



BSH Home Appliances Group

B/S/H/

Transformation to a Hardware+ Company

2020-11-11
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Have you ever heard about BSH?

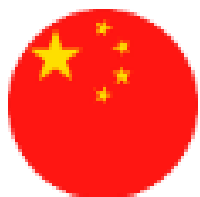
Our purpose is to improve quality of life of people across the globe with our products & services

BSH at a glance: Leading home appliance manufacturer providing entire spectrum of daily life under strong brands



#1

Market leader
in Europe



#1

Non-Chinese
home appliance
company in China



#3

Home appliance
company
world-wide



Cooking and
Baking



Washing and
Drying



Dishwashing



Refrigeration and
Freezing



Consumer
Products



BOSCH

SIEMENS



GAGGENAU

How digitalization challenges our industry and how we react to it



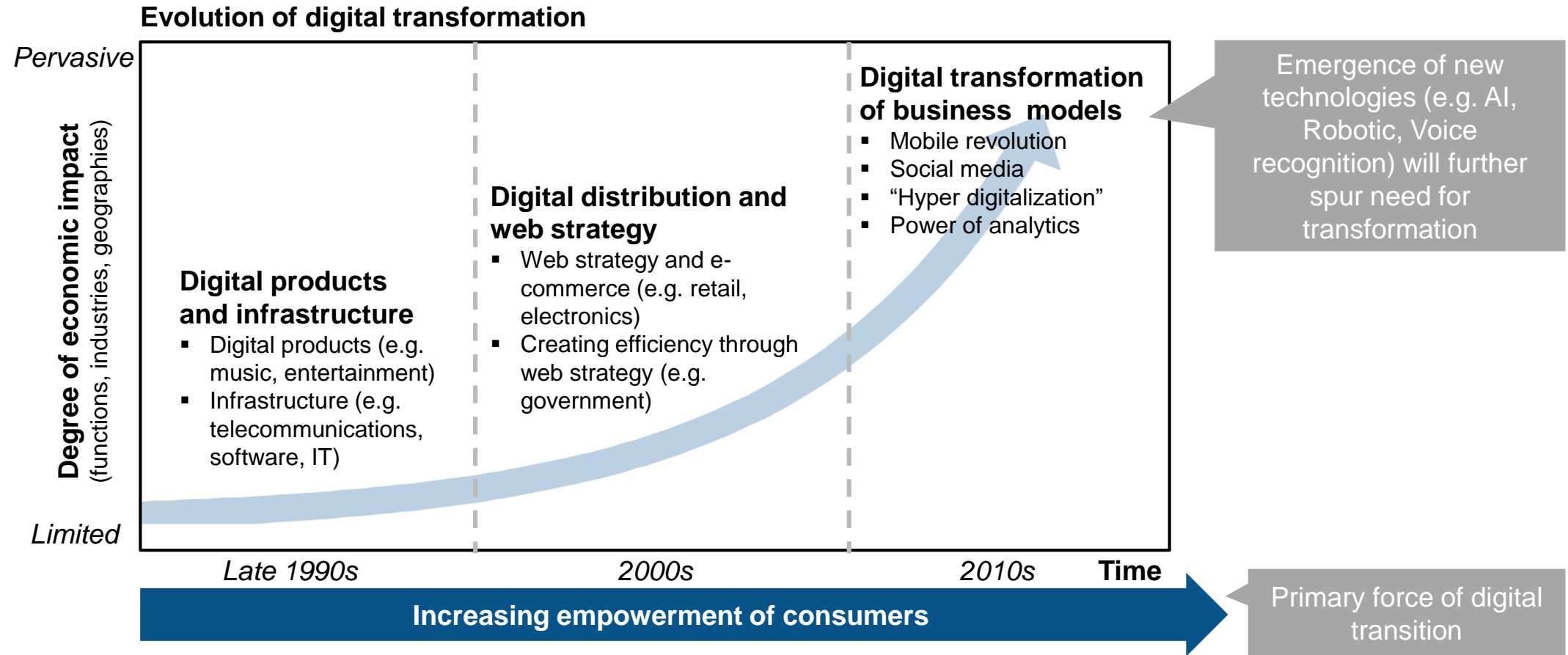
Digitalization



1. How does digitalization transform the home appliance industry?

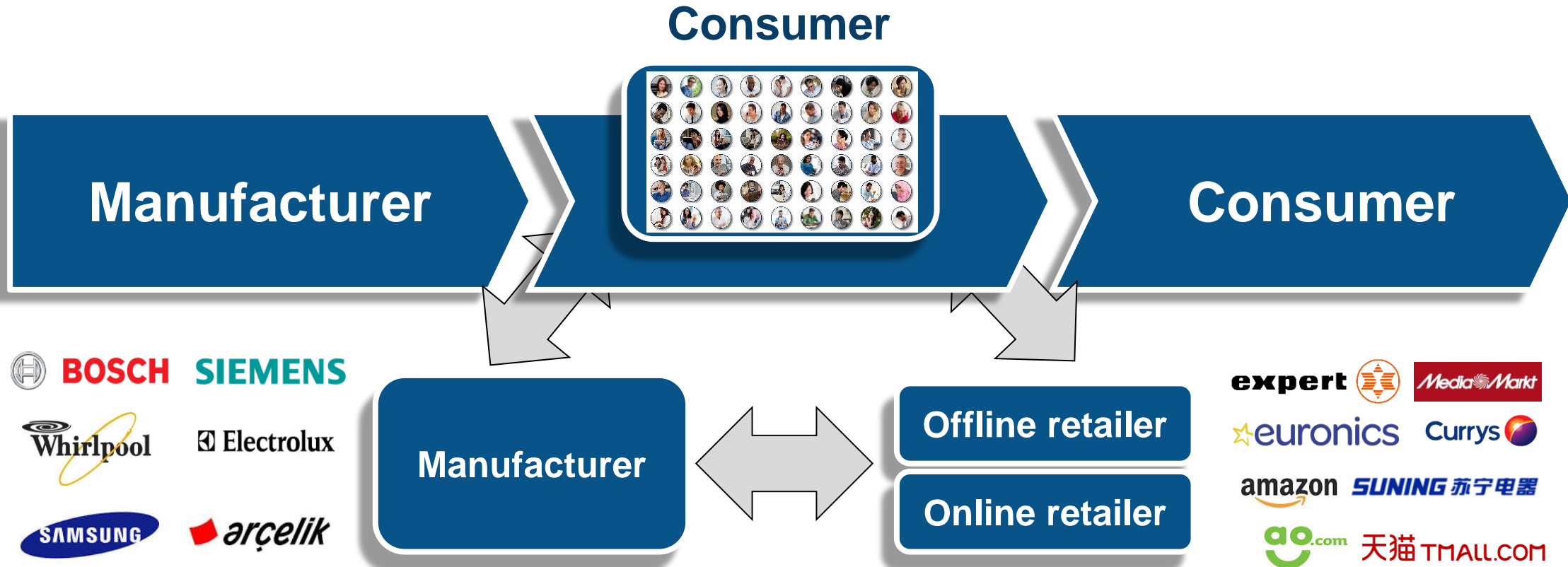
2. How does BSH react to the digital transformation?

Digitalization comes with a technology push that has strongly accelerated transformation of business models...

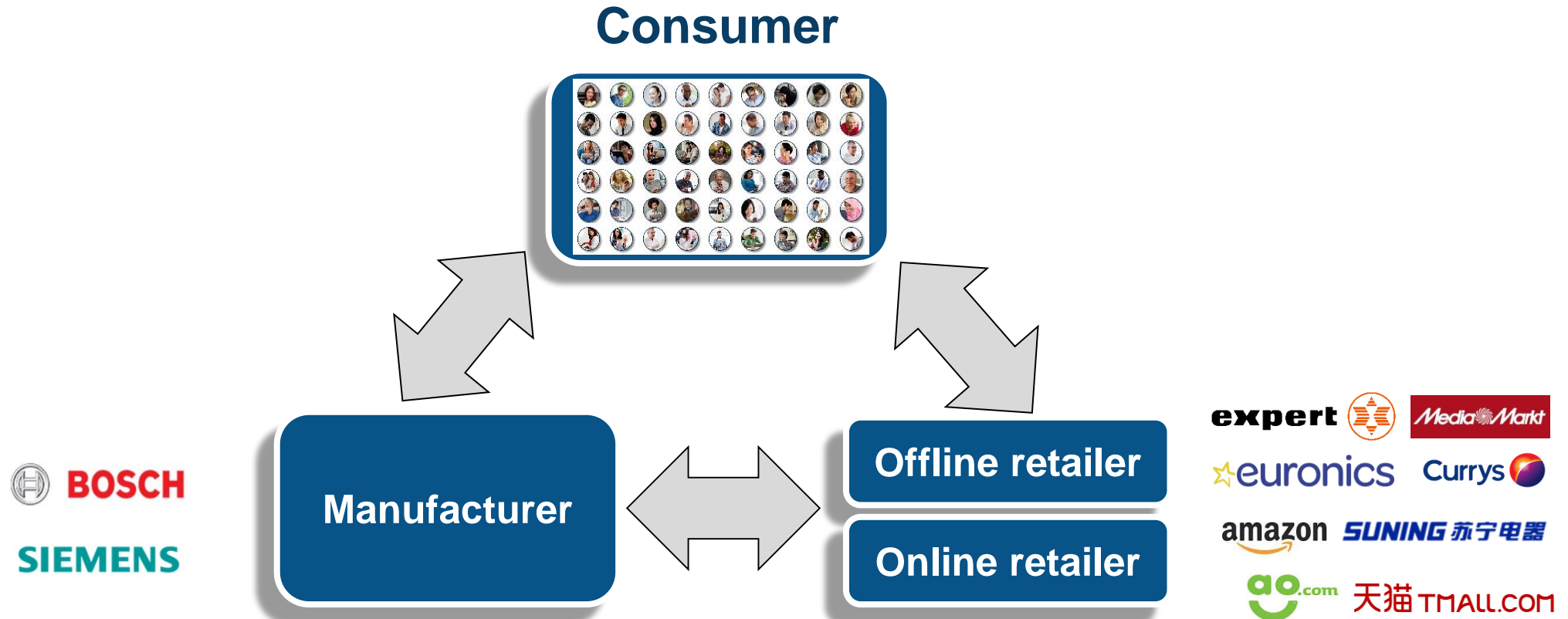


Source: Berman (2012) Digital transformation: opportunities to create new business models, Strategy & leadership 40(2)

...re-structuring the value chain of home appliance manufacturers fundamentally



We need to put empowered consumers in the center of all our activities and re-enforce partnerships with our retailers



COVID-19 has fueled the growth of e-Commerce ...

Selected findings on COVID-19 impact



69% of consumers will **cook more at home**¹



8% of consumers **bought major home appliances for the first time online**²



Consumers who are more likely to buy online without in-store consultation than before crisis⁵

YES
24%

NO
76%

Online demand increased by **300%** in home and leisure categories³



90% of Chinese consumers **bought home appliances through online channels during COVID-19**⁴



Value of **online platform sales in China increased with 470%** Q1.20 vs. PY⁴

New COVID-19 online consumers who want to **continue shopping online** after crisis⁵

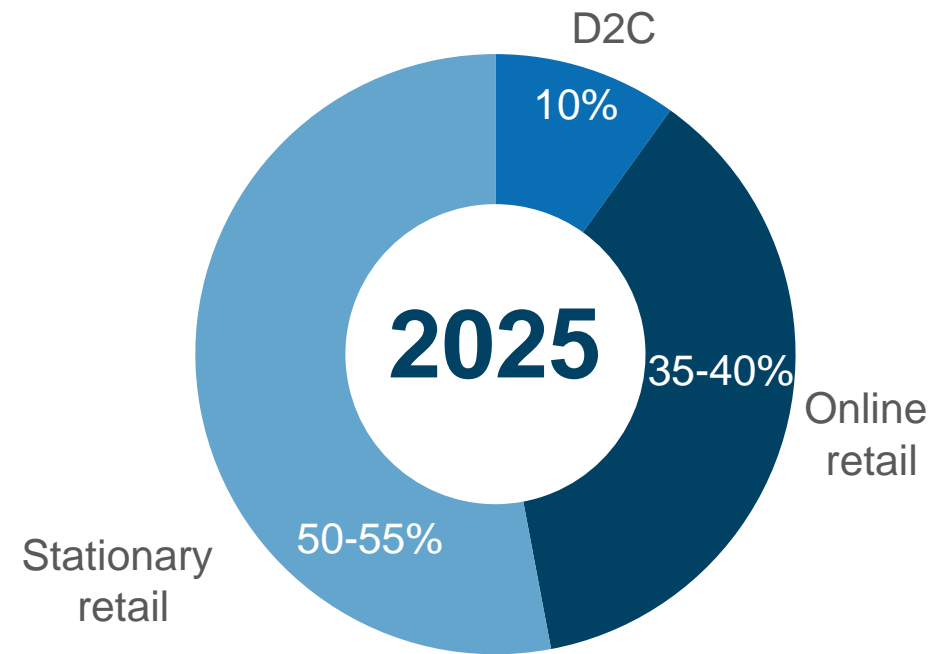
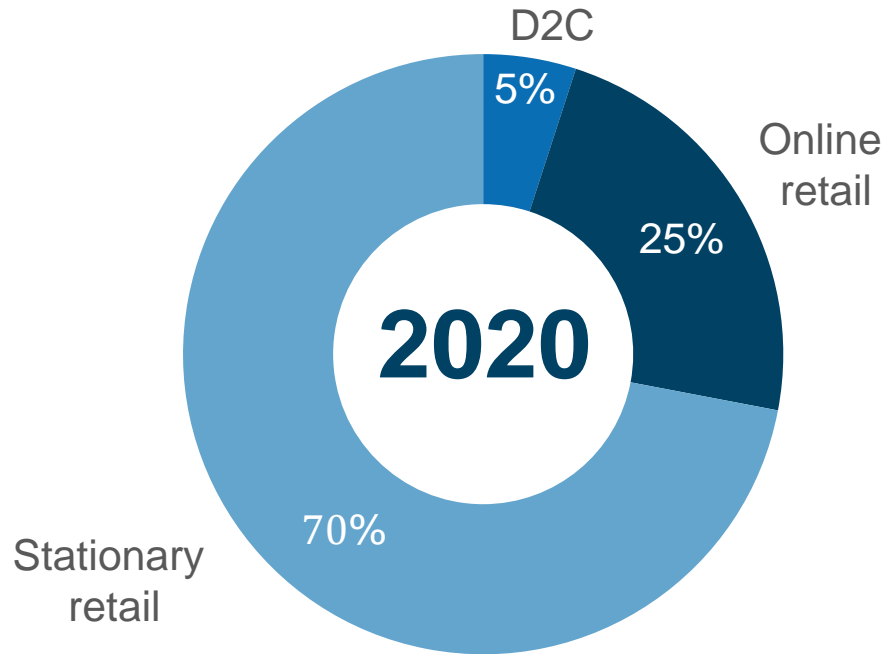
YES
52%

NO
48%

1) Global Bain study; 2) REU consumer survey; 3) Search term analysis results (01/20 vs. 03/20); 4) Online consumer survey GFK CN; 5) Kearney study results: As of 03/20, n=311; week over week

... and will accelerate the channel shift even further

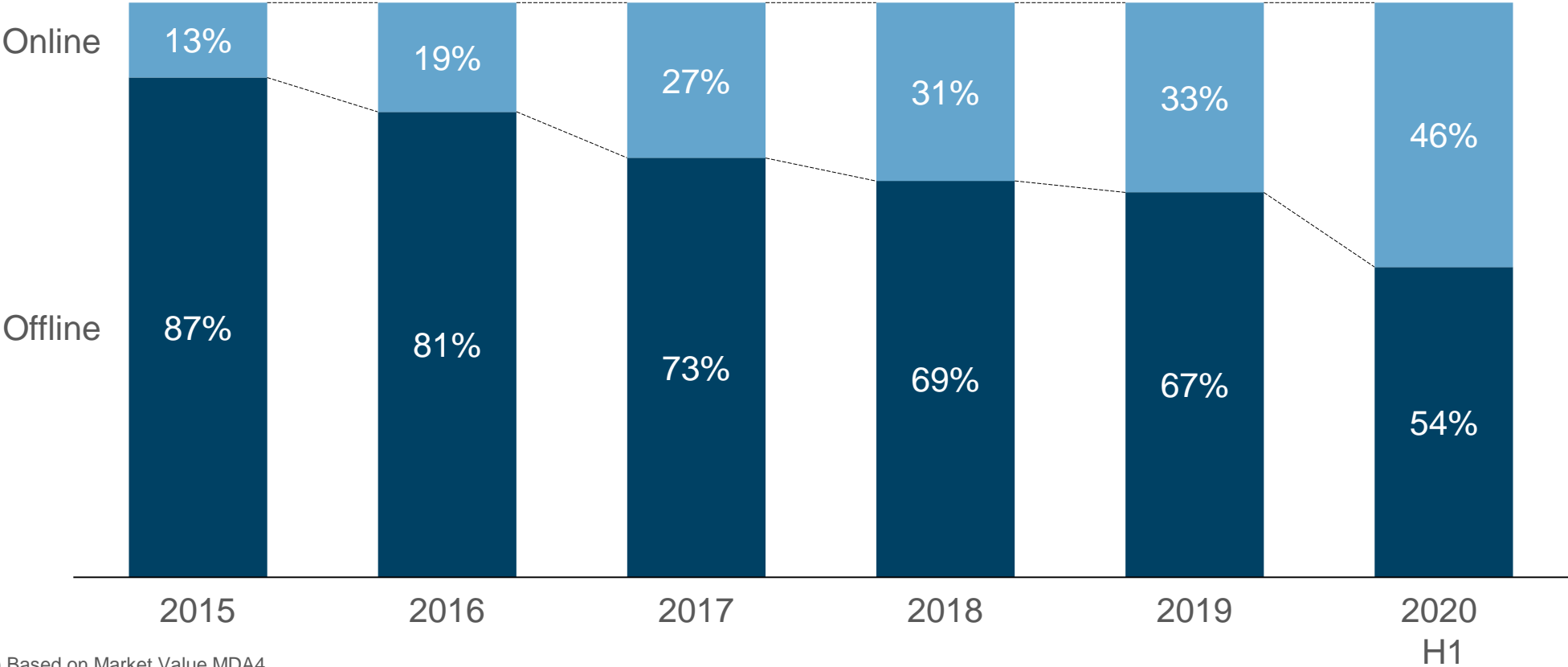
Global MDA channel split



Prognosis pre-COVID-19: **2030**

China leads the race in online growth

Channel share of total market¹



1) Based on Market Value MDA4

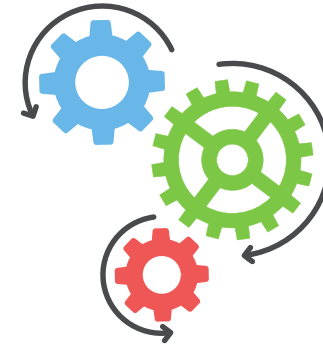
Creative destruction requires a re-thinking and re-definition of business models



Creative destruction

“Process of industrial mutation that incessantly **revolutionizes the economic structure** from within, incessantly destroying the old one, incessantly **creating a new one**“

(Schumpeter)



(Re-)Defining the business

Need for traditional, established companies to ask **fundamental questions** and **re-think business models**

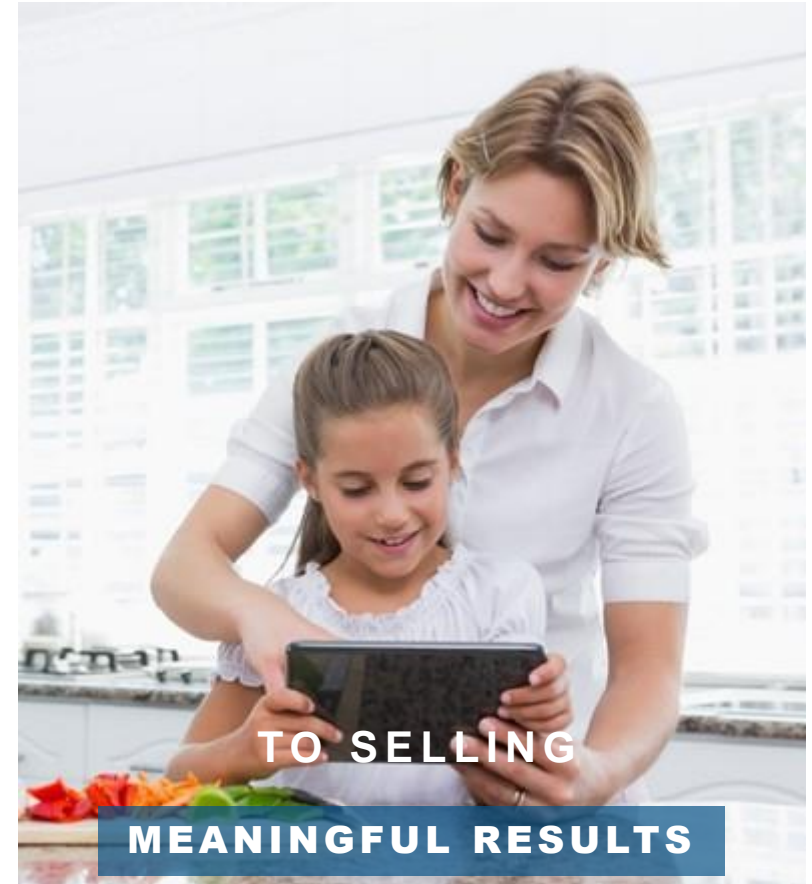
(Abell)

As a consequence, we have changed our “Question zero”

PRODUCT centricity



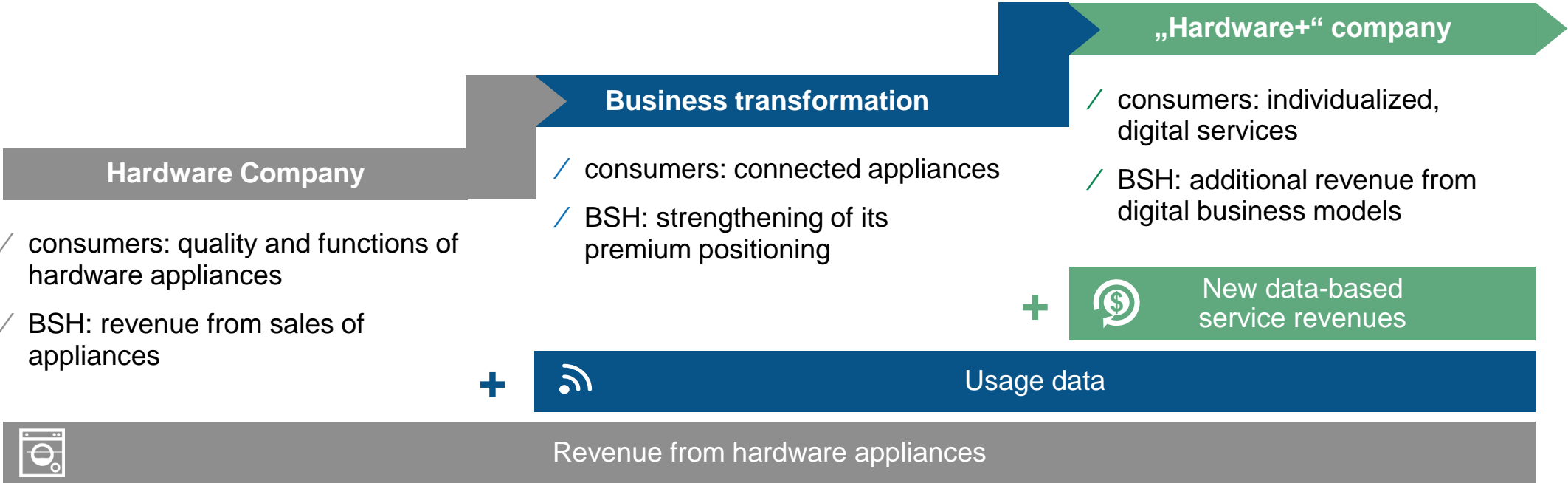
CONSUMER centricity



We need to understand consumers' jobs-to-be-done and provide the respective solutions



Our goal is to transform BSH into a “Hardware+” company



We are transforming BSH from a home appliance manufacture to
A COMPANY THAT SELLS APPLIANCES, DIGITAL FUNCTIONS AND SERVICES.

We need to directly connect with consumers at all relevant touchpoints



However, for a **CONSUMER** there is only...



**ONE
JOURNEY**

To deliver this one seamless journey we need to bring our market forces together

MARKETING



SALES

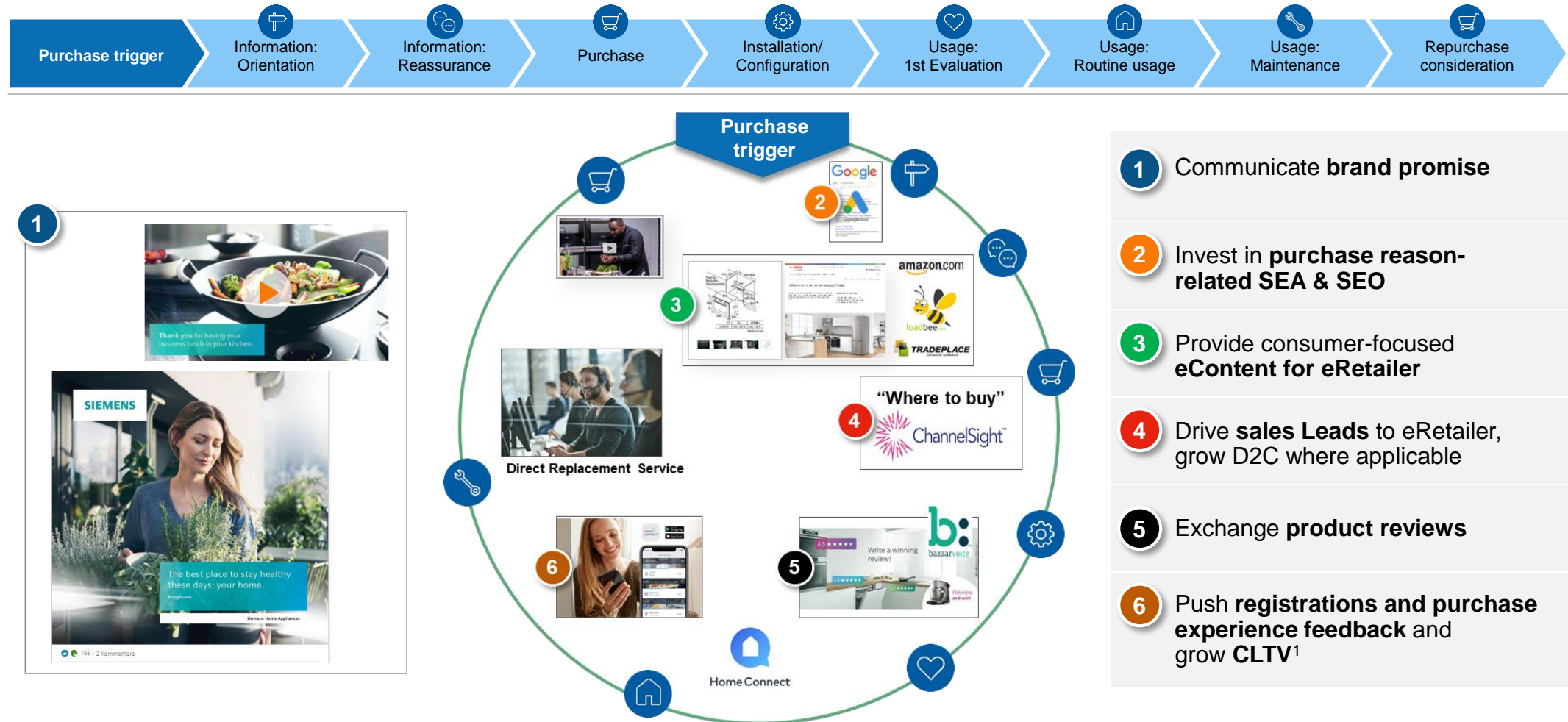


SERVICE

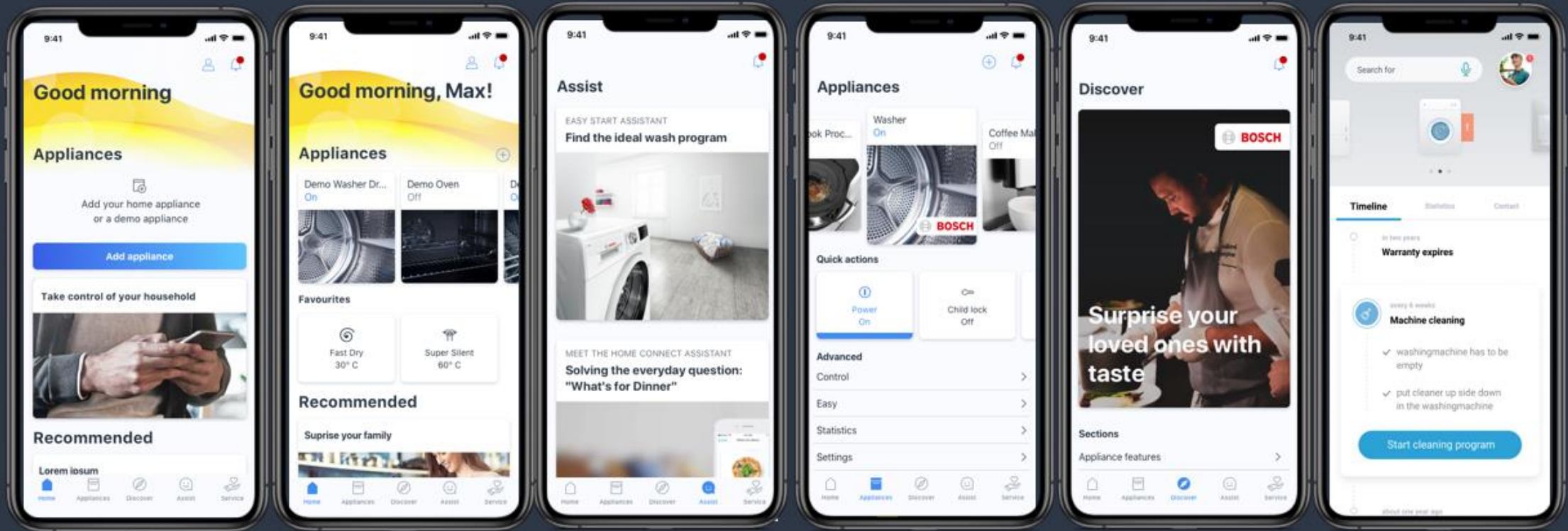


TO
MY
JOURNEY

... And need to align our activities with the Consumer Experience Journey (CEJ)



With the new Home Connect App we improve the attractiveness of our digital ecosystem to drive interaction and transaction



No registration
wall

Personalized
Home

Assist for daily
household tasks

New remote
control interface

Discover daily
relevant content

Care and new
appliance timeline

... while helping us to continuously improve product development and user experience based on machine usage data

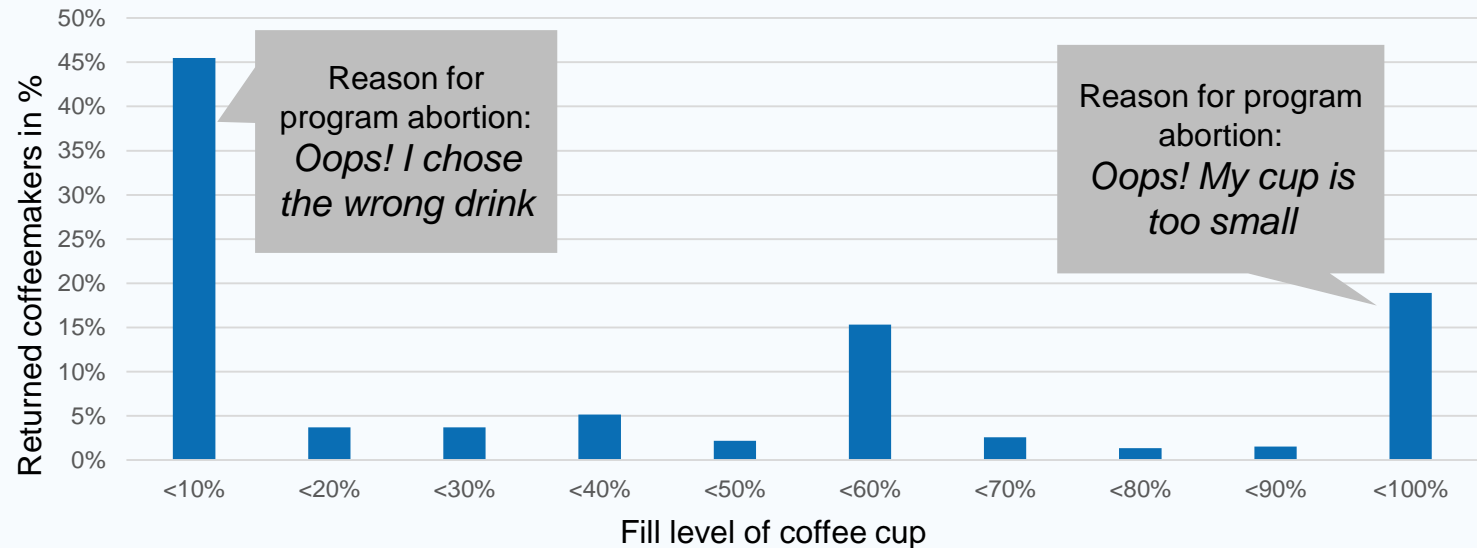


Home Connect

Problem

Unexpected high error rate and return quota of coffeemakers' brewing unit.

Problem analysis via Home Connect



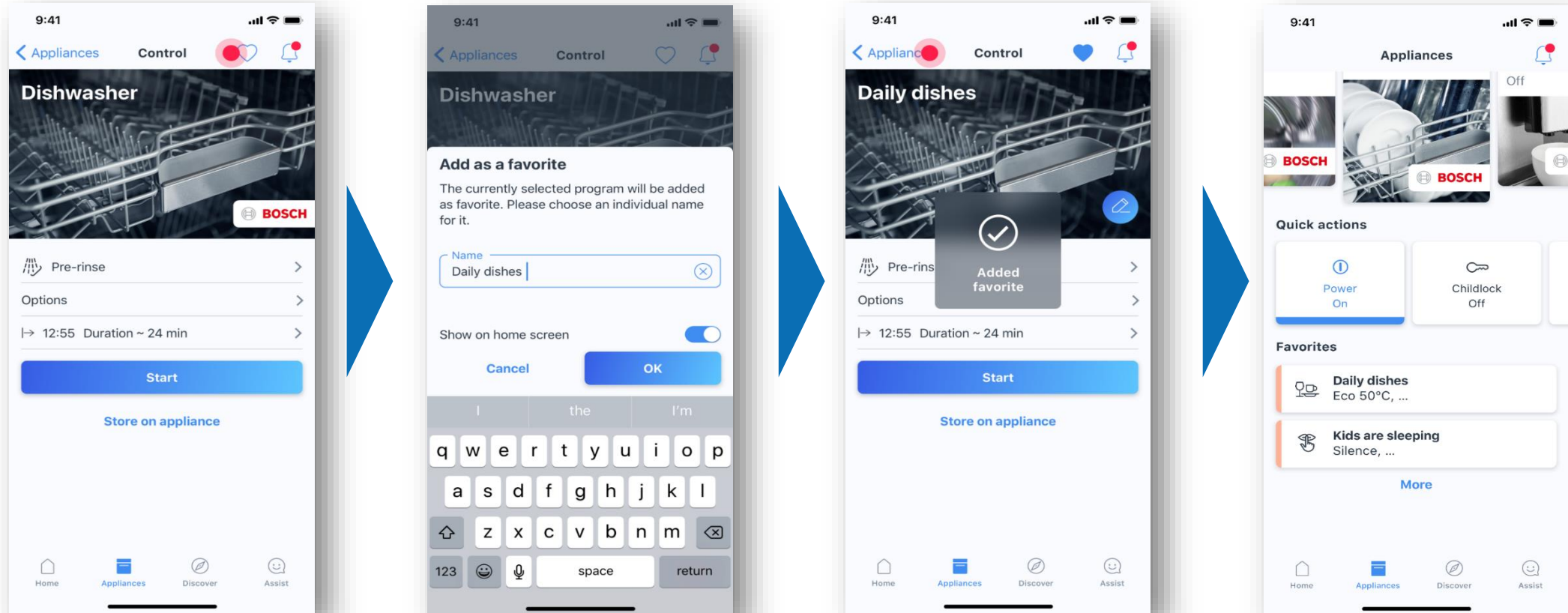
Solution

Avoid program abortion to prolong lifetime of coffeemakers by...

- (1) ...improving user interface & navigation and
- (2) ...changing fill quantity preset to reduce number of program aborts
- (3) ...trigger new technology solutions (e.g. sensor validating cup size)

Our connected products become platforms that create additional value for our consumers ...

Example: Home Connect Favorites - creating a new favorite





The SystemMaster is a major milestone for BSH's goal of becoming the industry leader in digital services



SYSTEMMASTER

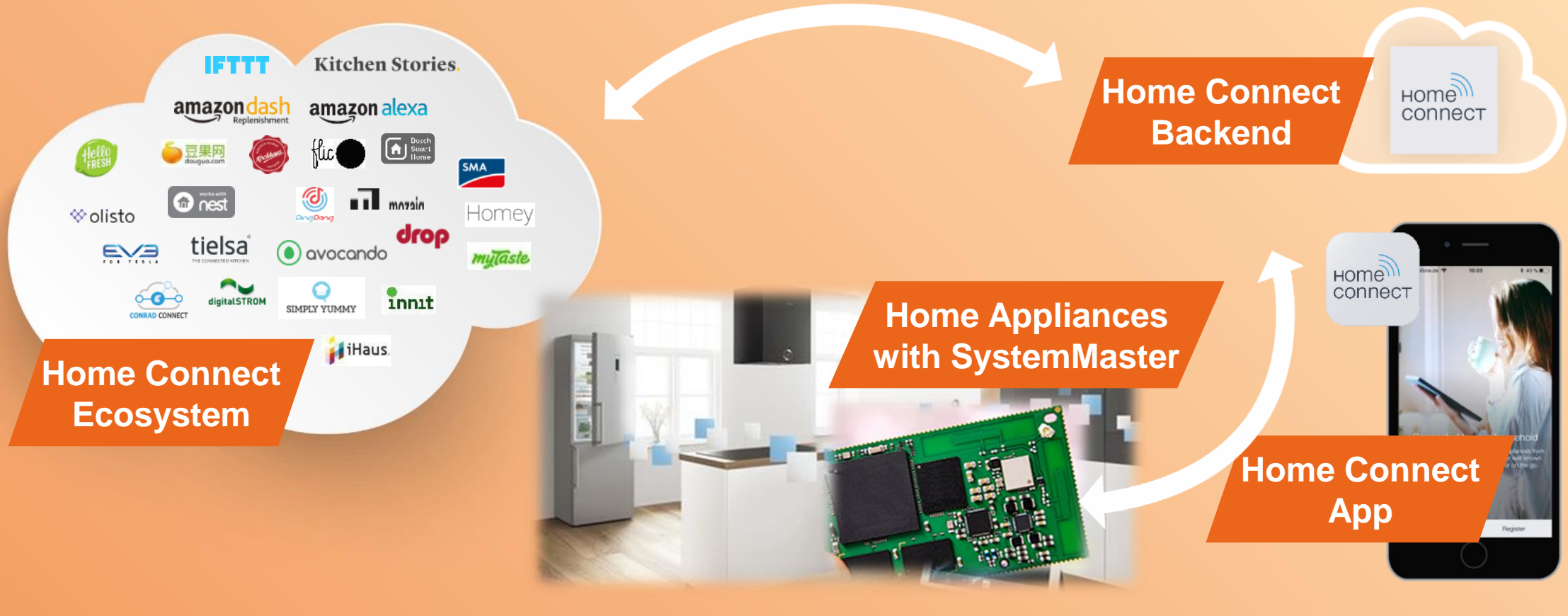
... enables faster and more flexible development.

... turns home appliances into platforms for digital services with personalized content.



SYSTEMMASTER

SystemMaster is a key enabler for Product as a Platform...



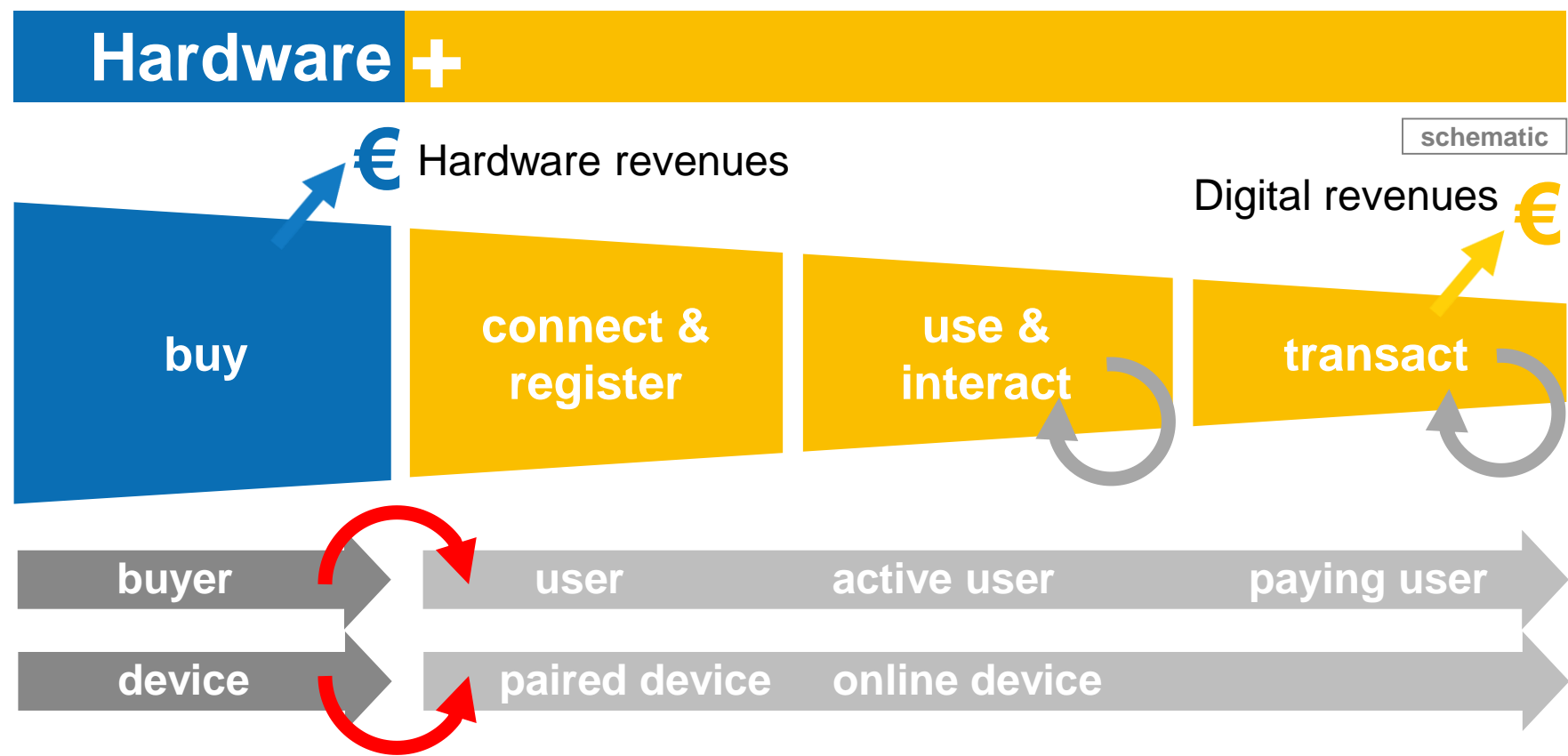


SYSTEMMASTER

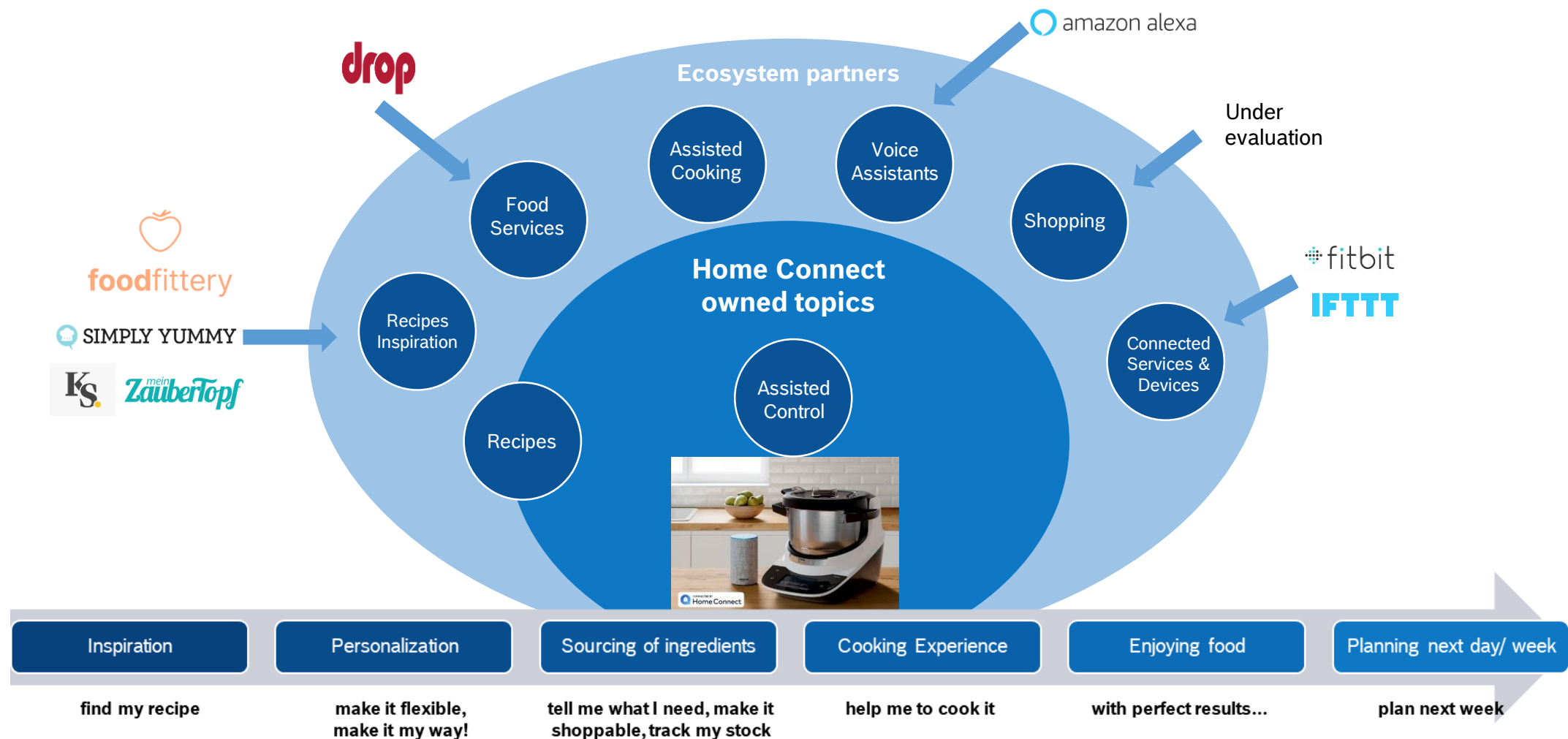
...opening up new dimensions of consumer experience



Key challenge of the Hardware+ transformation is to turn hardware buyers into digital users



The Cookit ecosystem covers entire cooking journey




We are entering a new era with our GV650 dishwasher generation - Our first fully connected product range launched in 2020

The New Generation of Dishwashers



- **100% full range connectivity**
- **Updates over the air**
- **Learning dishwasher**
- **First virtual launch**



*“There are 3 types of companies
—
Those who make things happen
Those who watch things happen
And those who wonder what happened”*

We at BSH make things happen!

A photograph of a modern glass skyscraper. Large, dark, three-dimensional letters spelling 'B/S/H/V' are mounted on the glass facade. The letters are slightly out of focus, and the background shows reflections on the glass and other parts of the building. In the lower part of the image, two people are visible on a balcony or walkway, looking out. A blue banner with the text 'Thank you!' is overlaid on the bottom left.

B/S/H/V

Thank you!