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Prerequisites for a Global R&D Verbund

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Contents

- Vision: Globalization not Internationalization
- Commitment: Structure and investments through the whole organisation
- Steering: People, Targets, Cooperation (internal and external)
- Metrics: One size does not fit all

Vision: Profitable business growth through innovation

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The obvious

- Proximity to innovative customers that will shape future key markets
- Proximity to centers of excellence (universities) for access to new technologies
- Proximity to production for process research

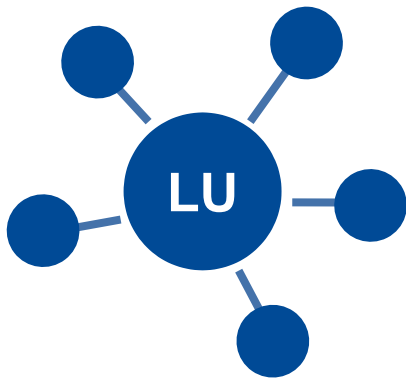
The not so obvious

- Global research topics
 - ▶ Automotive
 - ▶ Catalysis
 - ▶ Rare Earth
- Leverage synergies in better connected R&D hubs
 - ▶ Mining Center in Australia
 - ▶ Water in Singapore
 - ▶ Sugarcane in South America

Globalization not Internationalization

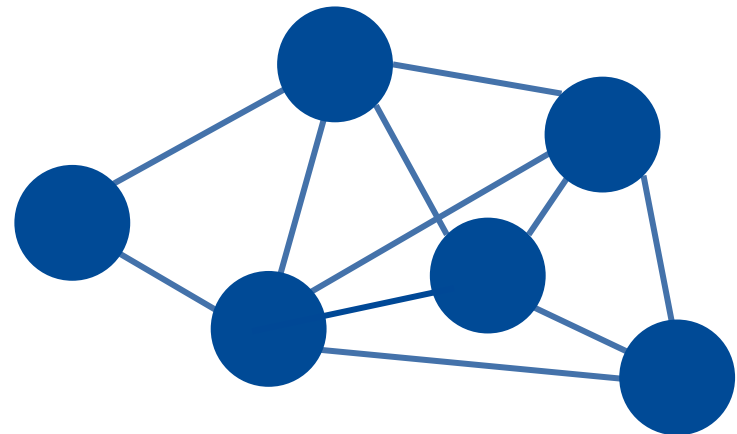
Internationalization of R&D

- Ludwigshafen remains center of all decisions
- Increase the number of non Germans in the central organization (Ludwigshafen)
- Develop regional topics



Globalization of R&D

- Global research centers in the regions
- Retain for R&D centers spread over the world
- Local external co-operations



Commitment: BASF's Verbund and major research centers

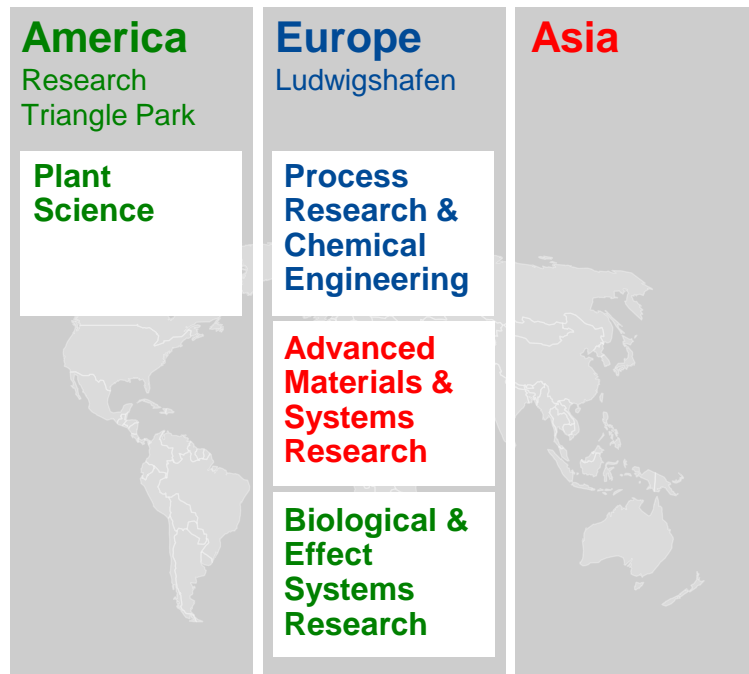
By 2020, BASF plans to conduct 50% of its R&D outside of Europe to gain local access to customers, talents and innovation centers.



Commitment throughout the organization

Status 2014:

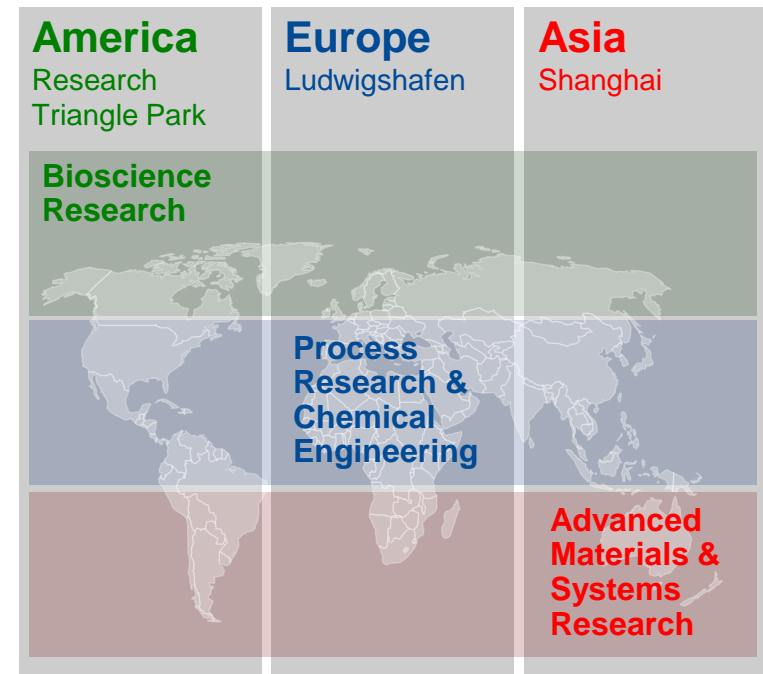
Three of four research platforms with management in Ludwigshafen



Three Presidents in one Region

Organization 2015/2016:

Management of research platforms each from one of the three regions



One President per Region

Commitment : Large investments to create globalized R&D

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The Innovation Campus in Shanghai is an interdisciplinary R&D center, where all innovation parties work together very closely – for innovations from Asia for the world.

Added value for all business teams

- Local research competence meets local needs
- Excellent innovation setup reduces time-to-market
- Analytic team supports R&D and production
- Access to a pool of scientific talents and academic knowledge
- Strengthen innovation communication in Asia



Steering: Globalization need KPIs

- People: Gain, train, Retain
- Targets: New products, new customers, innovative image
- **Cooperation**

Cooperation

- Mobile working places: connection possible everywhere, anytime
- Off-site management meetings
(Project review meetings held outside of Ludwigshafen)
- Innovators/Connectors linked via events at a global level
BASF Innovation Forum takes place once a year physically and virtually in all three regions
- 2015: Three large Science Symposia (one in each region) organized for the 150 Anniversary reflect an intimate interaction with science at a global level

Cooperation UNIQUE – The BASF Academic Partnership Program

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We develop long-lasting relationships with top universities to strengthen BASF's innovation portfolio, visibility, and get access to new technologies.



UNIQUE Universities

- 14 institutions worldwide
- Fit to the „We create chemistry“ strategy
- High scientific competence
- Top talents

Academic Partnership Developer (APD)

- Network of 11 R&D representatives in 5 countries
- Facilitate research cooperations
- Identify opportunities
- Cultivate relationships

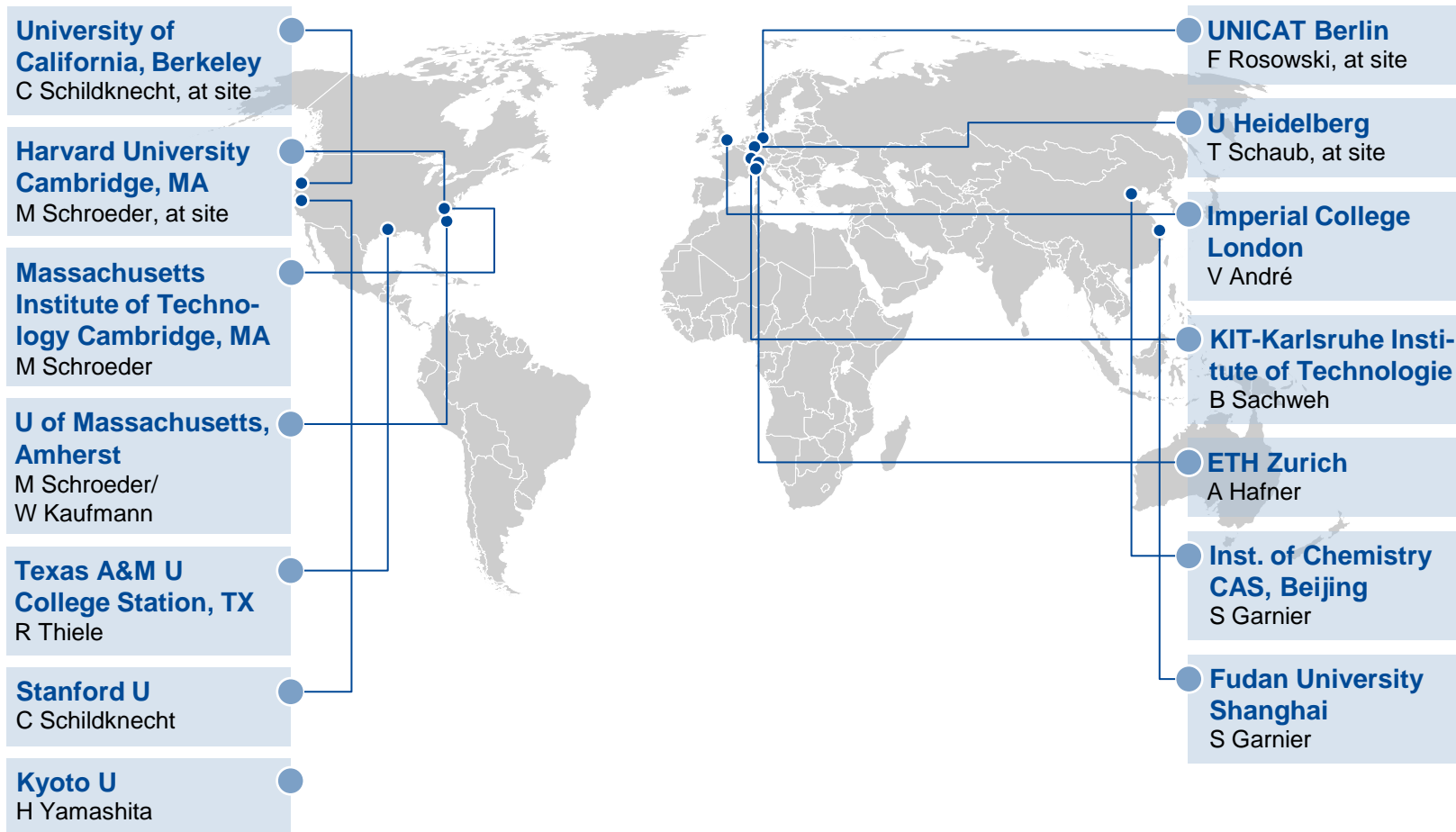
BASF: technology platforms and operating units

- Managed by Innovation and Information Management (GOI)
- Supported by all technology platforms
- Global network of scientists

Cooperation UNIQUE Universities Global set-up Eleven Academic Partnership Developers

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Why is Globalization of R&D key to more business successes?

- Largest Know-How network located in R&D (from researchers to experts)
- Transversal career development possible allowing broad network
- Fosters exchange and transparency about the research strategy and the customers needs



A global R&D network is key to

- Secure and encourage a broad exchange between scouts, incubators and business units
- Generate more global business

Metrics: Why one size does not fit all?

- Need to address political and societal challenges
- Heterogeneous structures at BASF
(North America 7 acquired sites,
China one BASF own Campus)
- No copy paste: each region has its own
industrial/academic landscape
- Different metrics in Australia, New York,
Switzerland compared to Germany and LU
- Talent, good people needed



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