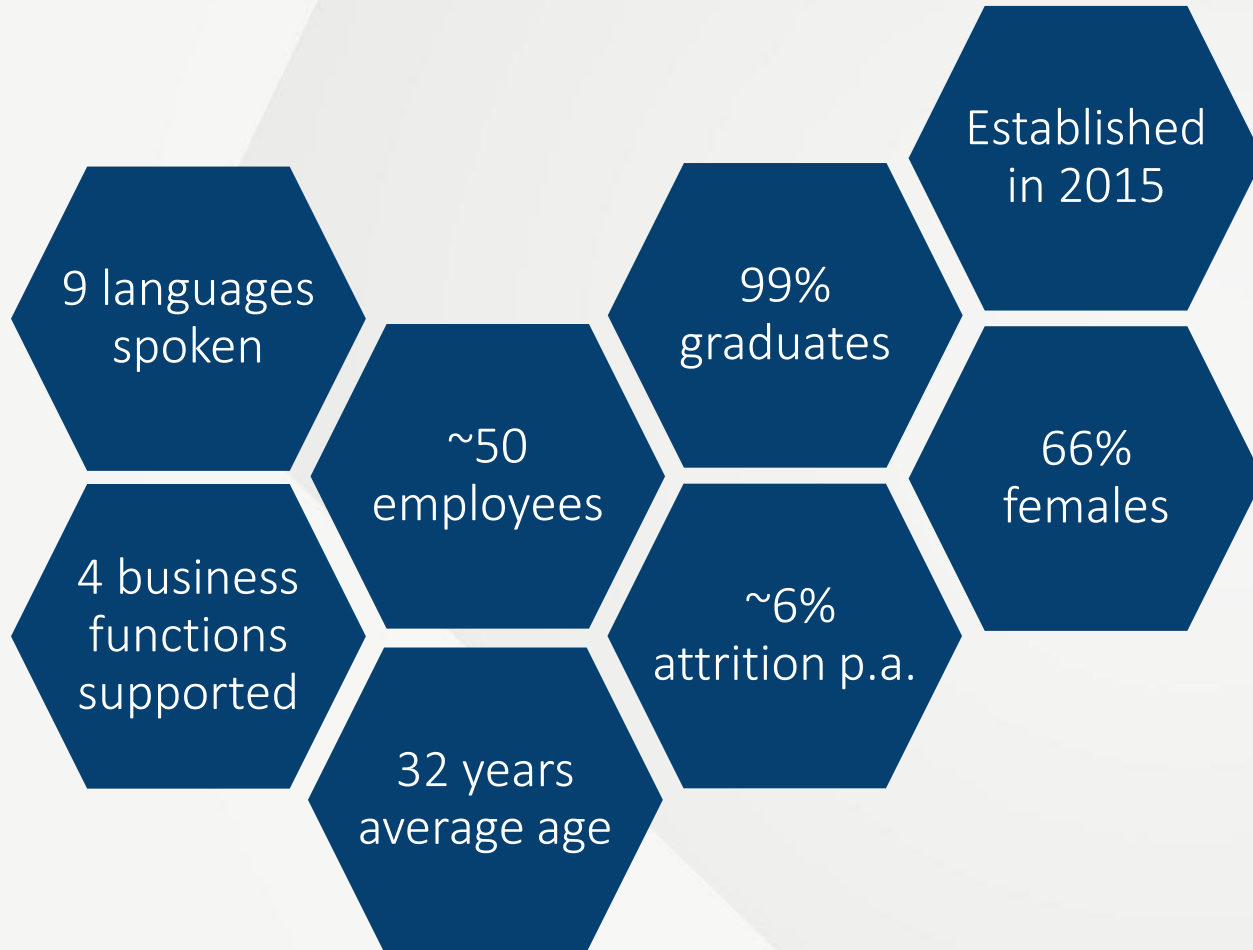
Note: Test data



DGS – Financial Shared Services Centre



Financial Shared Services Centre in Szczecin, Poland

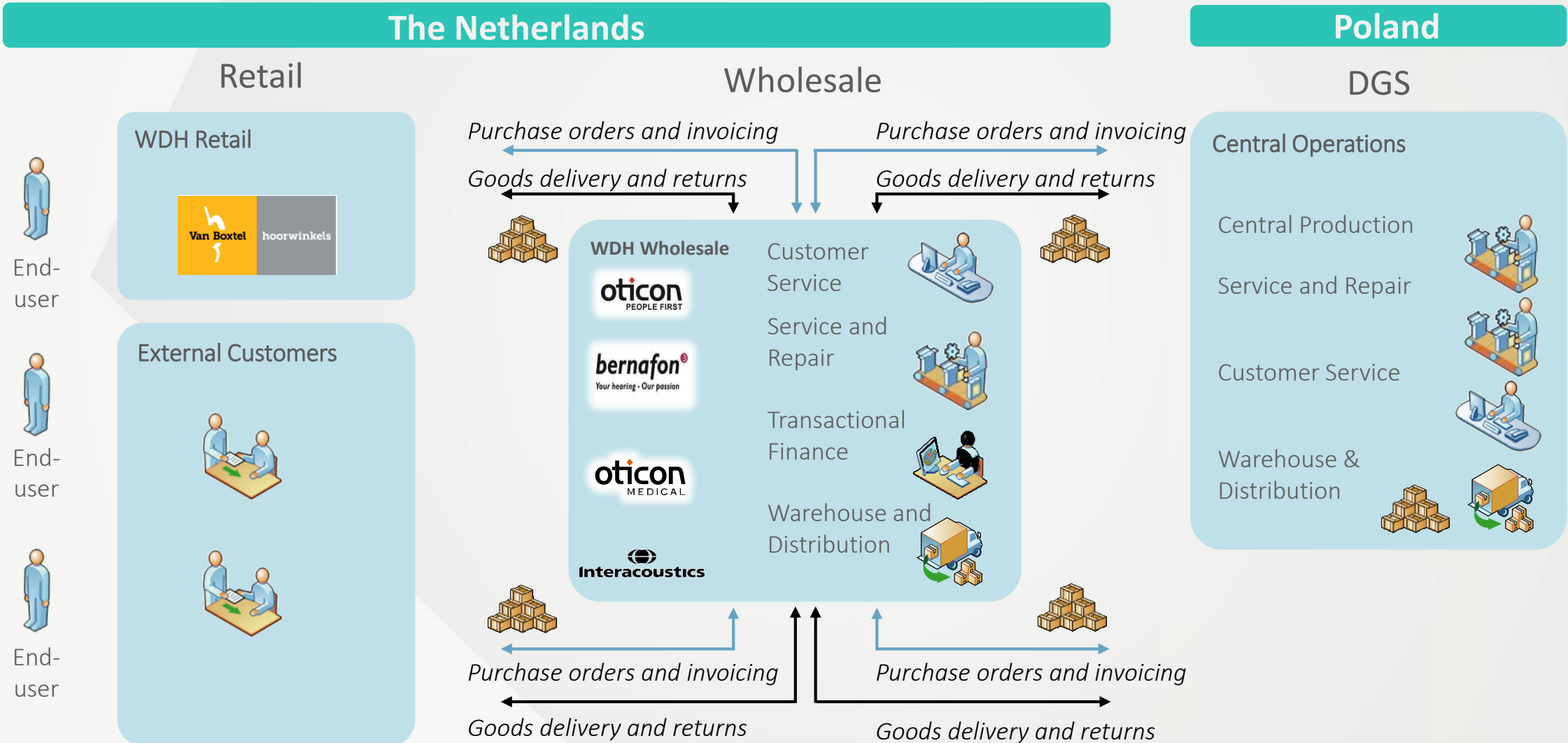




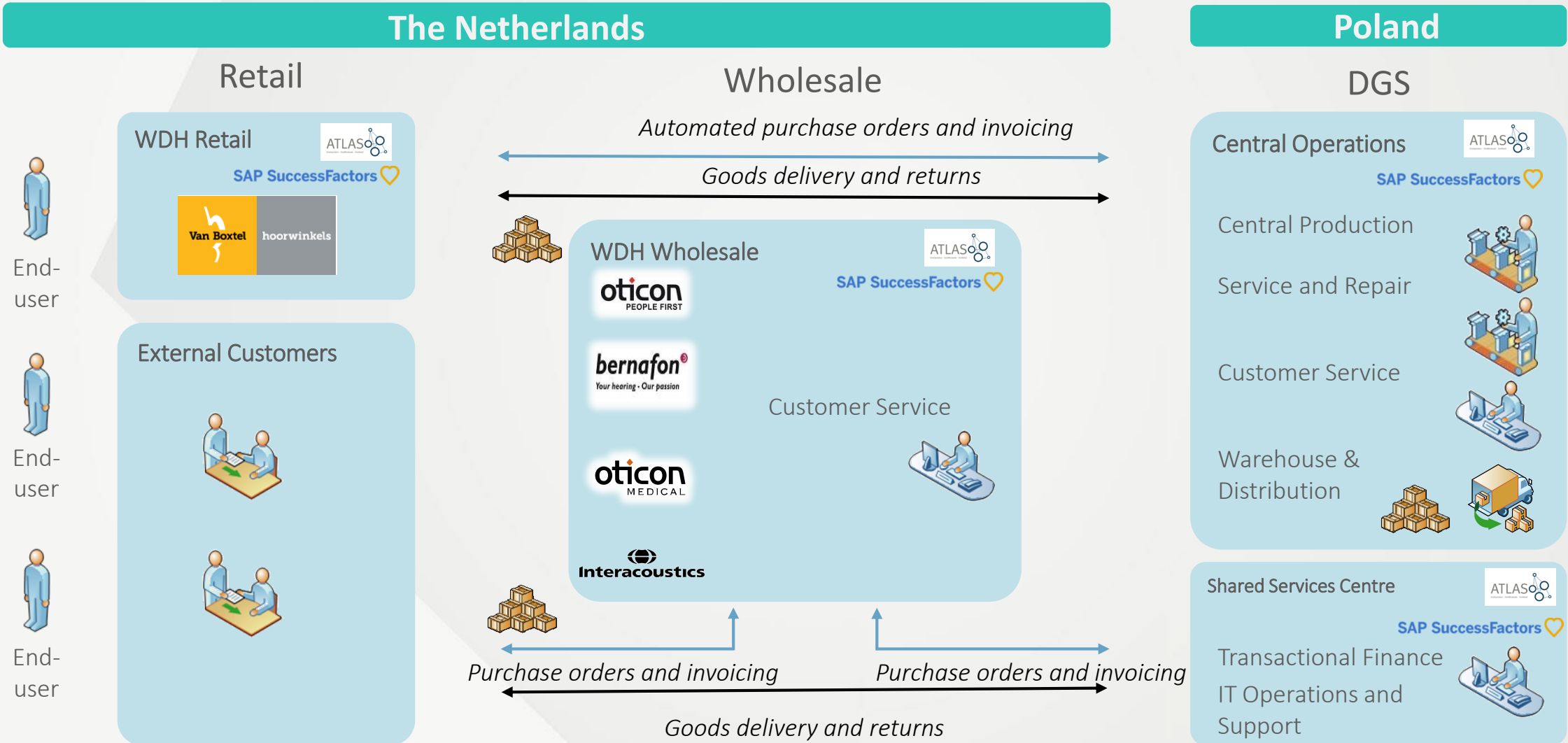
DGS – The Netherlands




Before implementation of ERP and processes



After implementation of ERP and processes





William Demant

Thank you