



Presse-Information Press release

KUKA Systems and FlexFactory announce cooperation in the field of joint pay-on-production models at automatica

Munich, June 23, 2022 - KUKA Systems GmbH and FlexFactory GmbH by MHP | Munich Re | Porsche announced a strategic cooperation today at the automatica trade fair in Munich to jointly offer pay-on-production. The aim of the cooperation is to offer customers adaptable production capacities that are booked as a service. Customers can thus focus entirely on product development and customer satisfaction without having to bear investment costs.

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KUKA is a leading global provider of engineering services and manufacturer of flexible and highly innovative robot-based production systems and manufacturing solutions. From individual machines, components, robots and robotic cells to complex production and assembly lines. FlexFactory, a joint venture of MHP, Munich Re and Porsche, acts as a business enabler. It provides the knowledge to build a flexible factory owned by external investors and shared by multiple users.

Triggered by dynamically changing customer expectations that put manufacturing companies under high investment pressure, the economy is currently undergoing a major transformation. To remain competitive in the future, traditional processes must be adapted. The targeted concept for operator models can achieve exactly this.

"Considering the current challenge of supply chains that no longer function globally, the price increases in the freight sector and the trend of relocating production sites back to Europe, we see great potential in this concept" says Gerald Mies, CEO of KUKA Systems.

And there is even more to be said for this forward-looking model: systems must become flexible and more powerful to utilize all potential, and the two partners have the suitable know-how to do so.



Increase liquidity and productivity

In the operator model, or pay-on-production, the customer does not buy a production plant, but only purchases the parts produced. The customer pays a predefined price per product. In this way, the capital tied up by the two partners in machinery and equipment is recouped through the service provided. Pay-on-production is a concept developed and successfully practiced in the automotive industry, which immediately made production the most productive in the world in terms of assembly hours per vehicle. With KUKA Toledo Production Operations, which has been manufacturing body shells according to this model since 2006, KUKA has already gained many years of experience in the field.

"With KUKA, we have a very experienced partner at our side, with whose expertise in automation technology as well as real-world pay-on-production models we can successfully implement and scale the "production as a service" business model," says Dr. Philipp Hypko, Managing Director FlexFactory, and continues, "we are very much looking forward to further cooperation in joint initiatives that have already been launched."

KUKA

KUKA is a global automation corporation with sales of around 3.3 billion euro and roughly 14,000 employees. The company is headquartered in Augsburg, Germany. As one of the world's leading suppliers of intelligent automation solutions, KUKA offers customers everything they need from a single source: from robots and cells to fully automated systems and their networking in markets such as automotive, electronics, metal & plastic, consumer goods, e-commerce/retail and healthcare. (As at December 31, 2021)

FlexFactory

FlexFactory is a joint venture of MHP, Munich Re, and Porsche that offers multiple services by bundling expertise in digital value chain, flexible production, and financial transformation. The company serves as a business enabler and incubator to set up a highly flexible factory owned by third-party investors and shared by multiple users. This is what we call Production as a Service (PaaS). PaaS comes with its own complexity and challenges. FlexFactory thereby acts as an orchestrator and trusted advisor that connects the necessary stakeholders and designs a business model which is valuable for all parties. Based on a highly flexible production and viable business model, our offering further transforms a new factory into an investable asset.