

SIEMENS

Ingenuity for life

Automotive and transportation

Valeo Kapec

Korean automobile parts manufacturer streamlines costing process through Siemens Digital Industries Software solution

Product

Teamcenter

Business challenges

Run cost estimates and secure revenue sources to stay competitive

Establish a process to standardize cost estimation

Drive collaboration between divisions and increase production efficiency

Keys to success

Deploy Teamcenter solution for product costing

Receive professional consulting services from Siemens Digital Industries Software

Results

Reduced cost calculation time by using the existing cost estimates and standard process libraries

Established enterprise-wide process for product cost and unified cost calculation standard

Used numeric-based design cost libraries when estimating cost

Obtained a wide variety of cost simulations in line with customer requirements

Valeo Kapec uses the Teamcenter solution for product costing to more efficiently estimate product costs

About Valeo Kapec

Valeo Kapec, formerly known as Korea Powertrain, established a joint venture with global automotive supplier Valeo in 2017 and has grown into a global automotive parts manufacturing leader that produces 9.6 million units of torque converters annually. Combining the former Korea Powertrain's expertise in internal combustion engine parts with Valeo's electric automobile/self-driving technologies that include electric motors and vehicle communication devices, Valeo Kapec is strengthening its foothold in the automotive parts supplier market. The company aims to extend its reach in the global market and constantly delivers value by developing new technologies, a comprehensive digital management system and nurturing innovative engineering talent.

Standardizing cost management data systems

In today's business climate, companies require higher cost management to drive profitability. Valeo Kapec produces a torque converter, which is a significant part of an automobile's automatic transmission. The company wanted to enhance

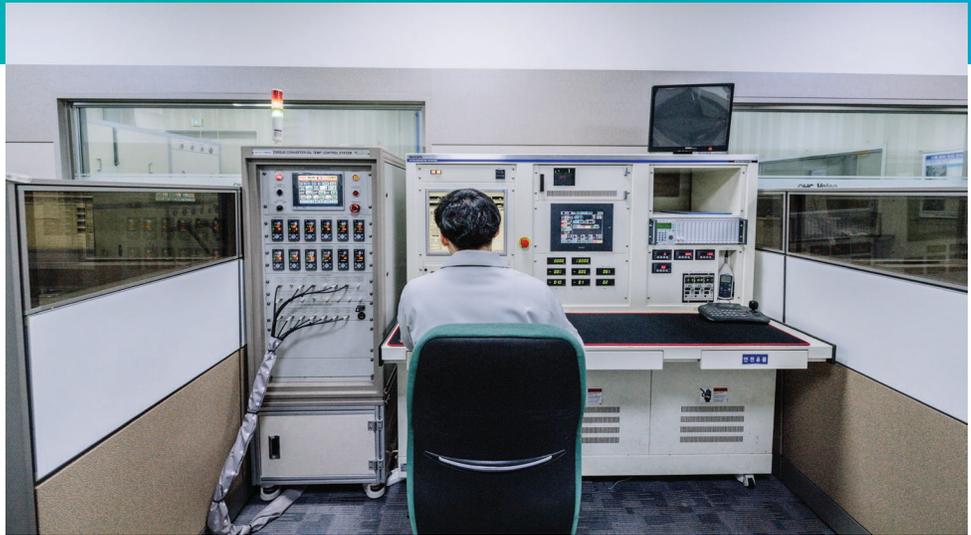


competitiveness and cost efficiency by having a standardized cost management system in place. However, Valeo Kapec lacked cost management experience and did not have relevant systems in place to achieve their goals.

In the past, the company's sales, cost, and purchase divisions each had separate cost management data systems, making it difficult to manage costs across the organization. This resulted in the absence of accurate and reliable product costs. To address this issue, Valeo Kapec looked for an enterprise-wide system to drive work efficiency and better manage cost-related data.

“To meet the various requirements for capabilities and durability from customers, Valeo Kapec is building a rapid, accurate response system by developing a dedicated design support and analysis program.”

Hyeong-don Jeong
General Manager
Financial Planning
Valeo Kapec



By introducing the Teamcenter solution for product costing, Valeo Kapec has established product cost standards across the organization, streamlined costing criteria and improved cost management efficiency.

Strategies for innovation

Valeo Kapec adopted Siemens Digital Industries Software Teamcenter® solution for product costing as a standardized cost management system. Product costing is a software-based cost management method that helps manufacturing companies understand how decisions made for design and outsourcing can impact cost. With this solution, manufacturers can find places to reduce cost by changing materials, streamlining design, integrating parts and functions, and relocating production.

Siemens Digital Industries Software provided professional consulting to Valeo Kapec to help the company successfully establish a cost management system. Through the 28-week project, Siemens Digital Industries Software supported Valeo Kapec to define the design cost standards for the key processes of each part, allowing related divisions to enhance work efficiency with the set standards.

“To meet the various requirements for capabilities and durability from customers, Valeo Kapec is building a rapid, accurate response system by developing a dedicated design support and analysis program,” says Hyeong-don Jeong, general manager, financial planning, Valeo Kapec. “In the meantime, we wanted to enhance work efficiency and drive our competitiveness in the global market through an infrastructure where the entire organization can share data and collaborate.”

With the adoption of the Teamcenter solution for product costing, Valeo Kapec set the standard cost for material based on the key process types for each part and criteria to determine applicable equipment. Using this process to identify the cost required for manufacturing and the post-manufacturing processing operation criterion, design costing standards were successfully established. In addition, the Teamcenter solution for product costing allowed the torque converter producer to have reasonable and transparent cost

Siemens Digital Industries Software provided professional consulting to Valeo Kapec to help the company successfully establish a cost management system.

Solution/Service

Teamcenter
[siemens.com/teamcenter](https://www.siemens.com/teamcenter)

Customer's primary business

Established in 1993 as Korea Powertrain, Valeo Kapec manufactures and supplies core automobile parts, including torque converters, engine pulleys and gear actuators to manufacturers.
[kapec.com/eng](https://www.kapec.com/eng)

Customer location

Daegu
South Korea

Solution Provider Partner

KIMIES
[kimies.co.kr](https://www.kimies.co.kr)

calculation, reducing the time needed to determine the quoted price and flexibly respond to customers' requests to cut cost.

Improving process efficiency

By introducing the Teamcenter solution for product costing, Valeo Kapec has established product cost standards across the organization, streamlined costing criteria and improved cost management efficiency. The company now works more efficiently by reducing the time required to calculate quotations based on set standards and a systematic process. While at least seven repetitive processes were required to review the quote price before Valeo Kapec adopted the Teamcenter solution for product costing, the process has been streamlined to five stages. This newfound efficiency is driven by a unified system that collects information from the sales, design, and other related divisions and allows them to update only what is needed.

"By leveraging Siemens' Teamcenter solution for product costing, we have standardized a cost management system and improved cost competitiveness and efficiency," says Hyeong-don. "We are laying a foundation to respond to our customers' demands."

Valeo Kapec has various standard costing libraries (exchange rate, material cost, equipment information, process information, labor cost, etc.) necessary for product cost estimation in place. Based on this, the company can simulate costs by changing production sites, shift patterns and other costing factors. Cost simulation allows Valeo Kapec to secure a cost basis by providing a clear costing method when submitting a quotation to a customer or a partner company.

"By leveraging Siemens' Teamcenter solution for product costing, we have standardized a cost management system and improved cost competitiveness and efficiency."

Hyeong-don Jeong
General Manager
Financial Planning
Valeo Kapec

Siemens Digital Industries Software

Americas +1 314 264 8499
Europe +44 (0) 1276 413200
Asia-Pacific +852 2230 3333

Restricted © Siemens 2019. Siemens, the Siemens logo and SIMATIC IT are registered trademarks of Siemens AG. Camstar, D-Cubed, Femap, Fibersim, Geolus, GO PLM, I-deas, JT, NX, Parasolid, Polarion, Simcenter, Solid Edge, Syncrofit, Teamcenter and Tecnomatix are trademarks or registered trademarks of Siemens Product Lifecycle Management Software Inc. or its subsidiaries or affiliates in the United States and in other countries. All other trademarks, registered trademarks or service marks belong to their respective holders.