



AUTOMOTIVE

Oracle for Automotive Sales and Distribution

Traditional automotive supply chains have revolved mainly around making supplier collaboration and manufacturing operations more efficient. However, the dynamics of the marketplace have changed. Today, OEMs and suppliers, their sales distribution companies (NSCs) and dealers are the key components of the emerging global automotive ecosystem and are poised to become the new and increasingly important links to growing revenues, market share, and profits.

With nearly 70 million vehicles sold globally--model proliferation, channel complexity, service commoditization, legacy systems, and manual processes have forced automotive companies to replace their margin-eroding 'business as usual' tactics with new strategies that help differentiate their vehicles and parts; integrate their dealer and distribution networks; and deliver exceptional value to their customers. But to execute successfully on these new strategies, automotive companies must first understand the dynamics affecting their automotive sales and distribution operations and then build the necessary infrastructure to support them.

Understanding Sell-Side Dynamics

As the automotive supply chain shifts from a product focus to a customer centric model, sell-side economics place an increasingly heavy financial burden on OEMs. For example, nearly 25%+ of a vehicle's manufacturers suggested retail price (MSRP) is spent on sales and distribution costs for advertising, marketing, incentives and inventory. In North America alone, OEMs and national sales companies (NSCs) typically pay about 70% of these costs. In Europe, Asia and Latin America, the NSCs pay up to 90%. Moreover, as vehicle sales growth outside the country of manufacture continues to increase, so too will the costs of sales and distribution.

Managing Complexity within Sales and Distribution Organizations

The sell-side ecosystem is rife with complexity and the relationships among key stakeholders and business cycles are multidimensional. While car buyers interact with dealers for vehicle and accessory configurations and orders; dealers in turn interact with car buyers for marketing, sales and service. Similarly, dealers, parts suppliers and NSCs (or OEMs sales and distribution divisions) interact with each other for demand planning and forecasting, vehicle order allocation and transportation activities, while captive finance firms interact with dealers and customers on marketing, origination and term-financing programs. In addition to all this inherent complexity, the incidence of inconsistent business cycles, poor communications and disconnected information sources is pervasive. Only Oracle offers an integrated, standards-based, enterprise solution for automotive sales and distribution organizations that helps them become more innovative, differentiated, and profitable by enabling them to:

- Leverage customer insights to deliver personalized interactions that attract and retain customers
- Facilitate tighter integration across dealer and distribution networks to align vehicle and service parts demand with order-to-delivery processes
- Adopt standardized business processes to improve agility, quality and profits

"The BMW Group Canada is using Oracle Siebel CRM to support the creation of a premium, consistent customer experience across all touch-points, from the call centre, to direct marketing to the web."

Kelly Lam
CRM Manager
BMW Canada

"With Oracle Siebel CRM, we have better visibility, standard processes, and integrated and automated systems. All this has led to higher revenues and profits. And our customer satisfaction index is higher."

Mr. Jagdish Belwal
Head of CRM and DMS Project
Tata Motors

"Our new Oracle-based vehicle order management solution is the vehicle management system that is comparable to the Toyota Production System for ensuring Lean management and Lean operations while maximizing customer satisfaction."

Ludo Vandervelden
Vice President, Finance and Accounting,
Toyota Motor Europe



Leverage customer insights

Due to an absence of personalized 1-1 marketing, overly aggressive and ineffective incentive programs, undifferentiated option packages, mismanaged sales opportunities and poor customer service, OEMs, aftermarket parts suppliers, dealers and national sales companies are plagued by low marketing ROI, high incentive costs, unmovable vehicle and parts inventories, poor close rates and ultimately, dissatisfied customers. Only with Oracle's Automotive Sales & Distribution Solution offerings, OEMs, aftermarket parts suppliers, dealers and sales and distribution companies can dramatically increase marketing response rates, improve promotion effectiveness, optimize product mix to sales ratios, boost lead to sales conversions and reduce time to service and repair resolution.

"Backed by our strong customer service operation powered by Oracle Siebel CRM, we believe that we are unrivalled in the European automotive industry."

Thor Tielemans
Chief Information Officer
Mercedes Benz Customer Assistance Center (CAC)

Facilitate tighter integration across dealer networks

While sales and distribution organizations strive to collaborate more effectively with their retail channels, many NSCs have non-standardized processes for dealer recruitment, certification and training; suboptimal demand planning and forecasting; an inability to accurately capture and process vehicle and parts orders; misallocated vehicles and parts; and limited visibility into outbound vehicle and parts distribution. As a result, automotive companies suffer from possible brand dilution; undesirable inventory/model mix; inability to fulfill customer demand; explosive inventory carrying costs and declining transportation ROI. Only with Oracle's Automotive Sales & Distribution offering can sales and distribution organizations fully integrate their dealer and distribution networks, enabling them to improve unit sales per dealer location; dealer performance scorecards; forecast to actual sales deviations; increase supply chain velocity and parts inventory turns; eliminate excess and obsolete inventory; and minimize unit freight costs.

Adopt standardized business processes

In order to optimize demand to delivery operations and accelerate time to market, sales and distribution organizations must adopt standardized business processes that eliminate repetitive, manual administrative tasks; ineffective performance monitoring; non-scalable infrastructures and non-integrated systems environments. Only Oracle provides automotive sales and distribution companies with the industry leading enterprise solution which improves workforce productivity, operational agility and compliance. Specifically, Oracle's offering for automotive sales and distribution companies helps organizations measure gross profit by product/product line; increase return on human capital; reduce spend on suppliers, commodities and purchasing; rationalize number of disparate applications and point-point integrations.

Contact Us

To learn more, call +1.800.ORACLE1 to speak to an Oracle representative or visit oracle.com/automotive. Outside North America, visit oracle.com/corporate/contact to find the phone number for your local Oracle office.

Did You Know?

- More than 400 automotive companies run Oracle applications
- 10 of the top 10 global OEMs run Oracle Applications
- 15 of the top 15 North American automotive manufacturers run Oracle Applications and Technology
- 5 of the top 5 Fortune 500 automotive manufacturers run Oracle Applications and Technology

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