Leading Global Auto OEM leverages the IT Benchmarking Study for the Business Transformation

“TCS brought in a global perspective to help us identify the focus areas to leverage existing IT investments more effectively. This opened doors for discussions with the business stakeholders to prioritize and effectively track the initiatives.”

- Chief Information Officer

TCS' client is a leading automobile OEM. The company wished to benchmark its current IT landscape against others/peers in the automotive industry. We conducted a detailed analysis of the company's IT landscape and business processes, using our industry expertise to provide an outside-in perspective and benchmarked the company against industry peers and best practices. When implemented, our recommendations will help the company reduce costs, improve efficiency, and identify transformation initiatives that would allow it to regain its market share in the automotive market.
About the Client

TCS’ client, a global auto OEM, together with its subsidiaries, engages in the manufacture and sale of commercial and passenger vehicles. The company also provides engineering and automotive solutions; manufacture of automotive vehicle components; and supply chain activities, as well as vehicle financing, machine tools, and factory automation solutions. It offers its products and services through its dealership, sales, services, and spare parts networks, and has a wide marketing network covering 125+ countries.

Business Challenge

As one of the leading automobile OEMs, TCS’ client is embarked upon a journey of improving the market share in the current competitive market situation and bring out differentiated products to suit the rising customer needs. The OEM is focusing to reduce the product introduction times and improve the quality of the brand in the market. It has launched a business transformation initiative to improve both business and operational performance. Recognizing that superior IT capabilities would be crucial to support the business transformation, the company decided to evaluate the business value provided by IT and find out if it was well positioned among its peers on this score. As IT accounted for a substantial spend, the client also wanted to find ways to improve its current IT systems’ usage and effectiveness.

TCS helped the client identify gaps and determine various IT transformation initiatives that would allow the company to regain its leading share in the automotive market. We were chosen based on our deep domain knowledge, long association with the company and the consequent understanding of its systems and processes, as well as for our strong consulting capabilities.

TCS’ Solution

We worked with the client to understand if the automotive industry-specific business processes were followed the extent of IT enablement in business and how the OEM compared with its peers on the use of IT for business advantage.

We used our Enterprise Process Model Framework, based on industry standards like APQC, ISA 95 and our own experience in the automotive industry, to compare the company with its global peers. The five most critical business functions were selected for the IT benchmarking exercise — customer experience management, quality, warranty, supply chain and manufacturing — as these were the company’s focus areas. The assessment of IT enablement was scoped into the digitization of business process, process automation through IT, use of IT enabled analytics and the level of adoption of IT by business users.

During the month-long engagement, our consultants interviewed several business relationship managers from the identified functions to understand the current business processes and IT enablement in the company. Interim playback sessions were organized with the OEM’s stakeholders to ensure the validity of our observations and obtain a sign off. We also organized several sessions to understand the business processes and IT enablement of the company’s global automotive peers. This helped us identify gaps and weaknesses in the company’s processes, along with opportunities for improvement.

We submitted an IT benchmarking report that presented 37 improvement areas across five functions, addressing various themes such as cost reduction, integrated measurement and control, process adherence and adopting emerging trends to benefit business. The recommended solutions and improvement opportunities were prioritized based on ROI and business criticality, and aligned to the company’s strategic initiatives for effective governance.

Some of our key recommendations included:

- Increasing the level of automation and digitization
- Better use of IT in an integrated fashion across the value chain to cover design, manufacturing, supplier and service quality to bridge the quality gap and track issues from the customer back to their origin
- Improving customer experience through optimal use of the company’s CRM to capture customer information and provide a 360-degree customer view to improve customer facing activities
- Integration of lead sources in the CRM tool, automation of campaign planning, as well as introducing next generation solutions such as knowledge management and social media integration
Experience certainty

True certainty of success comes from working with a partner you trust to provide the insight, support and expertise that will propel your business forward. Experiencing certainty with TCS means you can count on results, partnership and leadership.

Results

Based on our recommendations, the OEM now has a foundation for strategic planning and improved performance. It also has detailed insight into the current business value delivered by IT and the level of digitization, automation, use of IT enabled analytics and the adoption of IT systems by business users in the identified functions. 37 opportunities to improve processes with existing IT investments were identified across five functions and these were ranked based on technical risks, investment required and business benefits.

The potential benefits included:

- Reduction in the use of alternative materials in production to one to two percent, aiming for complete elimination
- Reduction in cost of quality by 10 percent
- Improvement in supply chain planning and demand forecasting accuracy by 10 percent
- Reduction of warranty cost by 5 percent
- Improvement in supply chain visibility, translating into efficient production execution
- Reduction in part shortage, line disruptions and inventory obsolescence
- Improvement in lead management by effective tracking
- Improvement in customer experience and number of repeat customers

The engagement was carried out in close association with the client’s CIO and team, and received positive feedback from the management for the depth of analysis, speed of the engagement and the quality of our recommendations. We achieved this by drawing on our vast manufacturing domain knowledge, as well as on the expertise of our consultants from the Manufacturing Innovation and Transformation Group. In addition, as one of the very few global service providers providing services across the value chain — consulting and strategy development to delivery — we were able to bring in a unique outside-in perspective.

In our long association with the company, we have provided global business insights and an outside’s view in various other engagements as well. Even as we were positioned as the company’s advisor for various strategic initiatives, the success of this exercise has elevated us to the position of a trusted mentor. The client recognizes the immense value from this exercise and is committed to drive these initiatives to the next level. We have been advising the company on building a business road map for several critical process areas, and we have also been invited to share our perspective on the ‘consulting practice’ in the IT organization and plan for competency building.
About the Manufacturing Solutions unit

Global manufacturers are trying to reduce operational expenditure, invest in process improvement, utilize existing capacity optimally and increase efficiencies, while maintaining product quality and meeting safety and regulatory norms.

TCS' Manufacturing Solutions provide you the bandwidth to innovate on business models, leveraging contemporary technology solutions. We believe in leveraging learning from across the segments in driving business solutions. Be it in applying the concepts of LEAN New Product Introduction from Discrete industry to a Chemical manufacturer, or leveraging the Aerospace industry experiences in service management for the automotive sector, our dedicated Manufacturing Centers of Excellence (CoE) under these focus verticals industries are continuously looking at breakthrough solutions. Clients can dip into our rich experience in both the Discrete (Automotive, Industrial machinery & equipment, Aerospace) and Process Industries (Chemicals, Cement, Glass and Paper).

Contact

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Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India’s largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

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