

Press Release

28th May 2003

Monitoring the Supply Chain becomes much easier

Trading partners in the automotive industry will be able to enjoy significant benefits of standardised Supply Chain Monitoring (SCMo) in the future following the publication of their latest standard.

This new recommendation from Odette includes numerous detailed business process descriptions, functionalities and data descriptions. It has benefited from two years of intensive co-operation between the European motor industry. Participating companies and organisations in the project include: Audi, BMW, DaimlerChrysler, Ford Europe, PSA Peugeot Citroën, Renault, Volvo Cars, Volkswagen, Bosch, Siemens VDO, Faurecia, Treves, Galia, SMMT and the VDA.

In summary, difficult to manage supply networks will gain from:

- Smooth and secure supply with minimal safety inventories
- Increased speed and flexibility;
- Reduction of non-value-adding costs;
- Reduction of premium freight
- Avoidance of scrap due to obsolescence
- Best practice approach from automotive industry experts
- Clear roadmap for software providers, marketplaces and decision makers in the automotive industry

The project group was created due to the relatively slow deployment of web-based, cross-company SCM concepts, in spite of quite promising results in several pilot projects. Two main reasons were identified:

- In many cases, the benefits of the new concepts do not offset the extra costs of using and operating them.
- Many concepts were not mature and complete at the time of their planned roll-out.

The Odette SCM Group's objective was to solve these issues. Their medium term goal is to enable interoperability of SCMo applications from different software providers and marketplaces by creating open and accepted standards. It has certainly been the most widely supported project since the days when automotive EDI standards were being proposed in Odette, nearly 20 years ago.

Supply Chain Monitoring (SCMo) is a multi-level SCM concept supporting the fulfilment/execution process and is an add-on to existing ERP systems. Basically, SCMo automatically generates alerts (e.g. by sending e-mails) if the actual inventory levels in the supply network are too high or too low, compared to the demand for the next days/weeks. The multi-level approach takes into account the accumulated inventory up and down the whole supply chain and enables a fast and transparent demand calculation. Every company will get an early warning of whether they need to speed up or slow down production. This visibility will bring great benefit, especially for suppliers on lower tier levels suffering most from the so called "bull-whip effect". SCMo helps to master critical or difficult to manage supply networks much better. The final result is a smooth and secure supply with minimal safety inventories.

The main benefit of SCMo is the speed of information flow and the cross-company visibility and synchronisation. Examples of well known SCMo implementations are the supply networks for leather seats and leather trim parts for DaimlerChrysler and BMW, or the aluminium Audi Space Frame (ASF) for the Audi A2. Around 100 companies were already using SCMo in January 2003 and a rapid growth can be expected in the near future.

This recommendation is therefore very timely. It has been eagerly awaited by the automotive manufacturers and suppliers and there is also a strong interest among the software industry and marketplaces; they will want to offer a product which conforms to the Odette standard.

John Canvin, General Manager, Odette International said: “Standardising SCMo across the automotive industry will save millions of euros in terms of greater efficiency and improved build-to-order times, but the key to ultimate success is interoperability of the various applications.”

Oliver Merle, Robert Bosch and Odette SCM Project Leader said: “There is a strong need to improve the flexibility, reliability and efficiency of supply networks to cope with the ambitious built to order and “x-day” car goals. With traditional concepts based on decentralised ERP-systems and EDI alone, these goals will not be met. Supply Chain Monitoring addresses the root causes of today’s limitations – and has already proven to be effective in several implementations.

The Project Group is busy working on their next recommendation which will be for Demand Capacity Planning and available at the end of this year. In the meantime, a new project is about to embark on setting a standard for Supply Chain Interoperability.

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Notes for Editors

This recommendation will be presented in detail at the forthcoming Odette Conference in Paris on 16-17th October.

Odette International is the not-for-profit organisation, formed by the automotive industry, for the automotive industry. The members of Odette are the national organisations, which in turn represent European motor manufacturers and suppliers. It sets the standards for the electronic communications and logistics processes that link the 4,000 plus businesses in the European motor industry with their global trading partners.

For further information on this Press Release, or the Odette Conference, please contact:

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