

Pay-per-part: TRUMPF and Munich Re plan new business model for the manufacturing industry

- New and disruptive production opportunities for companies in the sheet metal processing industry
- Customers can use a TRUMPF full-service laser machine without having to buy or lease any equipment
- Munich Re acts as business enabler, relayr provides IoT infrastructure



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Torsten Jeworrek, Member of the Board of Management

The TRUMPF Group and Munich Re Group (Munich Re) are entering into a strategic partnership for an innovative service offering of laser cutting machines. The jointly developed "pay-per-part model" enables customers to use a full-service laser machine without having to buy or lease any equipment. Instead, customers pay a previously agreed price for each cut sheet metal part – in other words, they only pay for what they need. This allows customers to make their production processes more flexible and react faster to market changes.

Initially, the partnership will commence as a project with a learning phase whose length is to be agreed upon by the contractual partners. Munich Re acts as a business enabler of this model: the Group finances the machine and bears the resulting investment risk. The IoT service provider relayr, a subsidiary of Munich Re, provides the data analysis for the financing model. TRUMPF supplies customers with the required production components, namely the machines for their factory lines and the corresponding software and services for manufacturing sheet

metal parts. Klöckner & Co., one of the world's largest producer-independent steel distributors, will be a development partner of the business model.

As a part of the service offering, the production process is fully tailored to the customers' requirements. The performance promise of the offering includes access to a fully automatic laser cutting machine, a storage system, TRUMPF's production know-how, and the necessary service components, as well as equipment maintenance and the required raw materials.

Thus, the pay-per-part model offers companies in the sheet metal processing industry entirely new and disruptive business and production opportunities. Customers gain access to the latest automated laser cutting technologies without the need for massive investment, and the production volume is easily adjustable based on demand. Thanks to the planned performance guarantee offered by Munich Re, customers will also be insured against the financial impact of potential production downtime in the future.

"With this partnership, we are venturing into new business models more prominently than ever before," said Mathias Kammüller, TRUMPF's Group Managing Director and Chief Digital Officer. "It is the first step towards providing our customers with an alternative to the traditional purchase of machines, enabling them to increase their production capacity without massive up-front investments. Furthermore, we believe that this offering will not only help our existing customers grow but also enable the acquisition of new customers."

"The cooperation with TRUMPF is an outstanding example of how the combination of Munich Re Group's various offerings – risk solutions, IoT technology and financing – makes it possible to develop innovative business models for the industry," said Torsten Jeworrek, Member of the Board of Management of Munich Re. "We are convinced that such partnerships represent a forward-looking response to the challenges of an increasingly dynamic market environment."

"We are excited to be part of this great partnership," added Josef Brunner, CEO at relayr. "relayr provides the necessary IoT infrastructure and enables comprehensive data analysis and optimisation on which, in turn, the financing and guarantee model of the project is based. It is no longer enough for industrial companies to produce quality products. Business models must be transformed to remain future-proof. In taking this step, TRUMPF has demonstrated that it is future-oriented and prepared to explore innovative approaches to offer its customers entirely new opportunities."

"We are proud to be able to support the pay-per-part offering of TRUMPF and Munich Re as a development partner since this confirms our conviction that the future belongs to digital business models," said Gisbert Rühl, CEO of Klöckner & Co. "We believe the market is more than ready for pay-per-part offerings and have absolute confidence in this new model. The cooperation in this digital business model is an important step towards the future for us, and we are confident that many interesting opportunities will arise from it."

The partnership between Munich Re and TRUMPF is subject to merger control clearance by the responsible authorities.

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