



ENTERPRISE MANAGEMENT AND SUPPORT IN THE AUTOMOTIVE INDUSTRY

The Automotive Industry

Businesses in the automotive industry face increasing pressures to improve efficiency, reduce costs, and quickly identify and respond to changing demands. To improve brand value and gain market share, automotive original equipment manufacturers (OEMs) are challenged to deliver high-quality products that meet the requirements of increasingly sophisticated customers. Ever-increasing competition further drives the need for innovation and speed. To address these challenges, businesses throughout the automotive value chain – from OEMs, suppliers, and third parties to dealerships – will benefit from the following:

- Improved brand management through identification of new market segments and the features that will appeal to customers in these segments
- Rapid product development cycles that accelerate time to market
- Adaptive manufacturing processes that decrease the time required to respond to changes in demand and that support both make-to-order and make-to-stock strategies
- Reduced engineering and production costs through economies of scale in design and production
- Improved logistics execution and supply chain management

For more than 30 years, SAP has helped businesses in the automotive industry meet their goals – more than 1,300 automotive companies worldwide rely on SAP® solutions to operate their businesses. SAP solutions for the automotive industry support business processes that span organizational boundaries, and integrate key functions including supply chain management, customer relationship management, product life-cycle management, manufacturing, enterprise resource management, and business intelligence. mySAP™ ERP is a key element of SAP solutions for the automotive industry, supporting financials, operations, human capital management, and corporate services as well as analytics and all complex processes associated with procurement and manufacturing.

Enterprise Management and Support in the Automotive Industry

In conjunction with the SAP for Automotive set of solutions, mySAP ERP supports the critical business processes of automotive companies, and provides tools and best practices to help improve these processes. With mySAP ERP, organizations benefit from a scalable, flexible solution that can expand and adapt as requirements change over time.

Manufacturing and Procurement

With support for all automotive manufacturing strategies, mySAP ERP helps enterprises manage the full range of manufacturing activities – from planning to execution and analysis – in a single, end-to-end system. mySAP ERP delivers all elements of a customer-oriented manufacturing management system. By combining information from a variety of business processes (including planning, cost accounting, human resources management, materials management, warehouse management, plant maintenance, and quality management), mySAP ERP supports the development and execution of efficient production plans and ensures that accurate, comprehensive information is available at any time.

By using mySAP ERP in conjunction with the SAP Just-in-Time Process for Suppliers application, businesses in the automotive industry can leverage just-in-time processes to improve responsiveness and reduce the complexity of obtaining automotive components and subcomponents. The solution supports inbound calls based on sales and forecasted orders as well as outbound calls for replenishment based on kanban methodology. As a result, OEMs and automotive suppliers can develop effective supply chain processes that address changing demands throughout the value chain, improve efficiencies, and reduce manufacturing time and costs.

Variant Configuration Modeling

In the automotive industry, the number of potential variations that can be specified in customer orders presents particular challenges throughout the entire supply chain. To help companies better manage this customization, mySAP ERP provides integrated configuration capabilities that help planners closely align the model mix with market demands. Product modeling software is fully integrated with planning, pricing, order processing, availability checking, production, fulfillment, billing, and financial reporting, and ensures a consistent view of the product in sales orders, production plans, and profitability analyses.

Vehicle Management

In conjunction with the SAP Vehicle Manager application, mySAP ERP helps automotive manufacturers, dealers, and importers manage processes associated with new car sales. Importers benefit from a centralized tool for procuring, selling, distributing, and tracking automobiles, while dealers can configure, search for, obtain, and track vehicles for their customers. To meet a range of needs, the solution supports both make-to-order and make-to-stock production.

Warranty Management

Effective automotive warranty management is necessary to improve customer satisfaction and reduce the costs associated with claims. mySAP ERP and the SAP Warranty Management application make it easier for businesses in the automotive industry to distribute warranty claim information among the dealer, importer, and OEM. Claims can be validated against master data, automatically approved or rejected (manual processing is also supported), and posted directly to accounting. As a result, claims are processed quickly and consistently, improving the customer experience and reducing costs.

Program and Project Management

Automotive companies face pressure not only to launch innovative, high-quality products, but to do so rapidly while at the same time containing overall product costs. mySAP ERP provides program and project management capabilities that help organizations plan, manage, and control all program and project parameters, including project structures, timelines, costs, and resources for projects of any size. Real-time document exchange and status information provides employees with the knowledge necessary to evaluate progress and make informed decisions at every stage. Accurate analysis helps organizations optimize resource allocation across activities.

Operational and Financial Analytics

mySAP ERP provides comprehensive analytics combined with forecasting and reporting tools. These features help businesses reduce operating costs by lowering working capital and improving business processes; increase efficiency by gaining a comprehensive view of business operations; and increase revenues by benefiting from a complete picture of revenue operations and opportunities. Planning, budgeting, and forecasting capabilities include integrated support for sales planning, cost center planning, personnel cost planning, investment planning, process and product cost planning, and financial planning. Operational analytics features provide detailed reports based on key performance indicators for procurement, inventory and warehouse management, manufacturing reporting, order fulfillment analysis, and customer service analysis. These features help businesses optimize internal processes as well as the external supply chain, and support comprehensive sales planning and monitoring.

Enterprise Asset Management

Efficient operations require appropriate maintenance and strategic deployment of all equipment and facilities. Support for enterprise asset management covers the complete asset life cycle including specification and design, development and procurement, operations and maintenance, and disposal. As a result, businesses in the automotive industry realize reduced operating costs, minimized downtime, and improved compliance with environment, health, and safety regulations.

New and Enhanced Capabilities for the Automotive Industry

mySAP ERP offers a range of new and enhanced capabilities designed to improve business processes for companies in the automotive industry.

Internal and External Collaboration

mySAP ERP offers features that ease internal and external collaboration and facilitate real-time communication at every stage of engineering design and production. In conjunction with the Collaboration Projects (cProjects) suite, mySAP ERP supports collaborative product development processes from the planning phase to product validation, including Advanced Product Quality Planning (APQP). Support for internal and external document access provides employees and partners with up-to-date documents such as design specifications and contracts.

Usability Enhancements

mySAP ERP includes several features that enhance usability and reduce administrative burden, making it easier for employees to access the tools and information that they need. These features include the following:

- **Role-based access** – New role-based access provides employees with the information and tools they need to perform their jobs efficiently. The new plant or production manager role provides an overview of all key information related to production, exceptions, personnel, revenue, costs, budget planning, and other processes for one or more plants, delivering an aggregated view that helps managers identify issues that need to be addressed. The new purchasing agent role helps handle routine functions such as converting requisitions to orders so that personnel can focus on strategic activities such as improving supplier relationships.

- **Employee and manager self-services** – mySAP ERP supports a range of employee and manager self-services that enable personnel to carry out a variety of tasks that would otherwise be handled by others. Employee self-services include support for routine purchases as well as for managing time, travel, expenses, and training. Manager self-services help managers throughout the enterprise accomplish their budgeting and personnel-related goals. Overall, self-services within mySAP ERP help improve efficiency and reduce administrative burden throughout the enterprise.
- **Guided procedures and interactive forms** – mySAP ERP supports the replacement of traditional paper forms with customized electronic forms that can be easily completed and submitted online. As a result, administrative burden is reduced, and accurate information flows more freely through the enterprise.

Regulatory Compliance and Corporate Governance

Businesses in the automotive industry are subject to the regulatory requirements of several countries. For example, in the United States, the Transportation Recall Enhancement Accountability Documentation (TREAD) Act requires automotive companies to report detailed data about consumer complaints, service events, and warranty claims to the National Highway Traffic Safety Association while businesses with operations in the European Union must comply with international material data sheet (IMDS) requirements for improved accountability with regard to environmental concerns, including potential health and biological hazards. Comprehensive tracking and reporting capabilities within mySAP ERP make it easier for automotive companies to address these regulatory requirements.

Organizations in the automotive industry are also subject to federal and state regulations. mySAP ERP eases compliance, with enhanced quality management features and an open interface for the integration of up-to-date quality and safety data. Because federal regulations also extend to financial reporting requirements, mySAP ERP offers several features to help businesses address the requirements of the Sarbanes-Oxley Act and other legislation. Features for management of internal controls centralize the documentation of internal controls, as well as assessments of control design, efficiency, effectiveness, and management reporting. In addition, an audit information system provides online controls for internal and external auditors and supports the export of data to specialized auditing software. Support for global trade helps organizations accurately assess the value of dutiable goods, provides pertinent documentation, and facilitates customs clearance. Real-time visibility across the organization minimizes the risk of noncompliance with regulations such as Sarbanes-Oxley and local legal requirements, while helping maintain profitability. “Whistle blowing” features include a comprehensive complaints form that businesses can configure according to their own particular requirements, such as addressing specific federal laws and internal policies.

Inventory Management and Traceability

Businesses in the automotive industry often face legal requirements to document where an item was produced, what components were used, and whether quality standards were met, particularly during product recalls. They also face legal and customer requirements to store data pertaining to materials procured from vendors, used in production, and delivered to customers. To address these requirements, mySAP ERP can manage required data such as material tracking numbers, and supports batch tracking, eliminating the need to manage batch inventory. Comprehensive search features facilitate product traceability, making it easier to track the flow of materials throughout the value chain.

Radio Frequency Identification

Support for receiving and processing radio frequency identification (RFID) data streams from readers and tags enables businesses in the automotive industry to integrate automated processes into the workflow, which reduces the time, errors, and costs normally associated with the movement of goods through the warehouse. Companies can incorporate RFID data processing in shipping, receiving, and material handling procedures to increase control over goods and more precisely track assets. RFID support within mySAP ERP enables organizations to automatically trigger business processes based on RFID data; to sense and respond to changes in supply and demand in real time; and to reduce inventory, replenishment cycle, and deployment costs through a single forecast of demand across the supply chain.

Why mySAP ERP in the Automotive Industry?

mySAP ERP is designed to address the enterprise planning and management requirements of automotive OEMs, automotive suppliers, and automotive sales and service companies. With mySAP ERP and the SAP for Automotive set of solutions, businesses can drive innovation by developing superior insights; accelerate growth by identifying and responding to new product and expansion opportunities; and increase customer satisfaction, loyalty, and revenues by bringing superior products to market.

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