“SAP for Automotive is a powerful tool that helps us compete in a growing, highly professional, and demanding market.”

Guido Guerrieri, Senior Vice President
Information and Communication Technologies
Iveco SpA

IVECO DEPLOYS SAP FOR AUTOMOTIVE TO ENHANCE VEHICLE AND WARRANTY MANAGEMENT

QUICK FACTS

Company
- Name: Iveco SpA
- Location: Turin, Italy
- Industry: Automotive
- Products and services:
  - Commercial vehicles
  - Revenue: More than US$12 billion
  - Employees: 24,500
  - Web site: www.iveco.com
  - Partners: SAP® Active Global Support organization, Accenture, IBM Corporation

Challenges and Opportunities
- Lower IT costs
- Improve control of warranty processes
- Reduce purchase-order errors
- Streamline vehicle-ordering processes
- Improve revenue-cycle management

Objectives
- Innovate vehicle-ordering processes
- Increase accuracy of purchase orders and global financial-closing cycle
- Upgrade IT infrastructure to support global business

SAP Solutions and Services
- SAP for Automotive solutions, including SAP Vehicle Manager and SAP Warranty Management applications
- SAP Safeguarding services

Implementation Highlights
- 2-year evaluation of SAP for Automotive
- First vehicle-configuration portal of its kind in the automotive industry

Why SAP
- Integration with existing SAP software
- Fiat’s success with SAP software
- Claims-processing and vehicle-management functionality

Benefits
- More accurate global financial-closing cycle
- More than 50% reduction in purchase-order errors
- Integration of global business network that includes 23 production sites, more than 400 dealers, and 5,000 suppliers

Existing Environment
- SAP R/3® software (functionality now found in the SAP ERP application)

Third-Party Integration
- Database: Oracle Corporation
- Hardware: IBM RS/6000 SP2
- Operating system: IBM AIX
Imagine the complexity involved in managing the thousands of components required to design and manufacture just one truck or bus. Expand that effort to encompass a wide array of trucks, buses, off-road, defense, fire-fighting, and other light- and heavy-duty vehicles – and add the warranty issues involved with them. These are the challenges that Iveco SpA, the Turin, Italy–based industrial-vehicles arm of Fiat SpA, faces daily.

Iveco chose SAP for Automotive solutions to help lower the costs of operation, automate and integrate the manual processes involved with warranty management, and enhance its dealer relationships. The solutions would also help drive innovation across Iveco’s vehicle-ordering processes and reduce errors involved with the company’s global revenue processes. Iveco’s vehicle-configuration portal, based on SAP for Automotive, lets importers and distributors worldwide custom-order vehicles online in an integrated, end-to-end process chain.

“SAP for Automotive represents the foundation of this service evolution,” says Guerrieri.

Global Deployment

Iveco conducted a detailed, two-year evaluation of SAP for Automotive. The company chose the solutions for their claims-processing and vehicle-management functionality, their integration with Iveco’s existing SAP ERP Financials solution, and Fiat’s long-term success with SAP software.

With its 2006 deployment of SAP for Automotive in several western European countries, Iveco began an initiative to integrate its global business network. The network spans 6,000 users, 10 production sites, more than 400 dealers, and 5,000 suppliers and includes eastern European nations as well.

Avoiding Error-Prone Warranty Processes

With warranties costing global vehicle manufacturers millions of dollars annually, warranty management is a serious business. Warranties are visible evidence of a manufacturer’s commitment to quality and its customers. At the same time, however, warranty management can involve error-prone payment systems. Companies like Iveco have to control the significant costs associated with processing claims and paying dealers for those claims.

Iveco’s homegrown legacy warranty system was costly to support and limited managers’ access to timely information. Such issues meant that manufacturing might not receive claims-based information about vehicle problems or fix the problems in a timely fashion. To bring new vehicles to market faster, Iveco also needed to streamline and integrate its vehicle-configuration system.
Iveco will also replace several hundred legacy applications, beginning with its global dealer network and supply chain applications. In 2007 the company began to expand its SAP for Automotive deployment into manufacturing and spare-parts management operations.

The company’s overall goal is to streamline and improve revenue-cycle management on sales of more than 200,000 commercial vehicles each year. Key to enabling Iveco’s integrated process flow is a dealer portal, which the company created with SAP Vehicle Manager from SAP for Automotive and the SAP NetWeaver® Portal component.

**Dealers Configure and Personalize Vehicle Orders**

SAP for Automotive has helped Iveco transform its vehicle-management and warranty-claims operations. The solutions integrate all information and processes from the front end to the back office, so that each order Iveco receives is a valid one that its manufacturing operations can build. Iveco dealers can access vehicle-configuration applications and claims-processing functionality via the Web portal to configure, personalize, and order vehicles – no small feat when building one truck may involve some 5,000 different components and several thousand possible configuration options.

When dealers submit warranty claims, Iveco receives timely, accurate data so it can pay dealers quickly and provide the manufacturing department with the feedback it needs to make design changes. SAP for Automotive also alerts managers to claims that require further investigation.

The integrated SAP solutions helped Iveco expand its deployment into manufacturing operations – and will enable potential future deployment into spare-parts management operations – without a corresponding increase in support costs. The solutions also provide 3,500 sales, production, and financial users with comprehensive visibility into the vehicle pipeline. With the solutions, Iveco has optimized warehouse stock, improved delivery times, and accelerated accurate reimbursement for warranty claims.

Support for multiple languages and currencies helps Iveco deploy standardized systems, processes, and sales rules worldwide. Improved logistics help Iveco control costs and respond faster to customer demands.

**Dealer Portal Expansion**

To further customer-service enhancements, the company is expanding its dealer portal and deploying the SAP Customer Relationship Management and SAP Interaction Center applications. Iveco expects to deploy SAP for Automotive for 6,500 users throughout some 90% of the company by 2010.

“SAP for Automotive allows us to standardize, streamline, and improve our core processes across different countries and cultures.”

*Guido Guerrieri, Senior Vice President, Information and Communication Technologies, Iveco SpA*

“‘The global nature of our business and the pressure on volume, margins, and performance require robust, standard, and comprehensive solutions. SAP for Automotive represents the foundation of this service evolution.’”

*Guido Guerrieri, Senior Vice President, Information and Communication Technologies, Iveco SpA*