

Automotive excellence

In-depth industry knowledge and expertise is the key to IT success in the automotive sector, finds **Malcolm Wheatley**.

LIKE many in the automotive industry, Northampton-based vehicle seat manufacturer KAB Seating had an uncomfortable recession. Revenues, for instance, dropped by 60% in a matter of months. An industry that had thought it was already lean, in short, found itself rapidly required to become much leaner still.

"These days, there's a lot less inventory in the system than there was before the recession," says KAB Seating finance director Peter Jordan. "Our customers' schedules aren't as firm as they used to be, but they still want their deliveries from us to be on time, and in full. So we've had to change the way that we work."

And there's little doubting the effectiveness of those changes. 'On time, in full' despatch measures have improved significantly, reports Jordan, while a host of manufacturing and supply chain improvements have seen the level

of 'past due' shipments plummet. Best of all, perhaps, inventory turns have risen from around 4 times a year to a level of around 11 or 12 times—with a target of 15 looking increasingly attainable.

"We've freed up a significant amount of cash," sums up Jordan. "And we believe that the cash we're saving is going to finance our capital investment programmes for the next year—meaning that we won't be having to borrow money."

It is, in short, a remarkable transformation—and one where Jordan is quick to play tribute to the role played by Microsoft partner eBECS, which has worked alongside KAB optimising and leveraging the performance of the company's Microsoft Dynamics AX ERP system. No wonder, then, that eBECS is now delivering Dynamics AX throughout KAB parent company Commercial Vehicle Group Inc's global operations.

"We've worked closely with eBECS to improve how we receive our customers' orders, how we schedule those orders, how we manufacture them, and how we pass our raw material and component requirements on to our suppliers," he says. "And our management reporting systems have been transformed, as well: we now know how we are doing day-by-day—and not finding out at the end of the month."

In short, the transformation at KAB is precisely the sort of step change in improvement urged on the UK's automotive industry by a recent government-backed report co-authored by the University of Cambridge's Judge Business School and the Society of Motor Manufacturers and Traders.

Vehicle manufacturers, it points out, buy-in about 60-75% of the value of a finished vehicle from the component supply chain. What's more, the cost of materials and parts is around six times the cost of final vehicle assembly. Taken together, it's clear that success of the UK's automotive industry is inextricably linked to performance of its supply chain and component manufacturing plants.

Which is precisely why Microsoft, with its partner-centric, customer-driven software development process, values its close links with eBECS, explains Rakesh Kumar, the software giant's global industry director for manufacturing industry.

"Partners such as eBECS are the people who have the direct contact with the customer," he points out. "It's they who are in touch with the customer's detailed requirements, and their domain expertise helps us to see which developments we should be investing in. Working with eBECS has been very good for us: it's a mutually-beneficial relationship."

Indeed, stresses Kumar, as other industry sectors begin to deploy advances that the automotive sectors has pioneered—such as lean manufacturing, 'cradle-to-grave' traceability, and recall management—eBECS' close links with customers such as Aston Martin Lagonda and Team Lotus are increasingly central to the whole strategic thrust of Dynamics AX.

"Some of our most referenceable and prized customers are customers of partners such as eBECS," he notes. "They're really helping us gain traction."

Look closely at how eBECS has helped automotive customers such as KAB Seating and Swindon-headquartered battery manufacturer Yuasa Batteries deploy and leverage Microsoft Dynamics AX and Microsoft CRM, and some common themes

emerge, says Philip Stride, eBECS' group commercial director.

Connectivity within the supply chain, for instance, is an important deliverable, and one which calls upon a whole host of relevant skills and capabilities. At KAB Seating, for instance, eBECS helped deliver and roll-out a web-based supplier portal that has revolutionised supplier communications.

"EDI is fine for links between tier-1 suppliers and the automotive OEMs, but is something that tier-2 and tier-3 suppliers struggle with," notes Stride.

No longer: these days, says KAB's Jordan, the company's suppliers simply log onto the Dynamics AX-based portal, see their 'fixed-firm-forecast' schedule, print-off barcode labels to accompany their shipments, and enter Advanced Shipping Notifications to update KAB with expected deliveries.

And Customer Relationship Management (CRM), in the shape of Microsoft CRM, is another capability that is finding favour in the automotive sector, says Stride. What's more, it's also one that is delivering undoubted bottom line value, as well.

At Yuasa Batteries, for instance, a CRM solution developed by eBECS using Microsoft Dynamics AX is credited with generating savings of £500,000 a year, says Yuasa information systems manager John Cook. And that's on top of the harder-to-quantify benefits of improved complaint

management and better customer service, he stresses.

In just two weeks, he relates, a joint eBECS-Yuasa team built a system that used the CRM Module within Dynamics AX to process, investigate and resolve 20 different types of complaint, routing each case to the relevant departments.

And coupled to photographs taken of each outbound pallet of batteries, electronically called-up within Microsoft CRM, the result was a £500,000 annual saving in respect of batteries despatched to customers following 'short shipment' complaints.

Lean, too, is an important driver, adds eBECS' Stride, with the work at companies such as KAB Seating and Yuasa highlighting the extent to which the capabilities of Dynamics AX can be leveraged to streamline administrative and logistics processes to make them both more responsive and more efficient.

"Electronic data capture, 'tweaks' to Dynamics AX screen forms and tables, running MRP more frequently, greater visibility at shopfloor level—like lean itself, none of the changes are major ones in their own right, but they add up to something that is very significant," says Stride.

"Coupled where necessary to capabilities such as Business Intelligence, the result is something genuinely transformational."

And in an industry still battling one of the steepest downturns in decades, that transformation is very much on the 'to do' list.