IBM

eNetwork Software solution
for host integration

"We transformed our business with custom ordering. Now, we can ship to customers in days what used to take weeks, so more customers want to order a luxury vehicle tailored to their needs." *

—*Vice president of manufacturing*

An automobile manufacturer has seen tremendous sales of sport utility vehicles in the last five years. With more competition and new models regularly entering the market, the company is experiencing a decline in profit margins. The competitors offer a wide variety of standard packages and sell more vehicles. Market research indicates that customers are willing to pay premium prices if they can have a vehicle made to their specifications.

Production forecasting is a problem area for the manufacturer. It's difficult to get accurate data on what feature mix customers really desire. The dealerships have good salesmen who can move the cars that are put on the lot. But if the cars available are not exactly what the customer wants, the car might be sold at a deep discount. The only information passed back to the manufacturer is that the car sold, so the company continues to forecast high demand for that model and feature package. Over time, the manufacturer found it was building and designing products that did not satisfy customer needs.
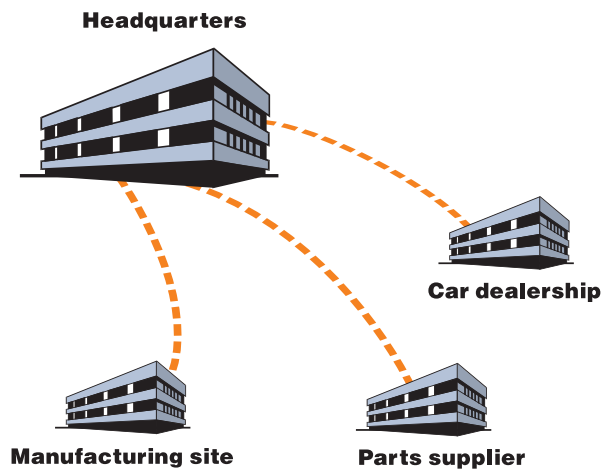
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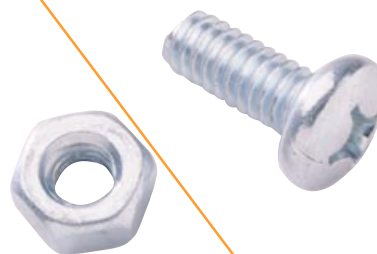
"Sharing inventory information with our customer has improved our forecasting accuracy and decreased unnecessary inventory. We've invested the on-time bonuses back into plant and equipment, which will reduce our manufacturing cost."

—*Parts supplier CFO*

To remain competitive in sport utility vehicles, the manufacturer wants to offer custom ordering and focus on the premium end of the market. With this strategic action, the company expects to increase profit margins and decrease unwanted inventory at the same time.

Many independent dealers are interested in promoting custom ordering to customers—if delivery times can be improved and if customers could select from a wider range of sport and luxury features. Dealers expect to increase sales and to reduce inventory costs at the same time.

To build a custom-ordered automobile, the manufacturer must know that certain parts are in stock. The suppliers have offered to be responsible for replenishing inventory, forfeiting on-time bonuses if a part runs out of stock. Suppliers need to be directly tied into the custom order, inventory, and parts receivable information so they can ship before an out-of-stock condition occurs.

Business solution

After looking at several approaches for custom-ordering, the company is testing a kiosk and a system to automate dealer ordering. The system links to parts suppliers and to production scheduling. According to the vice president of manufacturing, "It only takes us one or two days to manufacture a car. Before, it took weeks to receive the order, determine parts availability, and schedule production for a custom order. With our new system, we can receive a kiosk order, instantaneously schedule production, and have parts sent to the manufacturing line just-in-time."

Kiosks placed in the dealership use multimedia and animation to present customers with pictures and sounds of their dream cars. The kiosk information is updated daily to make sure customers have accurate information on prices, features, and availability. When the dealer authorizes a kiosk order, within minutes the customer is given an approximate date of delivery, and the order is transmit-

ted to central host databases with relevant information made available to productions scheduling and suppliers.

For cost management, communication lines to the dealers are typically low speed, low bandwidth. However, availability is very important—if the kiosk isn't connected when a customer wants to order, a critical sale is lost. Therefore, the information technology (IT) manager has decided to use a leased line to the dealers. In the future, if availability and predictability requirements can be met, the manager plans to use the Internet to connect to the dealers to further reduce cost.

Suppliers are pleased with the new approach to order fulfillment. They can access the automobile manufacturer's relevant order and inventory data over a secure Internet connection. The CFO of a parts supplier stated, "Sharing inventory information with our customer has improved our forecasting accuracy and decreased unnecessary inventory. We've invested the on-time bonuses back into plant and equipment, which will reduce our manufacturing costs."
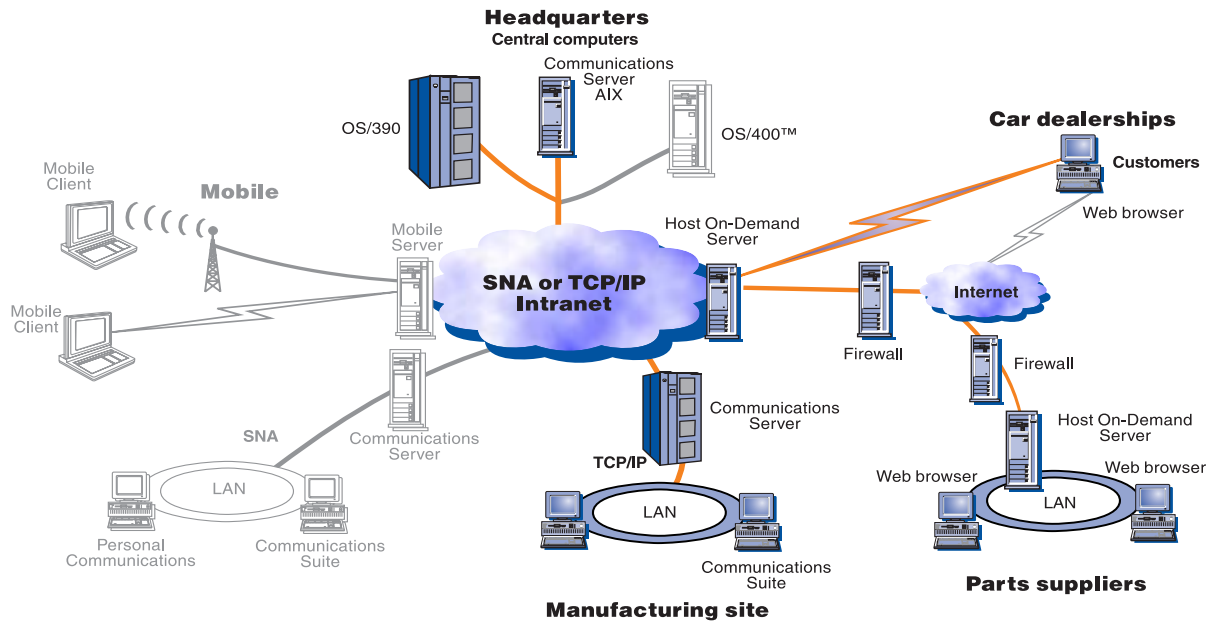
eNetwork Software solution for host integration network. The IT solution for this manufacturing site is highlighted.

Customer environment

The network of the manufacturer includes:

- Data Center with S/390® and AIX® servers. DB/2® database for tracking dealer orders and parts inventory.

- SNA and TCP/IP. Manufacturing facilities use a mix of LAN protocols for machine control and order tracking on the shop floor. Headquarters financial applications use SNA.

- SAP on central OS/390™ machines handles order tracking and inventory.

IT solution

IBM® is able to provide a comprehensive networking solution that is reliable and maintains security:

- Install eNetwork™ Host On-Demand and the IBM Firewall where the manufacturer and suppliers link to the Internet. Suppliers can access order and inventory information with Web browsers. The manufacturer's production scheduling system can link to suppliers' ship schedules. The firewalls create a virtual private network over the Internet to provide two-way security.

- Install kiosks in the dealerships that link to the manufacturer's custom ordering Web site at headquarters.

- Install eNetwork Communications Servers on the manufacturers network for full-function network integration. The manufacturing site can consolidate into a single TCP/IP network.

- Install eNetwork Communications Suite for full-function 3270 emulation, Web-browsing, and TCP/IP support on the desktops.

Major advantages

With the eNetwork Software solution for host integration, the automobile manufacturer can:

- Transform its business by building the vehicles their customers want

- Decrease inventory costs by linking to its suppliers over the Internet

- Reduce expenses by consolidating SNA and TCP/IP networks

eNetwork Software solution for host integration

Today businesses are transformed into new ones just by enhancing and applying information that was previously overlooked. In the past, you could still be competitive if you had the best product. But, in this stay-up-or-go-broke time of business computing, the world no longer beats a path to the doors of those who build better, faster widgets. Now, the name of the game is to build a better path to customers and business partners.

Corporate computing systems house valuable business information. A company's ability to make use of that information resource is a major factor in its ability to compete in a global economy. Customer responsiveness; collaboration with customers, suppliers, and vendors; ability to control costs; and opportunities to reach new markets—all hinge on a company's access to useful information. To play the game, you must be able to provide quick and seamless access to central information repositories. Browser-based access to the host is just one step toward integrating business computing with intranets, extranets, and the Internet that can help you deliver quality products to market faster than the competition.

The eNetwork Software solution for host integration (host integration solution) is:

- Secure. The host integration solution provides secure intranet and extranet access to mission-critical business systems for your users—regardless of platform or network environment. Even mobile employees can have the same secure and reliable access to business applications.

- Competitive. Now, with the host integration solution, you'll be open for e-business. Link new customers, business partners, and business data smoothly, without implementation worries, and watch your business grow. IBM provides a complete solution for host integration, including a wide range of services to help you design, plan, and roll out—yes, transform—your business.

- Flexible. The host integration solution lets you reach your customers or business partners, regardless of where they are or what network connectivity they need. When requirements change, you can handle the change without delay in delivery of goods or services, or impact to productivity and profits.

- Cost-effective. With the host integration solution, you can continue to use existing information technology where it fits, and add browser-based access as required, with the confidence your business will grow at a pace you set. Working with an infrastructure already in place, you can build a highly scalable and reliable network to meet future needs.

- Simple. The host integration solution is so simple. Special offerings from IBM let you quickly and easily assess the cost of ownership, easing the burdens of evaluation, configuration, license administration, and pricing complexities. A total solution is available at one simple price per user.

What's next?

Find out more about the host integration solution. Visit the eNetwork Software Web site to order an evaluation kit and put our solution to the test, or contact your IBM representative or IBM Business Partner:

http://www.software.ibm.com/enetwork

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