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A Significant Advance in Vehicle Distribution Technology

RAMSEY, New Jersey – July 16, 2013 – Strategic Business Systems, the leader in Motor Vehicle Distribution technology, announces a significant enhancement in vehicle distribution technology that reflects tomorrow’s emerging motor vehicle industry requirements. This function will be available on August 1, 2013 with Version 4 of its Vehicle Distribution System product with matching updates to its Dealer Communication System product.

“Motor vehicle OEM’s must balance the complex logistical realities that are a result of today’s global production with ever increasing consumer expectations. Some vehicle models are built nearby, while others are built on the other side of the world.” says John Myers, Managing Director at Strategic. “Our OEM customers have told us that they wish to use different vehicle distribution strategies in different situations. With Version 4, they can use a unique distribution strategy for each vehicle allocation. If desired, this will allow different models produced in different locations to be distributed using different strategies.”

Push and ***pull*** are the two classic vehicle distribution strategies. Traditionally, a company chose one strategy that best reflected their manufacturing and logistical capabilities across the entire enterprise. The result was often a lack of optimization within the context of a global supply chain.

The ***push*** distribution strategy allocates previously manufactured vehicles to dealers. It optimizes production efficiency. Dealers have the ability to accept or reject their allocated vehicles and specify any port installed options for any vehicles that they have accepted. Push works well when manufacturing is not flexible, the supply chain is long, delivery lacks precision, or supply exceeds demand.

The ***pull*** distribution strategy allocates vehicle production capacity to dealers. It optimizes dealer satisfaction by giving dealers the ability to specify the configuration of the vehicles they will receive. Dealers order the exact vehicles they desire within the limits defined by their vehicle allocation. Pull works well when manufacturing is flexible, the supply chain is short, delivery is precise, and dealers are committed to accept their allocated vehicles.

Vehicle allocation determines the assortment of vehicles assigned to each dealer. It is a statement of the OEM’s expectations with respect to the unit purchasing responsibilities of each dealer. There are various numerical models used in vehicle allocation. One of them equalizes a dealer’s number of days supply for each type of vehicle. Another assigns the same percentage of allocated vehicles to a dealer that the dealer sold in the previous period. Strategic’s product has standard plug-in modules that support these methods and several more.

With this enhanced process, OEM’s can optimize their supply chain by choosing the distribution strategy that best fits the characteristics of vehicles within a vehicle allocation.

This upgrade is available at no charge to all current licensees in good standing of Strategic's Vehicle Distribution System and Dealer Communication System products.

Strategic Business Systems, of Ramsey, New Jersey, provides information technology to motor vehicle OEM's. In addition to the vehicle distribution technology discussed above, Strategic also provides a complete suite of technology supporting dealer communications, consumers, service part distribution, product service, warranty, and recall. Founded in 1982, Strategic has provided technology to over 30 motor vehicle OEM's worldwide. For more information, please visit the company's website at www.sbsusa.com

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