



FIG Working Week 2016

CHRISTCHURCH, NEW ZEALAND 2-6 MAY 2016

Recovery

from disaster

*Presented at the FIG Working Week 2016,
May 2-6, 2016 in Christchurch, New Zealand*

Applied Photogrammetry and GIS in a large European Production Environment Challenges and Advantages

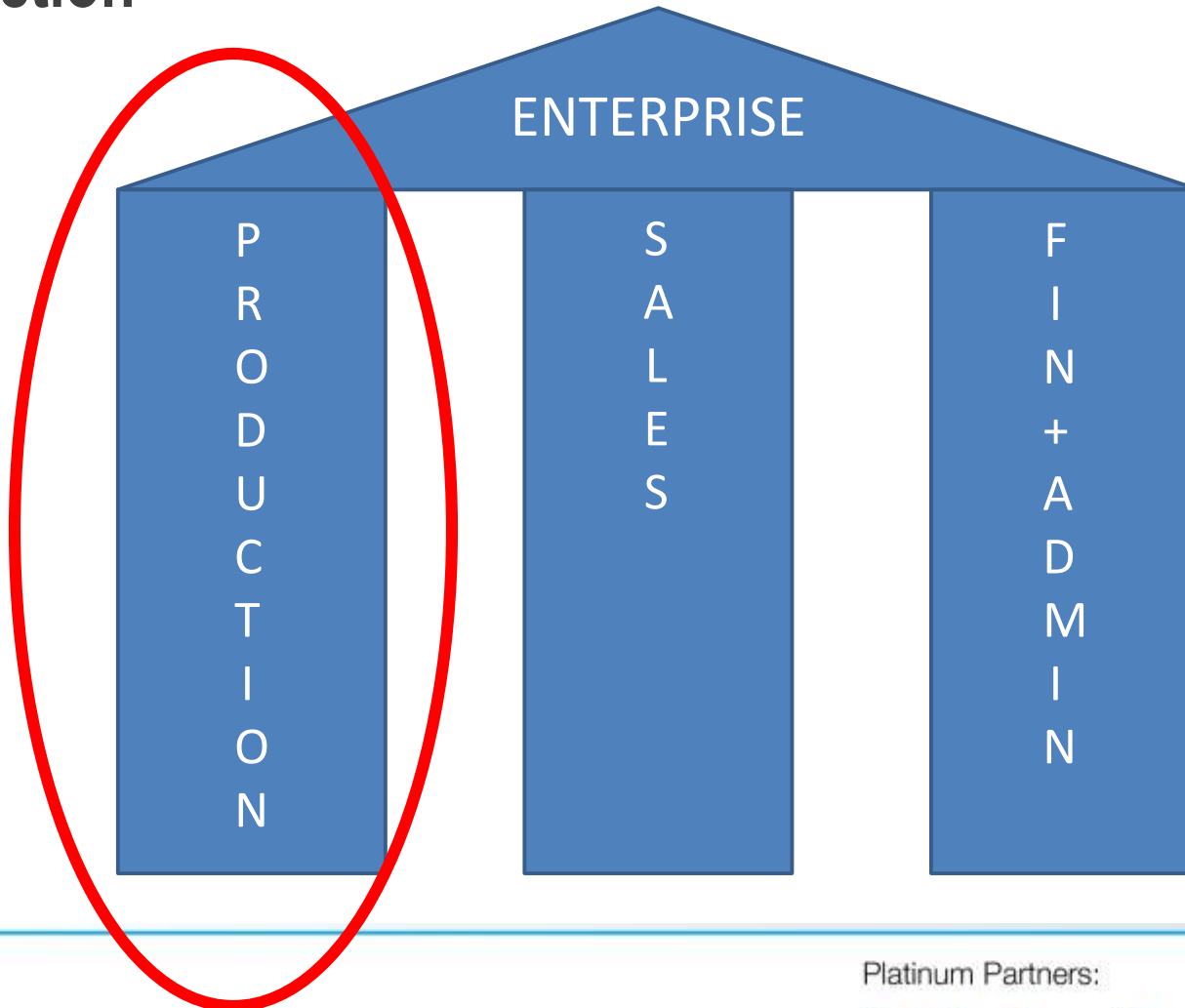
Ralf Schroth

05.05.2016





Introduction





Overview

- 1. Reasons for Outsourcing of Production**
- 2. Internal vs. External Outsourcing**
- 3. Example**



Reasons for Outsourcing (1)

- **Cost Reduction**

Transfer of production facilities to low cost or off-shore areas
Very common management instrument for mature market segments
Work-flows are established and optimized
Cost reduction for labour, living, taxes, etc.

- **Extension of Capacities**

Request for temporary or even permanent higher capacities, own capacities are fully booked
risk minimizing in unstable markets
„Make or Buy Principle“



Reasons for Outsourcing (2)

- **Lack of Competence and Experience**

Special knowledge is requested on staff level, experts are missing for special tasks
Assistance from outside is requested for cost estimations and realization in case of contract award

- **Risk Share or Transfer**

Risky elements in a project contract can be shared by outsourcing
e.g. significant penalties in terms and conditions, challenging technical specifications
tool: back to back contracts with suppliers



Reasons for Outsourcing (3)

- **Working Capital**

Payment conditions for GIS projects are not in line with the cost of the work flow in the production, pre-financing is a standard situation, so working capital is a must in this business

Working capital is normally borrowed from the shareholders of the enterprise, they have high expectations

Outsourcing to third party suppliers with a back to back payment plan is reducing the financial risk for the prime contractor



Internal or External Outsourcing

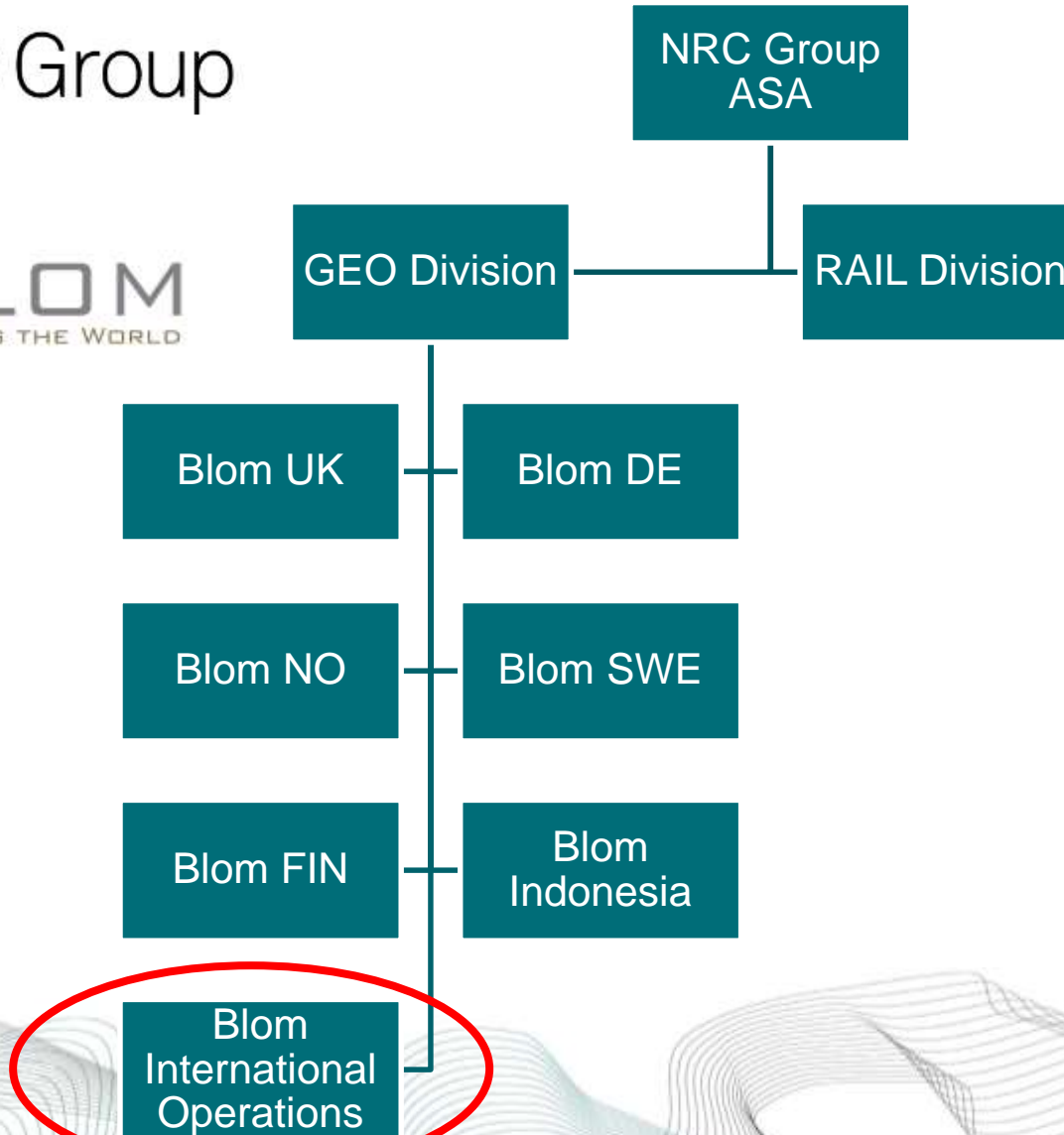
- **Definition**

- External outsourcing of the production is subcontracting the work load to third party suppliers
- Internal production means a production subsidiary is established inside the organisation of the enterprise

- **Advantages of Internal Production**

- Avoiding loss of competence, knowledge and experience
- Less risks depending on quality, time line and finances of a third party supplier
- Not creating new competitors and keeping the market positions

Case Blom International Operations





Case Blom International Operations

- **Location**

Targoviste, greater Bucharest area, Romania
Romania member of EU and NATO
local technical university

- **Main Focus**

GIS
Photogrammetry and Remote Sensing
Cartography
3D City Models

Case Blom International Operations

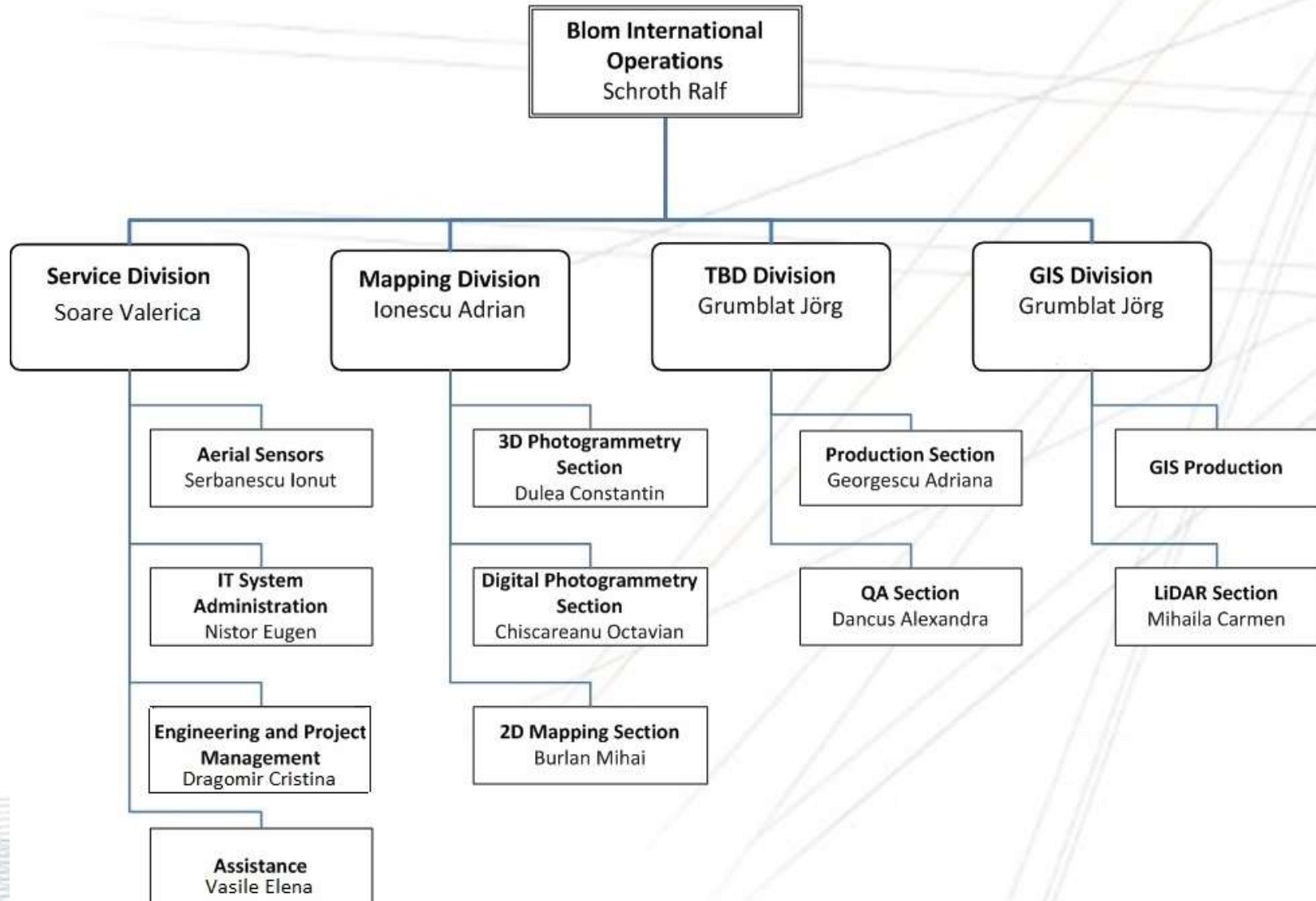


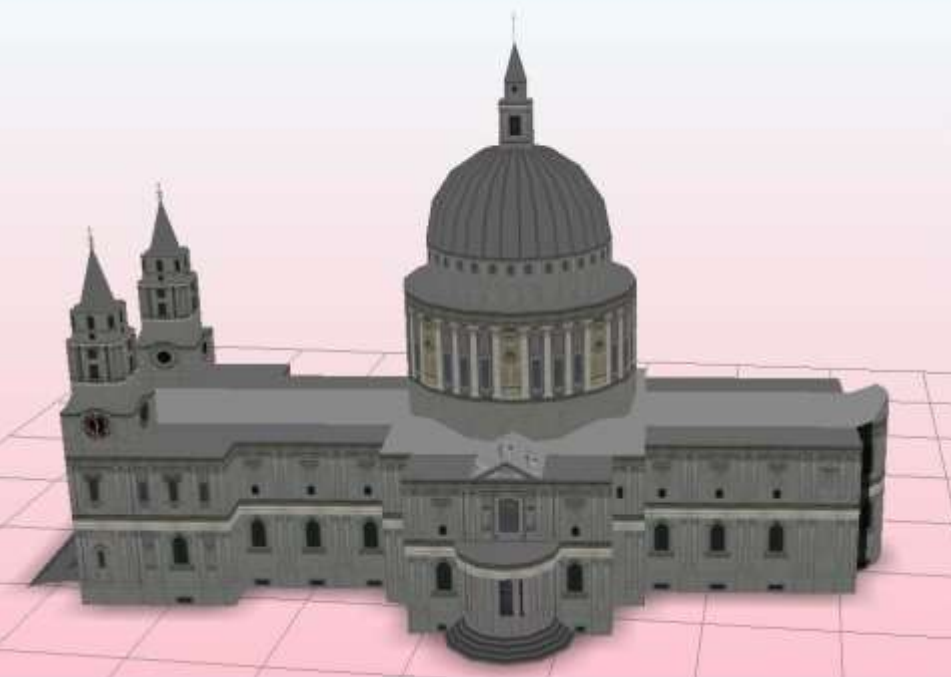
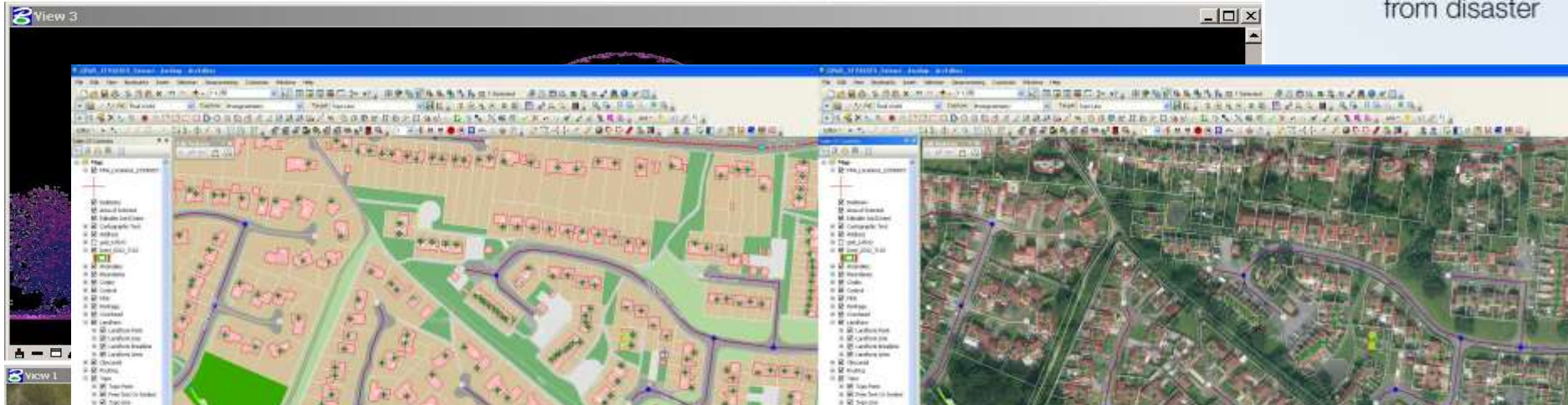


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- **Challenges and Solutions**

Fluctuation of staff about 7 % per annum

permanent HR management and training

Continous bookings of capacities

Offering services not only to internal clients (Blom) but also external clients world wide

Use of management tools to steer the production capacities

Motivation of young staff

Use of HR tools, creating interesting professional environment, etc.

- **Education**

Permanent learning of new technical processes, training of soft skills, languages, etc.



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Thank you for your attention

