ArvinMeritor Creates Real-time Picture of Inventory Position

Summary

> Arvin Meritor embraced VMI to create process and cost improvements for its customers

> Datalliance SaaS model minimized implementation time and costs – accelerating time to results

> Distributors and Arvin Meritor both benefit by moving more product at lower cost

VENDOR MANAGED INVENTORY SUCCESS STORY

As a global provider of integrated automotive systems, modules, and components, ArvinMeritor delivers advanced technological solutions for light vehicle, commercial truck, trailer and specialty original equipment manufacturers (OEM's) and related aftermarkets. The company leverages a world of resources and technology to become the partner of choice, by providing a full-range of complementary products and services. ArvinMeritor has embraced e-commerce and the use of Vendor Managed Inventory (VMI) to create process and cost improvement opportunities for its broad range of customers. VMI supports ArvinMeritor's corporate-wide vision to anticipate and exceed these customers' changing needs.

Bakhus Issac, the Director of Marketing and New Business Development at ArvinMeritor Commercial Vehicle Aftermarket, explains, "When we initiated our e-commerce strategy, we recognized that a partnership with our customers would mutually drive business growth, as we improve their inventory visibility and position. Making sure our customers have the right product, at the right place, and at the right time would allow them to meet their respective customer demands for our products. By providing the product they need when they need it, we felt we could minimize their overall inventory investment, avoid lost opportunities and lower the cost of doing business with ArvinMeritor products. The end result is reduced costs, which delivers a distinct advantage to our customers in a very competitive marketplace."

Within ArvinMeritor, VMI is viewed as a strategic initiative to complement the other aspects of their e-commerce strategy. ArvinMeritor selected Datalliance as their VMI service partner. Datalliance VMI is delivered as a managed service via the Internet using the Software as a Service (SaaS) model. "The combination of VMI and XpresswayPlus.com, our on-line ordering system, provides a full spectrum of ordering options for our customers," states Sandy Landgren, the company's Manager of E-Business and Strategic Marketing.

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> Sandy Landgren
> Manager of E-Business and Strategic Marketing
> ArvinMeritor

"ArvinMeritor is committed to delivering the best possible set of tools for all types of orders and all types of customers. Our XpresswayPlus.com recently won the Motor & Equipment Manufacturers Association Web Challenge Award for the best Web site among our peers in the aftermarket."

VMI Delivers Immediate Results

"We initially implemented Datalliance with two of our premier customers," states Landgren. "At these first two locations, we realized significant increases in product sales. In addition to the sales volume increase, our customers were able to significantly decrease their inventory levels. They also reduced by 50% the amount of time required to prepare and reconcile orders each week. They used this time to streamline activities and focus on more strategic business issues. The combination of increased sales and decreased inventory to support these sales resulted in greater profitability for these premier customers on the ArvinMeritor product line."

Datalliance reviews order points on a weekly basis and recommends changes to the customer's stocking plans each week, rather than waiting for a month or more to recalculate inventory replenishment requirements. "This frequent and ongoing review of inventory stocking plans ensures that our customers' inventory levels are appropriate and the required amount of inventory, no more and no less, is available to meet their needs," explains Landgren.

Vendor Managed Inventory provides ArvinMeritor access to data on demand, so they can take a proactive approach to identifying, tracking and acting on product demand trends. "VMI allows us to deliver the value of our distribution experience and expertise to our customers," explains Landgren. "With VMI we have a real-time picture of what our customers are doing, including the quantity of product sold, transferred, ordered, and received from us. With this current data now available to us, it is much easier to monitor all active and fast-moving items, inventory, and turns. We can now be proactive."

Selecting the Right VMI Solution

Before selecting Datalliance, ArvinMeritor evaluated several alternatives. The evaluation focused on a core set of criteria that represented the primary needs of ArvinMeritor and its customers. "There were several questions we kept asking ourselves," recalls Landgren. "Does the software solution have a proven track record? What are the ongoing support costs? Do we have the people and expertise to support this effort internally? Does the vendor have both the technical and VMI expertise required to support us initially and on a long term basis?"

After evaluating several of the VMI software package options, ArvinMeritor determined that it could not support a typical software package installation and implementation. "Not only did we not have the available staff," notes Landgren, "but, more important, we did not want to incur the added time required to install and implement the software. We were eager to realize results with our customers as quickly as possible. With this as our driving force, we selected Datalliance. The Software as a Service model offered by Datalliance minimizes our staff requirements and implementation time frame and ensures that both ArvinMeritor and our customers realize quick results at the lowest cost. We were pleased to find that Datalliance had both the technical and business expertise needed to help us get our customers up and running on VMI."

As a supplier, ArvinMeritor uses VMI to smooth product demand and to lower administrative costs associated with customer orders. Customers have also increased sales and profits of ArvinMeritor products, reduced inventory levels and increased inventory turns. "Vendor Managed Inventory allows us to streamline our business processes, seamlessly integrate these processes with those of our customers, and more efficiently align our business-to-business relationships," summarizes Landgren. "Critical inventory information now flows automatically and continuously. This information gives us both a clear picture of what is happening in the market and provides us with the insight needed to proactively capitalize on the trends and needs of the ultimate customer. Prior to VMI, we did not have this level of communication and cooperation. The bottom line is that we are moving more product at lower costs, which makes both ArvinMeritor and our customers more competitive."

Arvin Meritor Distributor Benefits Realized from VMI:

> Increased Sales

> Reduced Inventory Investment

> Reduced Time to Process Orders by 50%

About Datalliance

Datalliance is the world's largest independent VMI service provider. Delivered as a managed service via the Internet using the "Software as a Service" (SaaS) model, Datalliance VMI makes it easy for suppliers and their customers to establish effective VMI relationships that fully align business objectives, improve collaboration, and streamline supply chain operations. For more information about Datalliance and VMI, please visit: www.datalliance.com.

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