Porsche, MHP and Munich Re found the “FlexFactory”

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16/11/2020 The sports-car manufacturer Porsche, its management and IT consulting subsidiary MHP, and the insurance group Munich Re have founded a joint venture – the “FlexFactory”.

This aims to make the production of small series of all kinds of different products in the manufacturing industry more flexible and cost efficient. The FlexFactory serves as a consultancy and business enabler. It does not provide its own production facilities, but offers the knowledge and corresponding services needed to set up flexible production as a service concept from a single source (“Digital Production as a Service”). In addition, the FlexFactory supports the actual implementation of the specific customer project.

It thus enables customers from the manufacturing industry to implement innovations or article variants faster and more efficiently than in the traditional production process, and with less capital input. There

is great demand for such solutions: manufacturers from a wide range of variant-rich industries (e.g. the automotive, clothing or packaging industries, etc.) face the challenge of taking into account increasingly individualised customer needs while shortening product life cycles – without ignoring the business risks associated with this transformation for their own balance sheets. After all, more innovation goes hand in hand with higher investment needs. At the same time, conventional production plants also have high fixed costs for small quantities. The FlexFactory addresses these challenges and the associated market potential by showing the way to a more flexible, economically calculable production landscape in cost-efficient structures and, if required, by accompanying its implementation in concrete customer projects.

Combination of the respective core competencies of the partners

For this, its offerings combine the respective core competencies of the partners involved on a common platform: Porsche contributes its manufacturing know-how; MHP its expertise in digital process optimisation, especially on interfacing development with production.

The finance and insurance models and a performance guarantee cover for planned production come from Munich Re. Moreover, Munich Re's subsidiary relayr adds digital risk analysis via IoT sensor systems to the mix.

In the medium term, integration of further technology partners on the open FlexFactory platform is conceivable and desirable in keeping with the concept of an open production ecosystem. The concept was tested by the partners over the last few months in the context of a concrete implementation scenario in Porsche's body shop, simulating and optimising the production of various components (e.g. variants of a car door) on one production line. Lutz Meschke, Deputy Chairman of the Executive Board and Member of the Executive Board responsible for Finance and IT at Porsche AG: "The interest shown by the first potential clients shows us that there is great demand for customised products. This joint venture is still small, but it is perfectly formed. It can solve the challenge of producing even small series economically and thus open up a new chapter in industrial production. That is why we are combining the production competence of Porsche with the software know-how of MHP and the risk management expertise of Munich Re." Torsten Jeworrek, member of Munich Re's Board of Management: "With the FlexFactory, we and our partners have created a future-oriented platform for opening up new markets, which addresses a central challenge of modern production. Our cooperation once again underlines Munich Re's innovative power and solution competence as a risk manager and financing expert for Industry 4.0".

Ralf Hofmann, founder, shareholder and Chairman of the Board of MHP: "It is our aim to create significant added value for our customers and for the entire economy with digital, flexible solutions and technological innovations. By bundling the strengths of Munich Re and Porsche with the depth of our expertise in digital technologies we can now do just that even in micro-scale custom production while simultaneously maintaining highly cost-effectiveness."

The shareholders in FlexFactory GmbH are Porsche and MHP (25% each) and Munich Re (50%). FlexFactory's managing directors are Phillipp Hypko and Philip Plattmeier. More information on the FlexFactory is available at www.flexfactory.tech.

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