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Customers.com® Case Study

## Saab Cars USA:

Streamlining the Customer  
Experience

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*January 1999*

*Prepared for IBM Corporation*



## Saab Cars USA: Streamlining the Customer Experience

By David S. Marshak

### Executive Summary

Saab Cars USA faced a major problem in enabling its dealerships to deal with their customers. Dealers had to spend a lot of their time double- and triple- entering information into multiple systems and thus could spend less time with the customers in their showrooms. In addition, dealers could not easily provide real-time answers to customers about automobile and parts availability. This frustrated Saab customers, who have high expectations of quick, accurate, and information- rich responses.

Saab has built a system that eliminates the redundant work for its dealers. At the same time, it provides Saab with more timely information about sales and repairs, enabling the company to better plan marketing and sales campaigns and to more quickly improve the quality of its products. Most important, the system enables customers to receive faster information and better service from any Saab dealer across the United States.

The system, called IRIS, integrates several existing systems into a single browser interface for the dealer. Using key technologies from IBM (including AS/400, DB2, Domino, and Java), major contributions from IBM Global Services, and advanced technologies such as a satellite-based virtual private network, Saab has been able to roll this out with little dislocation to the dealer and immediate benefit to the customer.

### Customers.com Critical Success Factors in the Saab Story

★ Target the right customers	Let customers help themselves
✓ Own the customer's total experience	Help customers do their jobs
★ Streamline business processes that impact the customer	✓ Deliver personalized service
★ Provide a 360° view of the customer relationship	Foster community
★ = Featured in this discussion	✓ = Touched on in this discussion

### ★ Target the Right Customers

Saab Cars needed to become responsive to the needs of its best customers—the Saab enthusiasts who frequently own many Saabs over their lifetimes. These customers, who are highly educated and technically astute, have very high expectations in terms of immediate access and richness of information.

✓ **Own the Customer's Total Experience**

Saab dealers are able to handle all of their customers' needs from locating a new vehicle, to financing, to warranty repairs, to providing parts.

★ **Streamline Business Processes That Impact the Customer**

The Saab case demonstrates how the company was able to integrate a set of disparate systems to enable dealers to more quickly answer customer questions, provide better service, and better enable customers to locate the vehicle they desire.

★ **Provide a 360° View of the Customer Relationship**

The Saab IRIS system provides, for the first time, any Saab dealer with all information relating to a customer and her vehicle. Any Saab customer can walk into any dealer and receive the same level of personalized service as he would from the dealer where he bought the car.

✓ **Deliver Personalized Service**

Knowing the complete purchase and repair history of the car, any Saab dealer can provide personalized information and service to each customer.

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**THE SAAB STORY: STREAMLINING THE CUSTOMER EXPERIENCE**

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*Saab Cars USA was able to take a cumbersome set of legacy systems and, using key technologies and services from IBM, make life easier for Saab dealers and their customers. Dealers can now give their customers real-time information on new vehicle location, warranty repairs, and parts availability. Saab customers can now receive the quality of service and information that matches their expectations of the quality and advanced technology of Saab automobiles.*

***Business Context***

**Background on Saab Cars USA**

Saab Automobile AB, a 50 percent joint venture between General Motors (GM Europe) and Investor (a Swedish investment group), is one of the leading European car manufacturers. Based in Sweden, its cars are known for their safety, performance, and advanced engineering.

Saab Cars USA, Inc. is the exclusive importer and distributor of Saab Cars in the United States and a wholly owned subsidiary of the Swedish car manufacturer. Headquartered in Norcross, Georgia, Saab Cars USA imports about 30,000 cars a year into the U.S. market. The company also coordinates all activities with a national network of over 200 independent franchised Saab retailers throughout the country.

**The Business Environment**

Saab Cars USA's mission is to provide General Motors a premium European brand to compete with companies such as Volvo, BMW, and Audi. This will be done by promoting the Saab brand as "Dynamic vehicles with distinctive design. High performance combined with outstanding safety. Superior driver control. Inspired by the Scandinavian origin and the unique aircraft heritage." The audience for whom this message best plays is a highly educated, family-oriented, technology-appreciating customer base. For example, when Fred Shaw, Jr., president of Shaw SAAB in Hingham, Massachusetts was asked, "How many of your customers use the Internet for research before coming to you?" he replied, "All of them." He quickly amended this to "at least 75 percent," but his point is that the Saab buyer does a lot of research and expects immediate answers. "My

customers are typically 35 to 55, 40 to 45 percent women, well-educated, married with two children, computer users (in fact, many are computer professionals). We get lots of referrals from the Saab Web site as well as from our own (customers can go to the <http://saabusa.com> Web site and be directed to the nearest dealer). We get lots of e-mail from our customers inquiring about new cars, accessories, and making service appointments. There are many Saab enthusiasts—some owning three or four, and frequently giving the old one to the kids for college and buying a new one. In order to target these customers, we need to be able to provide instant and large amounts of information.”

According to Saab Cars USA president and CEO Joel Manby, the Saab vision of reaching this customer base is “a proud Saab team winning through excited customers.” In addition to having a compelling product line, the keys to this vision are:

- Creating customers for life
- Building a team focused on the values of trust and teamwork, customer focus, leaness and innovation, and accountability

In order to accomplish this, the company is focusing on five macro areas:

- **Product Quality.** Product quality focuses on getting customer feedback quickly to the manufacturing plant in Sweden. Saab has a set of “early warning dealers” who have a daily 8 am conference call with Saab Cars USA on any quality problems they have seen. The company, in turn, has a daily follow-up call with the Swedish staff. In addition, Saab has daily transmittal of repair data fed directly to Sweden. Warranty-related information is sent electronically to manufacturing operations. In addition, each and every morning, telephone conference calls are held for discussions of repair statistics, and a telephone log records actions for further updates and

resolution. The goal is to focus the engineers on the issues that have the greatest impact on the customer.

- **Market-Focused Product Plan.** Saab is developing its product plans to specifically meet customer satisfaction issues. Saab actively surveys its customers by telephone, as well as receiving paper survey results back from customers and dealers.

- **Customer Interaction Process.** Saab has gone through a process to understand every “moment of truth” that a customer goes through—that is, every point of interaction with a dealership or with Saab Cars USA. (Saab took the moment of truth concept from Scandinavian Airlines.) Each moment of truth has a set of standards and goals, and Saab is focusing resources on meeting these.

- **Marketing.** Next spring, Saab will embark on its first global marketing campaign. The goal is to have the Saab brand represent the same thing around the world.

- **Dealer Network Strategy.** Saab is focused on making its dealers more profitable and attracting better people. According to Joel Manby, “One of the toughest battles is getting good people.” For example, Saab Vision teams compile and publish “Best Practices” to share among all retailers. The participation goal for Saab training is 100 percent of technical, sales, and support staff throughout the United States.

#### Business Benefits

- Saab dealers provide real-time information to the customer, leading to more informed car purchases, faster car repairs, and, ultimately, more satisfied, loyal customers.
- A Saab customer can go to any Saab dealer and have all of the personalized information about her car and its repair history immediately available. This can mean a \$1,000 increase in the value of the car.
- Dealers spend 25% less time on paperwork and more time with their customers.
- Calls from dealers to Saab reduced by 80%.
- 35% ROI; 15-20 man-years saved.

#### Business Problem and Opportunity

##### portunity

In order to proceed with many of these initiatives, Saab had to overcome a key hurdle: the arcane system that its dealers had to use in order to find information for customers and to report information back to Saab. According to Jerry Rode, Saab Cars USA director of Information Technology, “Our overarching goal is remaining competitive and meeting customer satisfaction and sales goals. To do this, we need to move massive amounts of

information between us—the wholesaler—and the retailers. This is key to improving customer satisfaction.”

**OVERLOADING THE DEALER.** The specific problem revolves around the systems and procedures commonly used in the automobile sales business. The vast majority of car dealers in the United States run their day-to-day businesses on a Dealer Management System (DMS), which handles everything from sales to repair orders to payroll. Every activity of the dealership needs to be entered into the DMS. This includes all transactions involving all brands that the dealer sells. The DMS is generally a Unix workstation connected to an outsourcer, most likely ADP or Reynolds & Reynolds, the two leaders in this field.

Virtually all automobile dealers also have a Dealer Communication System (DCS), which is a dedicated link between dealer and manufacturer. The dealer uses the DCS for all transactions and for reporting to and from the manufacturer. These transactions include purchasing an automobile from the manufacturer, tracking delivery on that car, reporting the sale of that car, reporting all warranty repairs, and reports of all of the electronic funds transfers that are involved.

Dealers typically have to double-enter data into their DMS and then rekey the data into the DCS. They then have to dial up and batch-transfer (mostly at 2400bps). A dealer also has to do some interactive work on the DCS, such as locating at another dealership a new car that would meet the customer’s specification.

In addition, many car dealers sell more than one brand of car. Since the Dealer Communication Systems are dedicated connections to the manufacturer, dealers must have a DCS for each brand. One dealership cited by Saab is selling 12 brands and thus needs 12 DCSs, each connected via a different machine and connection. According to Jerry Rode, “These places can look like NASA control centers.”

And Saab dealers have yet a third system for parts location and fulfillment. Saab outsources this system to Caterpillar Logistic Services (CLS).

**PROBLEMS CREATED BY THIS SYSTEM.** This system creates problems for all three key stakeholders in the car purchasing process:

- Dealers
- Manufacturer
- Customers

**IMPACT ON THE DEALER.** For Saab dealers, this system was proving to be a nightmare. They had to learn three different systems with three different interfaces:

- Saab DCS for cars required access to an IBM AS/400 via 5250 commands.
- CLS for parts required access to an IBM System/390 with a 3270 interface.
- DMS generally requires Unix commands.

In addition, dealers needed to duplicate data entry across these systems. For example, in the case of a warranty repair, the repair order would go into the DMS, then be rekeyed into the appropriate DCS. Needed parts would be entered into the DMS and then rekeyed into the DCS for warranty credit. Only then would the dealer actually order the part from the CLS.

*Because of the burden on the dealer and the contention for access to the DCS, getting critical information from the dealer back to Saab was very slow.*

Because of the duplicate entry and the common practice of having a single DCS terminal, there was frequently contention for these systems. If a repair person was doing a warranty query on the DCS, a salesperson had to wait to locate a car for a customer. Or, if one salesperson was on the system, the others had to wait in line. Fred Shaw talks about constantly having to give customers excuses for not being able to get the information immediately to them, with the favorite being “The system is down.”

**IMPACT ON THE MANUFACTURER.** Saab, as the manufacturer, also faced significant problems due to this system. Because of the burden on the dealer and the contention for access to the DCS, getting critical information from the dealer back to Saab was very slow. Reports on sales, defects, and warranty repairs were batch-sent when the dealer had time. For example, since Saab

did not know actual sales until the batch came in, the company could not do anything to stimulate sales (e.g., pump more advertising into a specific market) until weeks later.

In addition, Saab received less information than it needed to become totally customer-centric. For example, Saab did not receive any information about non-warranty repairs made by a dealer.

**IMPACT ON THE CUSTOMER.** Saab customers faced two problems. First, the customers' experience with the Saab dealers was less than optimal. The lack of real-time information on car availability and parts availability made it difficult to get a prompt answer to the question "When do I get my car?" or "When do I get my car back?" Second, the customer's relationship with the company was not complete. For example, if a customer went to one Saab dealer for a non-warranty repair and then later to another dealer, the second dealer would have no knowledge of the problem. Thus, the customer could not deal with Saab as a single company through its dealerships. Specifically, the customer would lack the flexibility of going to another dealer and having that dealer know about history of the vehicle other than the warranty info from Saab.

### *The e-business Initiative*

#### **Planning for IRIS**

In order to address these issues, Saab decided to create a system dubbed the Intranet Retail Information System (IRIS), which would integrate the various back-end systems and provide a single point of entry for dealers and a complete, real-time, current, and historical view of customers and their vehicles. IRIS would also provide more information back—and provide it faster—from dealers to Saab and would make this information accessible to serve any customer from any dealership. According to Jerry Rode, "We want everyone who touches a customer to have access to a total information picture."

#### **EVOLVING THE TECHNICAL INFRASTRUCTURE: ENABLING TECHNOLOGIES**

Saab's dealer extranet system, called IRIS, uses Lotus Domino as the main Web and messaging server. (See Illustration 1.) When a car retailer wants data about a particular car, parts shipment, or customer, IRIS retrieves the information from the back-end AS/400 or System/390 and pumps it to the dealer through Domino databases residing natively on the AS/400e server system.

Saab selected Domino as its main infrastructure for the middleware layer and Saab's Web server and messaging server for several reasons. First and foremost, portability was the major consideration for integrating OS/400, OS/390, and local systems, seamlessly. The company also wanted the benefit of running the Domino applications natively on the AS/400. Saab was also able to provide virtual real-time integration among these systems via NotesPump between Domino and AS/400 and System/390. In addition, Saab already had many existing Notes applications within the organization. Finally, Domino, with its support for Java, is in line with Saab's strategic technology direction.

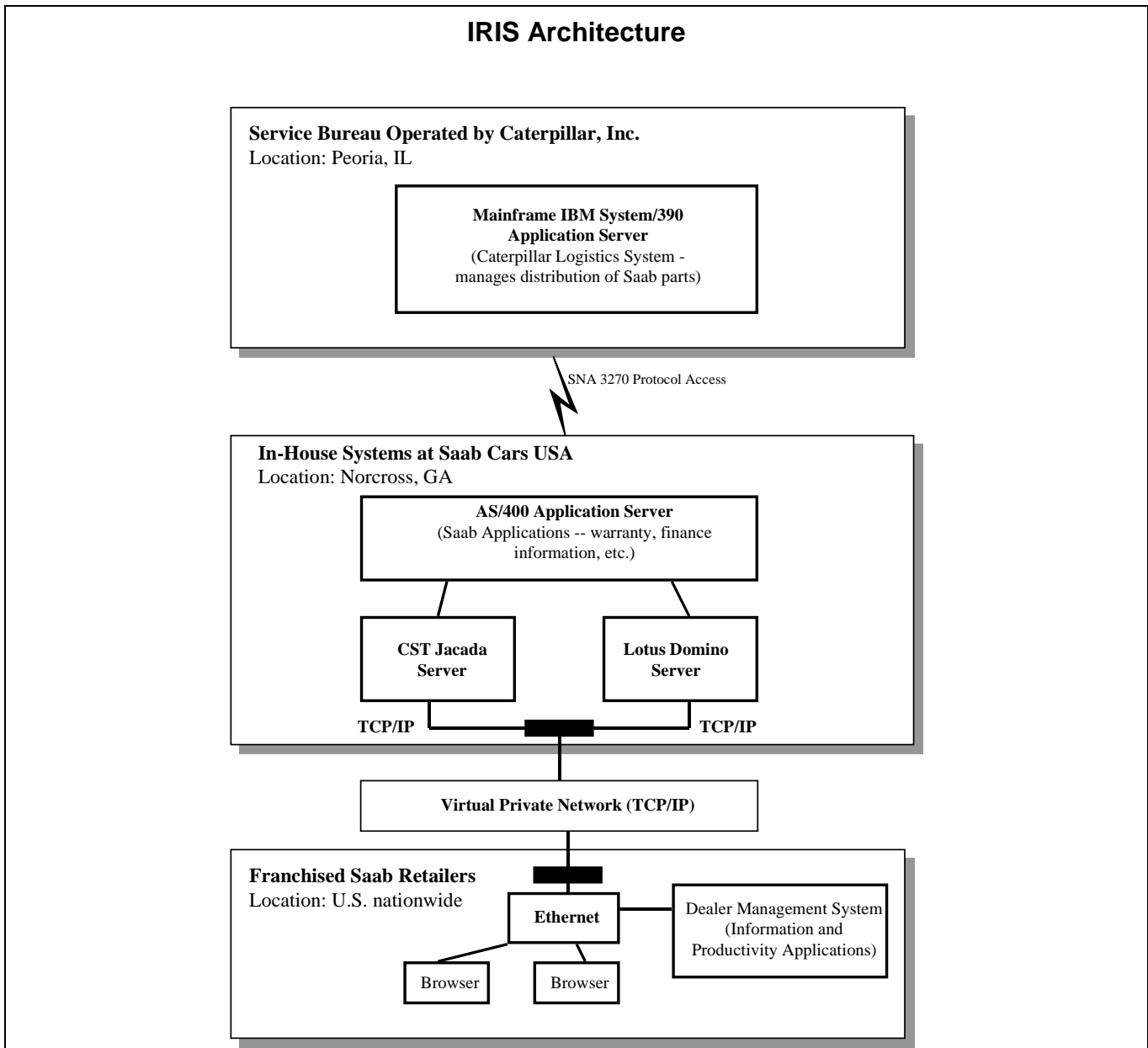
Part of the IRIS project objectives were to relieve the dealers from the tasks of maintaining code on the personal computers in the dealership. The dealer needs only a browser and can use the one on the existing Dealer Management System PC. Each PC is equipped with a browser that allows it to receive its "intelligence" in the form of Java classes downloaded from the Jacada server. Jacada intercepts data streams from AS/400, plugs the data into the appropriate applet, and serves the applet to the Web browser on the dealer's PC. Most of the Java code to support the GUI on the dealer PCs was created through Jacada's Automatic Conversion Environment (ACE), which is part of the CST KnowledgeBase, a set of rules for converting green screens to GUIs. The developers added final touches to the front-end code using Semantec's Visual Café to make the user interface as seamless as possible.

IRIS runs on a secure network of PCs that serve as Internet clients. Each dealer needs a hub or router to a satellite dish on its roof to connect to the private IP network satellite-based system. This network provides 1.5MBPS in and 512KBPS out, and can burst 4X for video transmission. The majority of dealers are using their DMS provider to do the installation.

**Organizational Decisions**

**BRINGING TOGETHER STAKEHOLDERS.** Saab set about designing by bringing in several key stakeholders. These included the DMS providers and Saab’s parts supplier. Even though the system would be designed to work without impacting these systems (which were, after all, not owned by Saab), key integration decisions required their participation.

Saab also brought together its Retail Systems Vision Team, which includes Saab personnel and key dealers. This group brainstormed the functionality requirements and then reacted to the various iterations of the look, feel, and behavior of the system. Fred Shaw, a member of the team, went into the discussions with the idea that the “goal for the system was to enable me to spend less time in doing paperwork and spend more time with my customers.”



*Illustration 1. Saab's IRIS system connects Saab to its dealers and key parts distributor.*

**THE ROLE OF IBM AND PARTNERS.** Two key technical partnerships were also created for the project. IBM Global Services was chosen as the primary vendor, and CST Inc., an IBM Business Partner out of Atlanta, Georgia, as the provider of software (Jacada) and services that played key roles in maintenance and modifications of the legacy systems and existing applications for the intranet solution.

According to Jerry Rode, the role of IBM Global Services should not be underestimated. “IBM put together the communications architecture and did all of the development along with Jacada. IBM’s automotive industry group participated in putting together the functional design specification. The IBM team learned our business very, very rapidly, and their superb technicians communicated very well with our user community. This was very important to IRIS’s

ultimate success.” This judgment is reinforced by Joel Manby, who enthusiastically talks about IBM’s role: “They’ve been fantastic. We basically defined our consumer and dealer needs and came up with a solution that had minimal cost impact on the dealer. Technology-wise, they pushed us and we pushed them—a very good experience.”

CST did all the development to link legacy mainframe and AS/400 applications to the new Lotus Domino development done by IBM.

**TECHNICAL CONSIDERATIONS.** When Saab was building this system, a key consideration was leveraging its existing application investment in such key areas as parts distribution, warranty, and auto loan financing. Saab decided against pumping all of the information into a single database. Rather, it opted for a distributed system that would behave as a central repository. It was also decided that the Internet would be used to connect all of these systems. This was seen as a strategic advantage for Saab according to Jerry Rode. “None of our competitors had ever done an intranet-based solution. They all have servers sitting out there in the dealership with some kind of dedicated line back to the manufacturer. But that’s not the route we saw as the way of the future and the way we wanted to go.”

In building this system, information would have to be extracted from the DMS and put into the DCS. Also, IRIS would have to be integrated into legacy systems—DCS and CLS—without changing them. Thus, the decision was made to retain these systems on the AS/400 and System/390 and to integrate them with a browser client via Java using the Jacada tool from CST. In addition, large sets

of documents relating to the automobiles, parts, and repairs that were maintained in Domino databases on the AS/400 would be made available via the same browser interface. According to Jerry Rode, “We knew early on that a Lotus Notes and Domino solution with browsers and Java-based clients was the only way to go.”

The IRIS application itself was designed with four guiding principles:

- Maximum three-second response time for any transaction

*“The IBM team learned our business very, very rapidly, and their superb technicians communicated very well with our user community.”*

- Never more than two clicks to do work
- Applications as self-explanatory as possible, enabling new users quickly
- Design for reuse throughout the enterprise

### Investment

The key investment goal for Saab was to minimize and equalize the investment of the dealers. The system could not face dealer resistance because of cost. This led Saab to two technical decisions. The first was to develop the IRIS application for browsers, thus minimizing the dealers’ cost of installing any new hardware or software, as well as the cost of internal expertise and management.

The second decision concerned the issue of equalizing the costs of connectivity for all dealers. Saab knew that its dealers needed high-speed connectivity in order to provide real-time service to their customers. However, the cost of this connectivity varies widely depending on dealers’ locations and their options of high-speed access providers. Saab thus decided to build a virtual private network (VPN) via a set of satellites at the dealer location and at Saab Cars USA headquarters. This enables Saab to control and equalize the costs to all of its dealerships—the cost being about one-fourth of the cost of a T1 connection.



People resources included two full-time Saab IT people on the project and 30 Saab employees representing each department on the design evaluation team. Eight to ten IBM technicians and two CST technicians were assigned to the development project. Upon development, two full-time EDS people oversee the IRIS deployment and two full-time Saab employees work in the retailer assistance center, where they are available to answer any questions.

### The Intranet Retail Information System Rolls Out

Saab began rolling out IRIS in mid-1998. The first five dealerships were brought online in the first three months. By the end of 1998, more than 85 dealers were up and running, and new ones were being added at the rate of 20 per week. The key bottleneck has been getting the satellite dishes installed.

IRIS provides the dealers with a single interface to the major parts of their business, which enables them to save time and better serve their customers. (See Illustration 2.)

The key functions and respective benefits of IRIS are:

- **Business Management.** IRIS enables dealers to submit financial statements to Saab, create incentive and credit reports, and initiate electronic funds transfer to Saab for car purchases, incentives, credits, and the like.
- **Vehicle Sales and Distribution.** The Vehicle and Sales Distribution function enables a dealer to locate a specific vehicle—either at the factory or at another dealership that meets the customer’s needs and desires. Dealers can search by New or Re-market, Region/State, Model year, Model, Exterior color, Interior, and various other options. Shaw relates, “We can put in a VIN [vehicle identification number] and instantly see which programs and incentives the vehicle is eligible for—financing, leasing, cash back, etc. It makes us appear more efficient and professional to our customers. It helps the customers make better decisions.”

### EVOLVING THE TECHNICAL INFRASTRUCTURE: INFORMATION ASSETS

Saab Cars USA has four major sets of data that are made available to its dealers and ultimately impact its customers. These are:

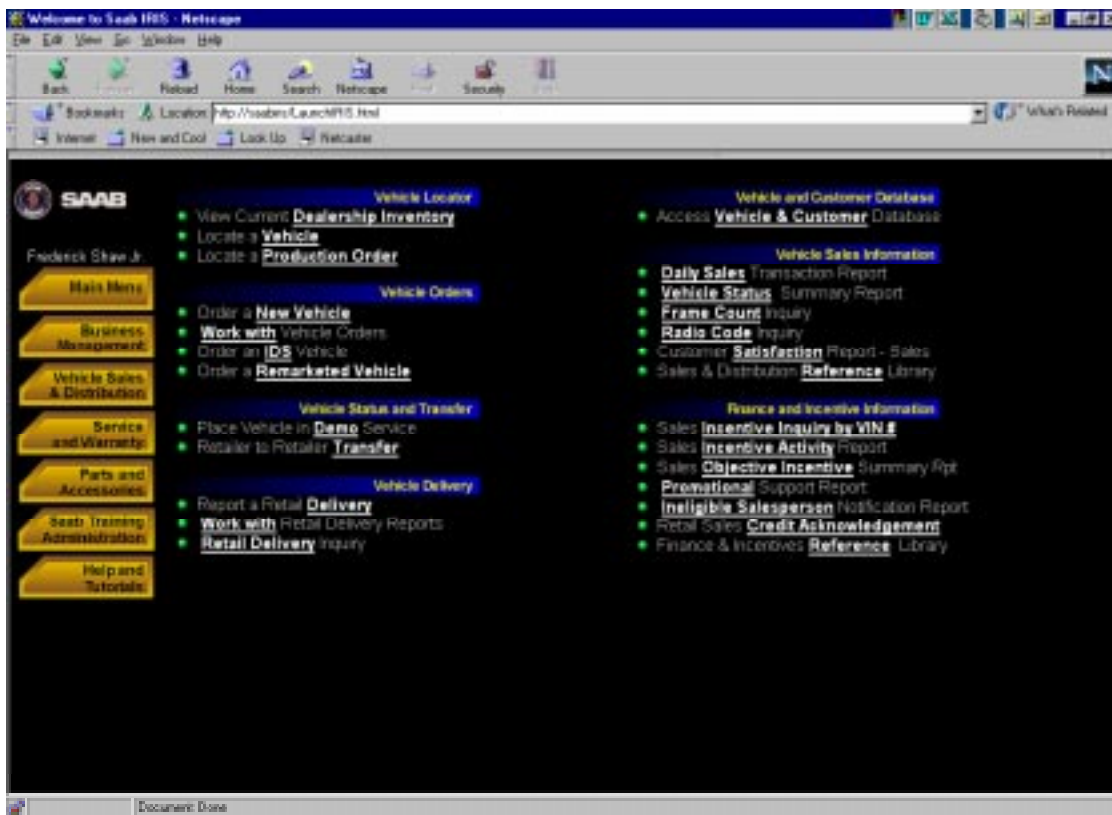
- The sales and distribution system that runs on an AS/400 and manages all of the information about each automobile that Saab sells. The information includes the vehicle description, VIN, pre-sale location of the vehicle, vehicle owner, and warranty information, including repairs. This system is fed and accessed by the dealers via the Dealer Communication System (DCS) that is now integrated into the IRIS system.
- Electronic Parts and Service Information (EPSI), a database produced by Saab AB. This includes schematics of parts, workshop information (repair, diagnosis), technical bulletins, and standard times. EPSI now sits on the same PC that runs IRIS and will be Web-enabled in the future.
- A set of additional technical databases in Domino on the AS/400 that provide dealers with information that can be accessed via a Web browser.
- The CLS system for parts fulfillment that includes all information about parts for Saab automobiles. Saab outsources this system to Caterpillar Logistic Services, which houses it on a System/390 in Peoria, Illinois. Caterpillar maintains Saab parts warehouses in Allentown, Pennsylvania and in Union City, California, in the San Francisco Bay area.

Saab dealers, like virtually all automobile dealers in the United States, also have a Dealer Management System (DMS) that handles all of the day-to-day transactions within the dealership. (DMS is generally a Unix workstation connected to an outsourcer, such as ADP or Reynolds & Reynolds.) With IRIS, transactions entered into the DMS are automatically entered into IRIS for entry into the DCS and ultimately into the Saab transactional systems.

- **Service and Warranty.** IRIS provides access to a vehicle and customer database that provides a complete history of every Saab. This enables a customer to get better service from any dealer and enables the dealer to provide better service recommendations to the customer. IRIS also provides access to a Technical Knowledge Base that can be used in real time by technicians at the dealership. According to Shaw, “This is fantastic. Technicians can go to the same info as the Saab Hotline without calling and wasting time. The key benefit to the customer is for us to be able to fix the car in a timely fashion the first time. The Technical Knowledge Base, along with instant access to parts availability gives a better estimate of turnaround time for the customer.”
- **Parts.** The IRIS interface provides dealers access to all parts by number and picture. (See Illustration 3.) The parts or repair person now has instant knowledge of availability, whether from the shop or from the Saab

online parts system. The value of IRIS, specifically the ability to find parts availability in real time, is demonstrated by an anecdote from Shaw. “The other day, I got a phone call from a customer who was at a glass replacement shop. He complained to me that the replacement glass that they were going to put into his car did not seem to have the same tint as did his broken one. I asked him to get the part number of the windshield from the shop. I looked up the windshields for his model (and I am not a parts guy) and saw that they were going to install the wrong one. I told him not to let them install that windshield. At the same time, I looked and saw that we had the part in stock and arranged to send it out immediately to the glass replacement shop. I had a very happy customer, not to mention a sale. And all of this took less than three minutes.” Shaw continued, “If the part were not there, it could be ordered from Saab for overnight delivery—either to us or to the glass replacement shop.”

### Saab IRIS System Interface



*Illustration 2. The Saab IRIS system provides a browser interface to the key dealer functions.*

IRIS provides additional capabilities, such as interactive training and marketing information—including prices, policies and procedures, specials, and incentives. According to Shaw, “Everyone’s looking at the same thing.”

One of the key functions of IRIS is to provide a corporate-wide e-mail system. Again, Shaw tells of the value: “All communication used to be one-way from Saab to the dealers. Now we can communicate back and communicate between dealers. For example, a customer may live in New England and winter in Florida. In addition to having all of the vehicle information instantly available at both places, the dealers can easily communicate on how best to serve the specific customer.”

Fred Shaw sums up the benefits of IRIS: “All systems now on one PC. We have PCs for sales, financial, service, parts. Everyone will have access to the system with no waiting. Under the old system, people had to wait in line for info and couldn’t get info while it was being transferred to Saab. Customers had to be given excuses— ‘the system is down.’ Now things can be done interactively with the customer. [We] can answer availability questions instantly. No

more excuses or ‘I have to get back to you.’ This system enables me to constantly use my favorite line: ‘How fast do you want it?’”

## Results

### Benefits of IRIS

IRIS has met the goals set forth by Saab and its dealers and then some. According to Jerry Rode, IRIS has resulted in the following:

- Elimination of duplicate data entry and a consistent interface, leading to greater dealer satisfaction and profit
- Shared centralized vehicle and owner history, which is accessible via the Internet to any dealer, anyplace, in warranty and out of warranty, across owners
- Faster submission of repair order and sales data to Saab, leading to better quality control, better sales and

### The IRIS Parts Menu



Illustration 3. Dealers can access all information about parts as well as order parts from the same interface.

marketing, faster products repair, building the right car for the customer

- Shared technical information, leading to faster, more accurate repair
- All built on our current systems and protecting the dealer's investment in DMS

Most important, Rode says, "Our retailers are now able to answer customers' questions on the spot."

At the same time, Saab customers can interact with the company and its dealers in a more complete way. They can go to any dealer and have all of the information on their cars readily accessible.

An interesting example from Fred Shaw: "All Saab radios have a unique security code. They will not work if they are removed from the car or if they are disconnected from power until the code is punched in. I frequently get calls from customers [saying] 'My battery went dead. I just got it replaced at Sears but now the radio won't work.' As the dealer who sold the car, I should have the code. If I didn't or the customer called another dealer, the customer was out of luck. Today, with IRIS, the VIN number can be entered into IRIS by any dealer and the code instantly retrieved and given to the customer."

Imagine the loyalty factor of knowing that, as a Saab customer, you can contact any dealer and he would have all of the info your local dealer had, including getting you a new key.

### Measuring Success

Saab measures success by the increased sales of automobiles and increased customer loyalty. With this yardstick, IRIS is still too new to measure direct impact, and, since Saab is simultaneously bringing many other programs to market, the actual return on IRIS may never be isolated.

It does look as though IRIS will meet its 35 percent ROI goal. This includes the 15 to 20 man years saved by eliminating legacy coding, the potential to increase dealer productivity by 25%, and the reduction of calls from dealers to Saab by 80%.

In addition, there are other, more qualitative, indications of the success of IRIS. First, there has been no resistance from dealers to installing and using IRIS. According to Jerry Rode, "They are pumped about getting it!"

There are also both intangible and tangible benefits to customers that are already accruing. For example, as Fred Shaw describes, "Frequently when customers come in the morning for service, they will end up in my office looking at the Saab News section on IRIS. We'd like to make this directly available to them in the showroom. They'd love it."

And, in an example similar to the radio code, a customer recently was locked out of her car after business hours. The local retailer was able to access the Saab corporate host-based information to

retrieve the code that enables a locksmith to generate one of the special security keys that are used in Saabs. Rather than wait overnight, the Saab owner was back in her car right away.

Finally, as Jerry Rode points out, "Tracking service records translates to real dollars for the customer. Records have shown, at least here in the States, that for a premium European car, if you have complete service records when

#### IBM's Value

IBM's definition of e-business is IT + Internet—that is, leveraging the power of existing systems and the opportunity of the Internet to transform a company's business.

IBM identifies four specific areas of value that it provides to its e-business customers.

★	It's about business, not just technology.
★	Start simple. Grow fast.
★	Build on what you have.
★	Expertise you can trust.

In the Saab case, IBM's contribution spans the four areas of value. IBM Global Services played a critical role helping the business and technology strategy, as well as developing the application and providing integration to the existing systems. Critical technologies from IBM and its partners that enabled the Saab story include: DB2 on the AS/400, Lotus Domino on the AS/400, Notes-Pump, and Java server applications.

you sell it or trade it in, the car is roughly worth \$1,000 more than if you didn't have documented service records."

### ***Future Directions***

#### **Goals for IRIS**

In 1999, IRIS is the focal point for linking all Saab e-business initiatives, such as financial shopping, car and part sales, and financial online applications. Some of the activities under consideration will allow customers to schedule service appointments, schedule test drives, purchase, and initiate overseas pick-up and delivery.

Saab's long-term goal for IRIS is to extend the system throughout all 54 countries where Saab has a presence. General Motors, which owns 50 percent of Saab, has shown interest in the IRIS development and could incorporate it into other dealer systems within the organization.

Within the current IRIS system, Saab wants to extend the capabilities, including providing on-demand video and having a large monitor in the dealer showroom for viewing the videos or other appropriate information in IRIS.

Also, Rode explains, "We're working on a capability to allow our customers using the public Internet to input information about their cars, even if they do it themselves. If they change the oil themselves or go to a local shop—we'll track it if they key it in."

#### **Internet Strategy**

According to Joel Manby, Saab wants "to be amongst the leaders in pushing the envelope on the Internet." Today, a customer can go to the Saab Cars USA Web site (<http://saabusa.com>) and select his or her preferred 1999 Saab model, specify the color of choice, select from a number of wheel designs, and review the list of available options for the specific model selected. Based on these choices, customers also get the manufacturer's suggested retail price (MSRP).

At this point, the customer is sent to a local dealer. In the future, Saab intends to enable the customer to locate the specific car (via a Web interface to IRIS), get credit, and go directly to the dealer to purchase it. According to Manby, the automobile industry will ultimately evolve to enable direct purchases from the Internet. Already, Saab is one of two manufacturers to sell accessories on the Web—something very popular with Saab enthusiasts. With Web-based purchases, the dealer that sold the car gets the commission on the accessory sales.

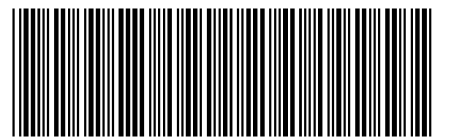
#### **GM Strategy**

Being the prime European brand for General Motors (GM) is at the heart of much of Saab's strategy. There is an ongoing exchange of information between the companies. According to Joel Manby, one of the results relates to the OnStar system: "We are going to have OnStar by the model year 2000. Our plan is to have it available on all Saabs." In addition, Saab plans to learn from GM Buy Power, the GM Internet experiment for configuring and locating a car in a dealer's inventory.

<b>LESSONS LEARNED FROM CASE PROVIDER STORY</b>	<b>TAKEAWAYS FROM CASE PROVIDER STORY</b>
<ol style="list-style-type: none"> <li>1. Choose a strategic partner. Saab's choice of IBM Global Services enabled it to move ahead very quickly with its project.</li> <li>2. Isolate and integrate existing systems. Saab's inability to modify the systems that it did not own led it to a better integration strategy.</li> <li>3. Use e-mail to get people dealing with each other.</li> </ol>	<ol style="list-style-type: none"> <li>1. Look to the ultimate customer. Saab began with a system to help dealers. The real impact will be on customers.</li> <li>2. Understand the customers' hot buttons. The profile of Saab customers pointed to the need to provide immediate, high-quality information.</li> <li>3. Work with stakeholders. Saab brought in its dealers as well as the leading providers of the Dealer Management System to help design and react to the system as it was being developed.</li> <li>4. Don't be afraid of technology just because it is new. Saab has based its system on Java and satellites and is reaping the benefits from them.</li> </ol>

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