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ŠKODA AUTO speeds up its digital transformation with *AccelerateIT* and Microsoft

- › Digitalisation is a focus area of ŠKODA's 2025 Strategy
- › ŠKODA AUTO launches *AccelerateIT*, a strategic program to boost the pace of the company's digital transformation, particularly in terms of data and artificial intelligence
- › Collaboration with Microsoft to train IT staff on the Microsoft Azure cloud platform and to provide comprehensive support

Mladá Boleslav, 26 January 2020 – ŠKODA AUTO's digital transformation is gaining momentum and with the new strategic program *AccelerateIT*, the car manufacturer reinforces its trust in Microsoft. Employees from the Czech brand's IT team and other departments are being instructed and certified by Microsoft on working with the Azure cloud platform, data and artificial intelligence (AI). Some members of staff have already completed their online training. Microsoft will also provide ŠKODA AUTO with special tools and free support from Azure specialists for cloud architecture, data and AI technologies.

ŠKODA AUTO has long been one of the pillars of the Czech economy, currently employing more than 42,000 people worldwide. As it runs over 100 applications on Microsoft Azure, ŠKODA AUTO is already a significant user of this platform within Volkswagen Group and has many years of experience. Klaus-Dieter Schürmann, ŠKODA AUTO Board Member for Finance and IT, said: "Our collaboration with Microsoft is an important and helpful step for the digital transformation of ŠKODA AUTO. Digitalisation and using artificial intelligence are key focus areas in our 2025 Strategy and the prerequisite for our continued transformation from a traditional car manufacturer into the Simply Clever company for the best mobility solutions."

Cloud-based AI solutions already help ŠKODA AUTO, for example, to determine how to optimally load the truck containers at the main plant in Mladá Boleslav. Microsoft Azure therefore assists in saving shipping costs and reducing CO₂ emissions. Every AI decision to be taken considers an extraordinary number of parameters, which requires very high computing power. Even the smallest inaccuracy could lead to logistical issues, so there is very little room for error. It is crucial to make use of AI. ŠKODA's car configurator also runs on Azure and is supported by Microsoft data centres in Europe, Asia, South America and Australia as the application is used by people from all over the world.

Klaus Blüm, Head of ŠKODA IT, stated: "ŠKODA AUTO is changing into a provider of comprehensive and innovative mobility services that are based on data, and increasingly also on AI. We use artificial intelligence to improve internal processes in our business, in our vehicles including for autonomous driving and, of course, for our new customer-friendly online services. In order to speed up our transformation, ŠKODA AUTO has launched the strategic program *AccelerateIT*, which will be strengthened through our collaboration with Microsoft."

Microsoft supports *AccelerateIT* with several main objectives. First, Azure is to serve as a platform for processes and business models that are based on data and AI. The digital customer services created on the cloud-based platform are to assist in setting ŠKODA AUTO apart from its competitors. Developing ŠKODA AUTO's Competence Centre for Azure further, as well as



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migrating and updating applications, is the second objective. This will enable continuous connected IT services without any downtimes, based on secure and legally compliant data processing. The third focus area is to create a new and stimulating working environment, so that ŠKODA AUTO will be perceived as the best IT employer in central and eastern Europe. Making self-service platforms – such as Power BI (business intelligence) to create management reports and chatbots to provide all business areas with modern support – available centrally and in a standardised format is the fourth objective.

“The car industry is facing a dramatic change over the coming years. ŠKODA AUTO has prepared for this at an early stage and is investing significantly in digitalisation and software. The use of AI technology and the consistent use of data to optimise internal processes and support new customer services are essential focus areas of our digitalisation strategy. To this end, we are also pursuing new ways to collaborate. Together with our ŠKODA AUTO DigiLab, we have established an AI Hub, a joint community of AI experts and partners to advance our projects quickly and in an agile manner,” explained Andre Wehner, Chief Digital Officer at ŠKODA AUTO.

Stefan André Raschke, Senior Director Automotive, Microsoft Deutschland GmbH, added: “ŠKODA AUTO has been using Microsoft Azure for customer-related cloud applications which call for a high degree of scalability and availability for years. ŠKODA AUTO currently runs more than 100 applications on Microsoft Azure and is one of the largest clients of this platform within Volkswagen Group. Now, the car manufacturer wants to use the cloud and AI solutions even more comprehensively to assist with its digital transformation.”

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ŠKODA AUTO

- › is focusing on three priorities with its 'NEXT LEVEL ŠKODA' program for the future: expanding the model portfolio towards entry-level segments, exploring new markets for further growth in the volume segment and making tangible progress in sustainability and diversity.
- › currently offers its customers ten passenger-car series: the CITIGO[®] iV, FABIA, RAPID, SCALA, OCTAVIA and SUPERB as well as the KAMIQ, KAROQ, KODIAQ and ENYAQ iV.
- › delivered over one million vehicles to customers around the world in 2020.
- › has belonged to the Volkswagen Group for 30 years. The Volkswagen Group is one of the most successful vehicle manufacturers in the world. In association with the Group, ŠKODA AUTO independently develops and manufactures vehicles, as well as components, engines and transmissions.
- › operates at three locations in the Czech Republic; manufactures in China, Russia, Slovakia and India mainly through Group partnerships, as well as in Ukraine with a local partner.
- › employs approximately 42,000 people globally and is active in more than 100 markets.