Building an Internet-driven global automotive company

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Agenda

- Introduction
- Launching a car company
- The information backbone
- Who's connected?
- Case studies
- Future directions
- Conclusions

Strategic Business Systems

- Serves distribution operations of Motor Vehicle manufacturers
- Vehicle Distribution, Warranty, Parts, & Dealer Communications
- Customers include:
 - Toyota, Saab, BMW, Peugeot, Kia
 - Harley-Davidson, Ducati, KTM
 - Hino Diesel, Land Rover, Hummer

Launching a car company

- This includes entering new markets!
- Business Strategy
 - Product Positioning
 - Budget
 - Time to market
- Information Technology (IT)
 - Must support overall strategy!

IT Elements

- Network
 - Data / Voice
- Software
 - Operations / Finance
- Servers
- Support

Build vs Buy IT?

- Build
 - Just the way I like it
 - Slow to market
 - High budget

- Buy
 - Experience
 - Fast to market
 - Shared expenses

Build vs Buy IT?

- The answer varies, depending on:
 - Strategy
 - Timing
 - Budget
- No overriding answers
- The Internet opens many new doors

Internet information backbone

A "buy" strategy

An "information backbone"

- A way of connecting all individuals with all servers
- Distance is not a factor
- Different uses
 - Communicate, report, buy, sell, ...
- Different applications
 - Web, eMail, Terminal Access, ...

Why use the Internet?

- Budget
 - Much less expensive than alternatives (including the costs of security)
- Strategy
 - Everyone is connected, everywhere
- Timing
 - Can get up NOW!

Applications Service Provider

- With motor vehicle specialty
- Has infrastructure already in place
 - Internet connections
 - Servers
 - Software
- Great concept for:
 - small markets & budgets
 - lean distribution model

Who's connected?

Almost everyone, including:

- Internal operations
- Vendors
- Dealers
- Consumers

Barriers to progress

Why isn't everyone here?

Barriers to progress

- Corporate "Inertia"
- Politics
- Sub-optimization
- NOT MONEY!

Organizational change

- NECESSARY TO ACHIEVE INTEGRATED SYSTEM
- "Single point of TRUTH" !?!?!?
- "Silo systems" come from SILO organizational structures

Integration must be planned

- Integration comes in two ways
 - Forced from the top
 - Purchased from the outside
- The Internet is another chance to obtain true integration of systems
- Have the same system that manages the data serve it to the web

Example of planned integration

- Warranty is the most integrative application (uses dealer, vehicle, part, & customer information)
- Strategic Service/Warranty System built to use external data sources for all of the above information
- Example: Harley-Davidson uses Strategic Warranty, but none of our other systems
 www.VehicleSystem.com

Case studies



Qvale Automotive Group







Qvale Automotive Group

- Licensee of the DeTomaso Mangusta
- Very small vehicle sales volume
- Global Strategy
 - Headquarters in San Francisco, USA
 - Manufacturing in Modena, Italy
 - Dealers in Europe & USA



Qvale's dilemma

- Very small budget for IT
- Desire to start now ... difficult to reconstruct data later
- What would you do?



Qvale's IT plan

- Use the Internet as a global communications backbone
- Buy ERP software for manufacturing
- Use an Application Service Provider for distribution systems
 - Strategic Business Systems
 - Vehicle Distribution, Warranty, Parts,
 & Dealer Communications



Qvale systems

Web Dealer Communications System









Dealer Communications System

■ Vehicle ■ Warranty ■ Parts

deTomaso Mangusta

A Powerful Statement in Evolution

Welcome to Qvale — Modena's deTomaso Dealer Communications Web site! Our system has been uniquely designed to process all dealer communications system. functions through any standard Web browser. The system also enables us to communicate all essential dealer bulletins and announcements in real time, providing you with essential information required, when required, with efficiency and convenience.

We are dedicated to producing superior quality products and services. It is in this spirit that we have chosen this state-of-the-art technology for our dealer communications vehicle.

DeTomaso Dealer Web Site

A Powerful Statement in Dealer Communications Evolution!

Parts | Warranty | Vehicle | Home |















Vehicle Retail Registration



Dealer Communications System - Vehicle

■ Parts
■ Warranty
■ Vehicle

deTomaso Mangusta

A Powerful Statement in Evolution

August 31, 1999 - New Model Year End Lease Program

The new year end clearance lease will start September 4 through October 10,1999. With this program, we will provide a special leasing rate of 2% or \$500 cash back. In edition, dealers will receive \$500.00 sales incentive for all sales recorded during the model year end program.

May 11, 1999 - Record Sales for April

We would like to personally congratulate our dealers for a April record sales month. Sales had an increase of 8% over March 1999 sales numbers. April was also a record sales month. We thank you for your efforts and look forward to keeping consistent growth in the coming months.

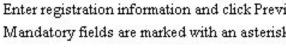
May 2, 1999 - New Model Year 2000

The new Model Year 2000 will bring several enhancements to our product line. We will be introducing our new CCTX model. This will give us significant exposure in the





Vehicle Retail Registration





Dealer 486 East Cost Dealer Region 20

	Basic Information
VIN	137ET1112

Retail Mileage 100

Retail Type Private 💌 Retail Date

Posted 1/04/2000

Sole	Personnel	ı

B

P2000030

F. Name

F. Name

F. Name

SSN

SSN SSN

Sales Mgr L. Name Fin & Ins L. Name

Salesman L. Name

1/04/2000

💥 Vehicle Retail Registra	ation - Netscape				
кетан туре	Trilvate .				
Retail Date	1/04/2000 *	Posted	1/04/2000		
	Sales Personnel				
Salesman L. Name	Herrold	F. Name	Mark	SSN	076-76-9834
Sales Mgr L. Name		F. Name		SSN	
Fin & Ins L. Name		F. Name		SSN	
	Owner Information				
Owner Title	Mister				
Owner L. Name	Smith	F. Name	Bob		
Address	22 W. First Ave				
Address 2					
City	Middletown	State	NJ		
Zip	07464	Country	USA		
Phone	201-343-9987]			
Occupation	Corporate Executive	Age	41 to 50 Years		
Salary	\$100,001 - \$150,000	Sex	Male 🔻		
	Vehicle Information				
Vehicle Usage	~	Loan / Lease	(length, months)	1	
	Trade-in Information				





Claim Entry
Claim Search by Vehicle
Claim Status Search

Dealer Communications System - Warranty

■ Parts
■ Warranty
■ Vehicle

deTomaso Mangusta

A Powerful Statement in Evolution

Sept 1, 1999 Engine Campaign Bulletin

A new service campaign will be sent to customers for all 1998 models. This campaign will be a service oriented campaign designed to improve the reliability of passenger side air bags. The campaign number is PCX4833. Please use this campaign number for all submitted claims for this service campaign.

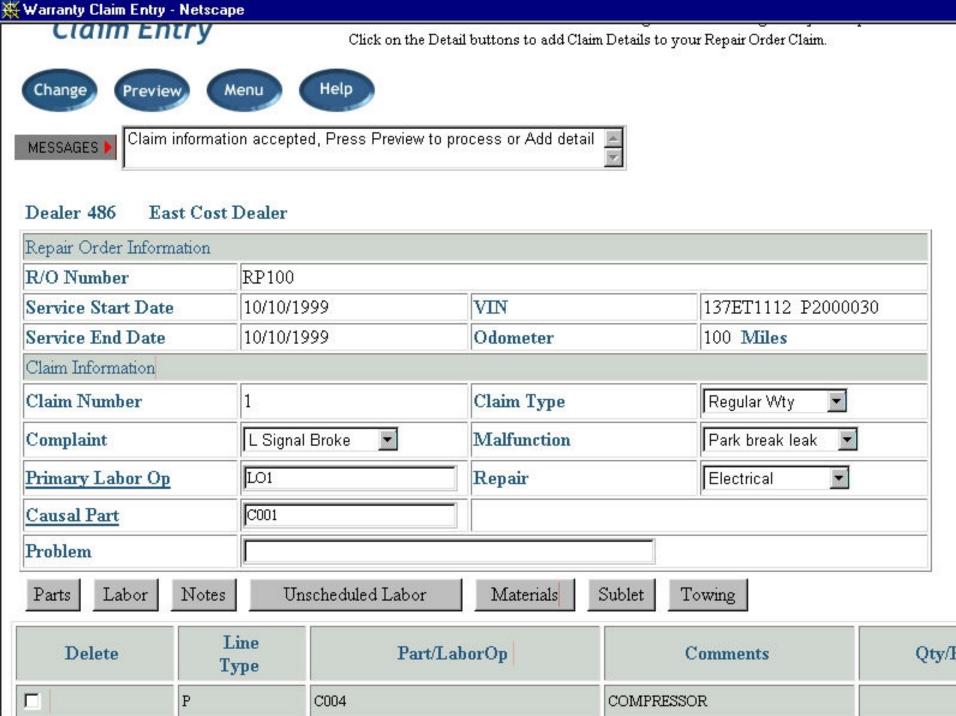
July 1, 1999 - New Labor Time Manual

The new labor time guide has just been completed. This labor time guide indicates all labor operations associated with a service job. These labor times have been analyzed and adjusted based on studies from several of our technicians. The new labor time guide will now be available through the Web. If you want paper copies of the manual you can either download the labor time guide, or send a request for a printed copy @ \$10 each.













Select Search button to perform another in

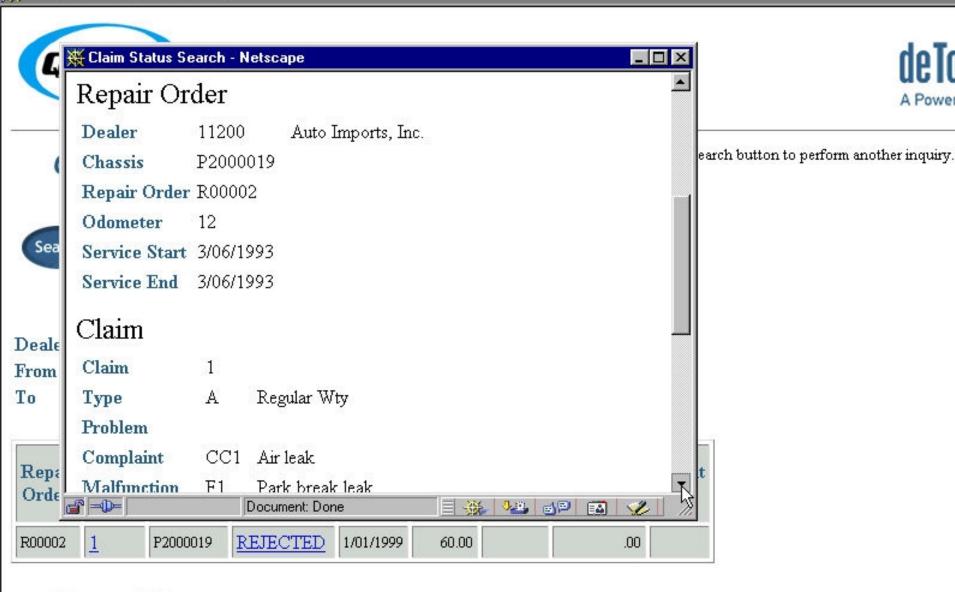
Claim Search by Vehicle





Model Year 93 Model MDL4 VIN 137ET1112 P2000030 Wty Start 5/31/1993 Wty End 12/22/2001 Ext Wty (Y/N) N

R/O#	Clm	Status	Line Type Desc.	Parts/ Labor	Comments	
000030	1	A	4/29/1996	0		
			LABOR	LO1	Replace MV3 Valve	5-
			PARTS	C004	COMPRESSOR	
000030	1	A	10/02/1996	100	VALVESTUCK	
			LABOR	580-02-01	Handle Bar Assembly	
			PARTS	C002	BLOWER MOTOR	
RP0022	1	A	10/02/1996	110	VALVUESTUCK	
			LABOR	LO2	Replace Wiring Harness	
			PARTS	C002	BLOWER MOTOR	5





Menu





Parts Order Entry
Parts Availability Inquiry
Parts Order Status

Dealer Communications System - Parts

= Parts = Warranty = Vehicle

deTomaso Mangusta

A Powerful Statement in Evolution

Sept 1, 1999 - Part VOR Order Policy

Part orders for VOR (Vehicle Off Road) must be submitted by 5:00PM EST. Orders submitted after 5:00 PM EST will not be able to be fulfilled and delivered in one days time. All orders received late will be scheduled to process during the next business day. There are no exceptions to this time schedule.

June 18, 1999 - Physical Inventory

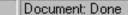
There will be no part orders processed on June 18, 1999 between the hours of 3:00PM and 5:00PM EST. The part warehouse will be conducting its annual physical inventory. Please submit your part orders prior to the physical inventory cutoff time.

May 13, 1999 - Part BBX-234 Supersession

Engine canister (Part number BBX-234) will be discontinued effective May 15,1999. The part will be substituted by two part numbers (BBX-UVM and SY333). The ordering

system will automatically provide the part substitution for this part during the pa

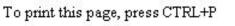








Part Order Entry







Your order has been submitted to STRATEGIC BUSINESS SYSTEMS. Your order number is: 185

	Parts Order Summary		
Dealer	486	East Cost Dealer	
Reference #	00/01/04	Order Total	\$ 323.00
Order Type	STOCK	Allocated	\$ 228.00
Ship Via	TRUCK	Back Ordered Total	\$ 95.00
ShipTo	88 FIRST AVE NEW YORK NY 10073		

Part	Quantity	Сониент	
C002	1		Unit Price \$95.00 Extended \$95.00
BLOWER MOTOR	8		Allocated Back Ordered 1
PART NOT SUPPI	LIED BY YOUR WAREHO	USE.	7,000,000





Part Availability Inquiry

Enter part number and select Check button for part av





Dealer 486

C002

Part Is

AVAILABLE

Dealer Price

Part Number

\$ 100.00

List Price

\$ 150.00

Superseded by

Next Part Number C002

Search

East Cost Dealer

BLOWER MOTOR









Part Order Status

Enter a date range and click on Search button to list other orders for your Click on an Order link to display details.





Dealer 486 East Cost Dealer

From Date 1/04/1998

To Date 1/04/2000

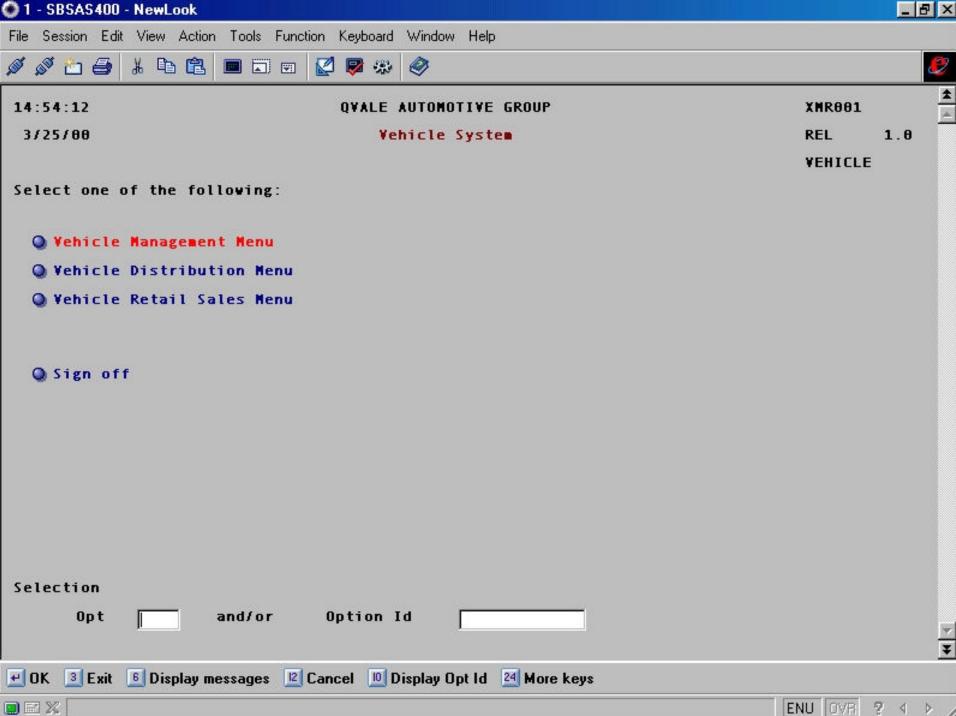
Order	Туре	Order Date	Status	Ship To	Dealer PO Number
000058	vor or ger	12/24/1999	COMPLETE		91/12/24
000056	VOR ORDER	12/17/1999	BACK ORDERED		DLR140NO1
000087	VOR ORDER	12/06/1999	BACK ORDERED		REF3
000086	VOR ORDER	12/06/1999	COMPLETE		REF1
000127	CSP ORDER	10/02/1999	OPEN		

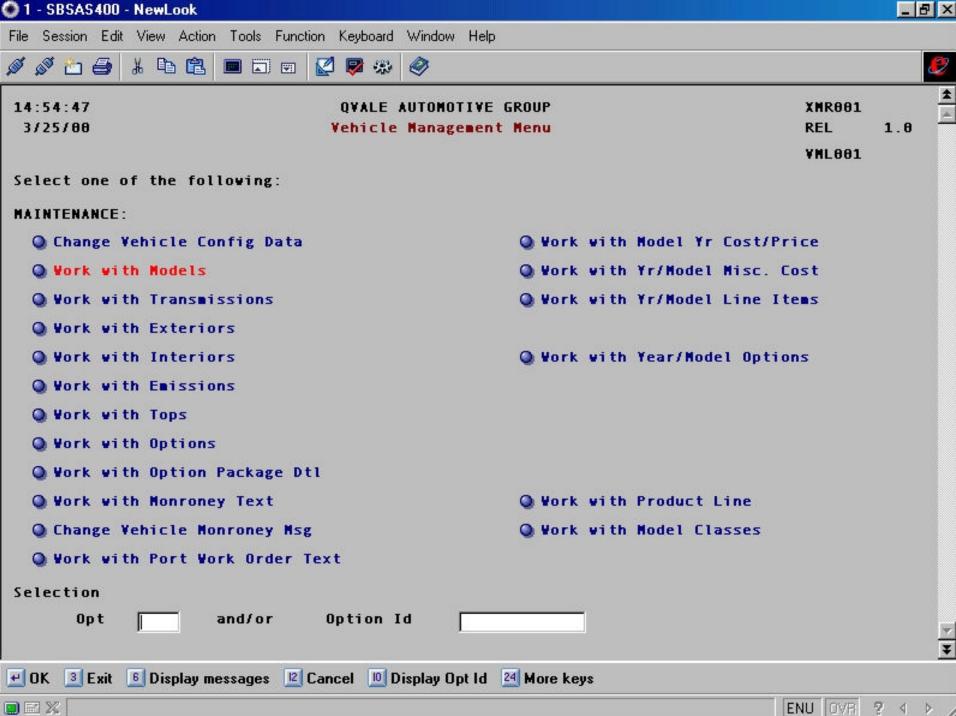


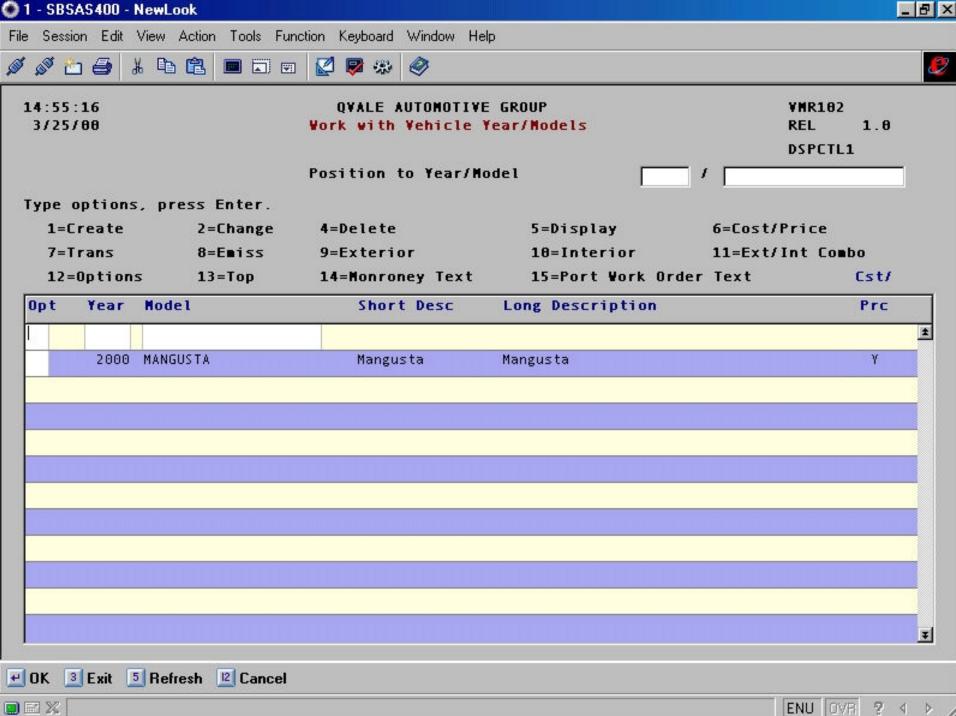
Qvale systems

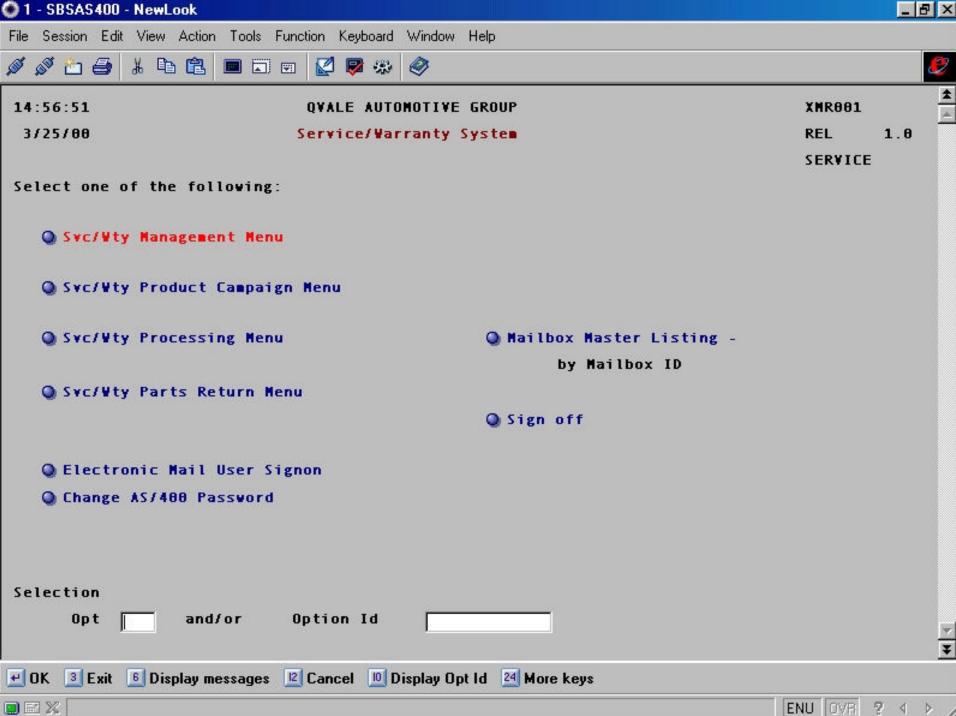
Internal Operations System













Integration of these systems

- All systems access same files
 - Dealer
 - Internal
- All systems run over the Internet
- All systems available everywhere



Implications for Qvale

- Limited initial capital expense for vehicle, warranty, parts, & dealer communications systems
- Proven systems NOW
- Integration of USA & European product distribution efforts
- Focus on product, not Information Technology

Future Directions

New technologies, but a clear trend!

The Internet's impact will continue to increase

- New Internet technologies will lead to new choices
- The Internet <u>has</u> made competing data communications technologies obsolete
- Today's youth view the Internet in the way their parents viewed Television

XML (Extensible Markup Language)

- The next generation of "web" technology
- Adds additional "intelligence" to web applications
- Allows easy sharing of data between different types of computers
- ► The basis for "next generation" Dealer Communications Systems

Conclusions

Smaller manufacturers

can look "large"

Smaller markets

are more practical to enter

Application Service Providers

Offer new opportunities for ALL manufacturers

A return to IT centralization

Language, culture, & laws are the constraints

Questions???

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