

GXS in Automotive

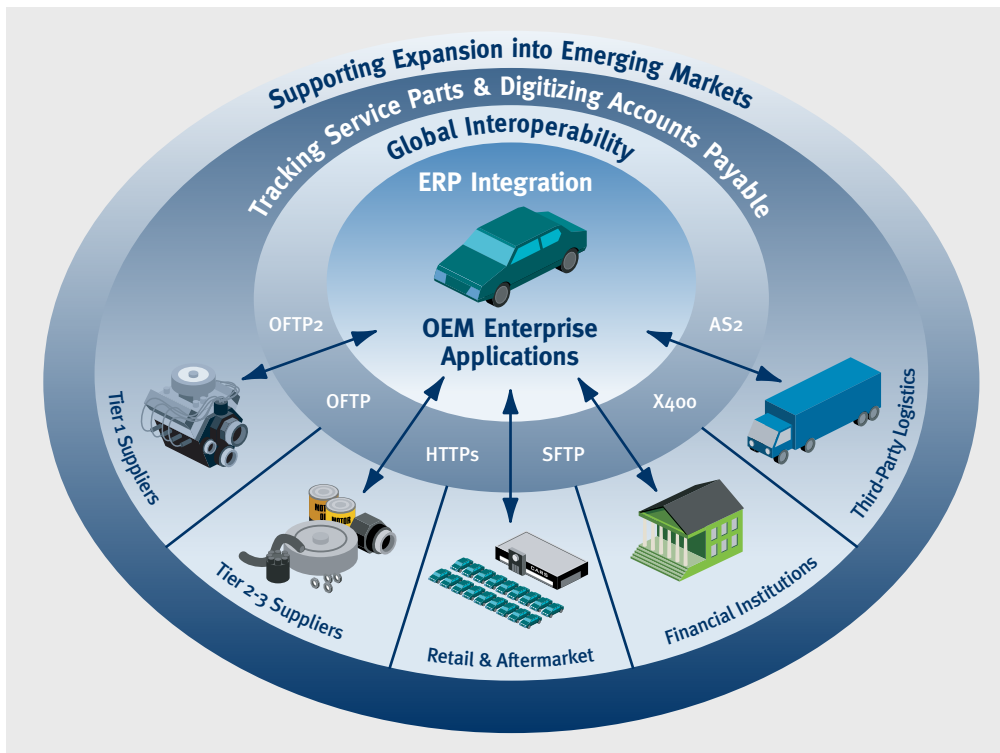
The Automotive Industry Today

The automotive industry has undergone an immense amount of change and restructuring over the past decade and supply chains have had to become more flexible and responsive to the changing requirements of vehicle manufacturers:

- New manufacturing plants have been established in emerging markets such as Vietnam, Indonesia, South Africa, Thailand and Argentina (VISTA countries)
- Consumer demand for more build-to-order vehicles is changing the way in which car manufacturers source and manage their inventories
- Convergence of the automotive and high tech supply chains to support integration of mobile devices with vehicle infotainment systems
- Significant investment in new green-related technologies such as electric vehicles and associated charging infrastructures

Automotive companies need to improve how they work with global trading partners as well as find ways to reduce supply chain complexity in order to improve customer satisfaction levels. The continued globalization and restructuring of automotive supply chains has forced many companies to re-evaluate IT and B2B strategies.

How GXS Supports the Automotive Industry



GXS INDUSTRY LEADERSHIP

- A global company of over 2000 employees
- Operations in 20 countries with additional business partners based in over 30 countries
- More than 40 years of automotive industry experience
- Largest automotive B2B community in the world
 - 80% of the Top 20 Global OEMs
 - 82% of the Top 100 Global Automotive Suppliers
 - 90% of the Top 20 Automotive Suppliers in North America
 - 85% of the Top 20 Automotive Suppliers in EMEA
 - 70% of the Top 20 Automotive Suppliers in ASPAC

GXS cloud-based B2B solutions enable automotive companies to deploy scalable B2B trading platforms anywhere in the world. GXS can provide connectivity to all trading partners across the automotive value chain irrespective of the automotive business processes that need to be supported, the communication protocols being used or the document types being exchanged. GXS cloud-based B2B solutions help companies address the following key business issues:

Providing Global Supply Chain Interoperability

Automotive companies need to be able to connect with trading partners located anywhere in the world using the most appropriate communication and document standards. As automotive production lines tend to be Just-In-Time (JIT) in nature, uninterrupted flows of business documents are critical to manufacturing operations. The Advanced Ship Notice (ASN) is probably the most important EDI document exchanged between a supplier and a vehicle manufacturer. The ASN must be exchanged in near real-time with minimal disruption. GXS enables automotive companies to exchange business documents electronically in a secure, fast and reliable fashion. In addition to providing mediation between any communications protocol or document standard, GXS offers automotive companies:

- Support for industry-specific communication standards such as Internet-based OFTP2 protocol
- Interconnections to the regional automotive networks such as the North American Automotive Network Exchange (ANX), European Network Exchange (ENX) and Japanese Network Exchange (JNX)
- A multi-data center, high availability infrastructure with data replication and automated failover
- Local support in all major manufacturing center around the world including Europe, North America, Brazil, China, Japan and South Korea

OFTP2, THE NEW COMMUNICATIONS STANDARD FOR THE GLOBAL AUTOMOTIVE INDUSTRY

OFTP2 is a new Internet-based communications protocol that has been developed by the ODETTE organization. OFTP2 allows any type of file including very large files such as CAD/CAM files to be exchanged securely over the Internet. OFTP2 uses a combination of data encryption, secure socket layers and exchange of digital certificates to ensure that files are exchanged across the Internet with ease.

Case Study: French-Based Vehicle Manufacturer

This company is one of the largest high-volume vehicle producers in Europe. They have significantly expanded their production operations in recent years and have established both direct and joint venture operations in nearly all the major car producing markets around the world. Global expansion led to an internal initiative to improve control, visibility and the efficiency of their global supply chain and manufacturing operations. They established a project to consolidate and streamline communications and logistics-related information across their extended enterprise. GXS Trading Grid® Messaging Service (TGMS) was deployed to consolidate all global trading partner communications onto a single EDI platform. GXS TGMS has helped this company simplify the on-boarding of trading partners around the world and helps ensure that production critical ASN documents are delivered from their suppliers to their production plants within a predefined delivery window.

Delivering Increased ROI on ERP Projects

The global nature of the automotive industry has led to multiple ERP instances being deployed as new plants are opened in different countries around the world. One of the most common IT projects being undertaken today is to consolidate the number of ERP instances onto a smaller, more manageable set of platforms.

Changes to ERP applications often impact the business transactions being exchanged with suppliers, customers and logistics providers. The internal data structures associated with forecasts, releases, shipment notices and invoices may change. For major ERP projects such as migrating from a proprietary, legacy application to a vendor platform from SAP for example, the maps which convert data into EDI formats must be completely rewritten. At a minimum, the maps and transaction flows will need to be tested prior to deployment of the new ERP system to ensure that functionality remains intact. ERP testing efforts create resource challenges for IT organizations, which may have thinly staffed B2B e-commerce programs.

GXS can provide a scalable, flexible resource to help keep ERP projects on schedule and under budget. GXS has a broad experience of providing integration services to automotive companies who want to integrate to ERP platforms such as SAP and Oracle. Our Managed Services can help to:

- Ensure that projects remain on time and under budget through the use of scalable resources and knowledge gained through many previous ERP/B2B integration projects
- Achieve much faster ROI from the implementation of new ERP modules or adoption of new transaction types with rapid on-boarding of trading partners
- Reduce risk of connectivity loss impacting production operations due to the ERP/B2B integration platform being hosted on a highly available B2B environment
- Establish a “firewall” around your ERP applications. This ensures only clean and accurate data enters the ERP system and any further downstream business systems

Expanding into Emerging Markets

Over the past 10 years much of the growth in the automotive industry has come from the BRIC markets of Brazil, Russia, India and China. A second wave of emerging markets such as Thailand, Vietnam and Indonesia are now beginning to receive an influx of foreign investment and development. In addition to selling vehicles in these fast growing markets, automotive manufacturers are keen to take advantage of the lower cost production opportunities and skilled workforces of these countries. Local governments are offering extensive financial incentives to encourage manufacturing investment within their borders. However, to take advantage of sales and manufacturing opportunities in emerging markets, automotive companies must be able to on-board new dealers, customers and suppliers in these regions quickly. Sensitivity to budgets, resources and experience levels is especially important in emerging markets. Many of the smaller trading partners are likely to have limited B2B integration skills.

GXS offers a number of on-boarding and community management tools which allow even the smallest trading partner to exchange business documents with an automotive company. For small trading partners, GXS enables companies to exchange information via simple web forms or Microsoft Excel spreadsheets. Additionally, our Managed Services offering includes a comprehensive trading partner on-boarding service. GXS can work directly with your trading partners to educate, consult and implement new B2B integration projects. As a result, GXS can enable you to:

AUTOMOTIVE COMPANIES FACE SIGNIFICANT ERP/B2B INTEGRATION CHALLENGES

In a recent study conducted by AMR Research, many automotive companies said they had experienced significant delays caused by ERP/B2B integration issues. Other findings from the study included:

- 89 percent of respondents said they had experienced delays with ERP projects due to B2B integration issues
- 79 percent of respondents said they had lost B2B connectivity
- 61 percent of respondents said they were consolidating multiple disparate B2B gateways on to a common integrated platform
- 40 percent of the data feeding ERP systems is generated externally
- 79 percent of respondents have exceptions or problems on more than one percent of inbound B2B transactions

- On-board suppliers or establish a manufacturing presence in a new region in a much shorter time frame
- Avoid disruption across manufacturing operations as new trading partners can be connected to the B2B platform very quickly
- Improve the overall response time from trading partners and encourage greater participation in B2B-related processes

Tracking Spare Parts or Finished Vehicles

As manufacturing has become distributed around the world, there has been a growing need to improve the way in which spare parts and finished vehicles are tracked to their final delivery destination. Full end-to-end visibility of shipments can be difficult to achieve, especially when goods have to pass across increasingly complex supply chains comprised of many international borders and transported via different multi-modal logistics partners. Tracking shipments or finished vehicles in order to gain visibility into expected arrival times and actual inventory levels can be difficult to achieve without having high levels of connectivity to logistics partners in place. The ability to inform a customer of expected delivery dates for spare parts or vehicles through improved supply chain visibility can help to significantly improve customer satisfaction levels.

GXS offers a number of web-based solutions that provide the supply chain visibility needed to enhance customer/supplier integration and collaboration. Our suite of SaaS-based Active Applications offer:

- Full end-to-end visibility of transactions across parts suppliers, logistics providers and border control agencies
- A single portal by which to view the status and location of shipments from multiple carriers across multiple modes of transportation
- A pre-configured network of transportation carriers and third-party logistics providers which can be leveraged without the need for on-boarding

Case Study: Japanese-Based Motorcycle Manufacturer

This company was faced with the problem of improving the visibility of spare parts distribution to their global network of dealers. They were using manual processes, resulting in lost purchase orders and shipping information. They also had no advanced planning for shipments, resulting in slow receiving processes, and frequent receiving errors which resulted in overall poor supplier performance. GXS ActiveSM Logistics solution was implemented to handle advanced ship notices with inbound supplier shipments and drop shipments directly to their customers. They managed to obtain improved purchase order lifecycle visibility and eliminated lost purchase orders through the extensive automation of manual processes. Overall they realized a faster, more accurate receiving process, decreased inventory levels across their global dealer network and improved supplier performance. GXS Active Logistics provided improved visibility into their global parts distribution network, providing a real-time view of purchase order transactions and parts shipments. They also realized significant improvements in customer satisfaction levels as they were able to respond much more quickly to dealer requests for spare parts.

THE EMERGENCE OF THE SOCIAL SUPPLY CHAIN

GXS RollStream provides a powerful supply chain focused collaboration and community management tool. It helps to improve the way in which companies engage with their trading partner communities. GXS RollStream, sometimes referred to as the “LinkedIn for the Supply Chain” helps to manage the day-to-day relationships with a community of trading partners.

GXS RollStream can be used for a number of different communication activities including on-boarding and performance management, compliance and risk management and dispute resolution. GXS RollStream not only helps to speed up the supplier on-boarding process, it also helps to improve the ongoing communication and management of a trading partner community.

Digitizing Accounts Payable

The global nature of the automotive industry means that automotive companies have to process hundreds of thousands of invoices per year. In addition to the sheer volume of invoices that have to be processed, automotive companies have to ensure that they comply with the various country-specific regulations that exist around the world. While regulations are often similar in purpose, the specific requirements vary significantly by country. For example, certain countries require invoices to be digitally signed; data archiving requirements vary between six and eleven years depending on which countries are involved with the invoice.

In order to speed up the invoicing process, reduce costs and help to ensure suppliers get paid promptly, many automotive companies are digitizing the accounts payable process in order to remove paper-based invoices from the payment process. Implementing an e-invoicing solution not only helps to automate manual paper-based processes but, it also helps to introduce greener ways of doing business with your key suppliers. To remove the complexity of exchanging e-invoices across member countries of the European Union the Odette and VDA organizations are introducing a new e-invoicing standard, VDA4938, which can be used to exchange e-invoices across the European automotive industry.

GXS provides full e-invoicing services that enable you to:

- Electronically exchange invoice-related documents with your suppliers and enjoy straight-through processing to your accounting system
- Quickly, easily and cost-effectively on-board your suppliers. The closer you get to 100% supplier participation, the greater your return
- Easily comply with country-specific regulations for e-invoicing while addressing common data quality challenges

Also, because GXS's services are in the cloud, you can achieve all this without having to purchase additional software, change your current infrastructure, or deal with the increasingly complex task of ensuring compliance with local regulations.

Why GXS for Automotive

GXS has the broadest global coverage of any B2B integration provider with direct operations in 20 countries and local support for 15 languages. GXS has a presence in each of the major automotive manufacturing centers around the world, including the US, Canada, France, Germany, UK, China, Korea, Singapore and Japan. GXS works with all the important automotive industry associations including AIAG in North America, ODETTE, GALIA and VDA in Europe and JAMA in Japan.

GXS B2B solutions help automotive companies to:

- Provide interoperability to all regional networks such as ANX, ENX and JNX as well as provide support for the latest communication protocols such as OFTP2
- Ensure that ERP projects remain on time and under budget through the use of scalable resources and knowledge gained through many previous ERP/B2B integration projects

- Enter new markets and on-board suppliers in any region of the world, allowing accelerated growth in emerging markets
- Improve end-to-end visibility of both spare parts and finished vehicles. Knowing when a customer shipment is due to arrive at the destination helps to improve customer satisfaction levels
- Digitize accounts payable process, remove paper-based transactions from the supply chain, and increase the speed with which suppliers get paid

About GXS

GXS is a leading provider of B2B e-commerce solutions and operates the world's largest and most expansive network of integrated business communities. The company's software and services simplify and enhance businesses process integration and collaboration among networks of trading partners. Organizations worldwide, including more than 75 percent of the Fortune 500, use GXS solutions to extend their supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility.

Based in Gaithersburg, Maryland, GXS has operations and offices around the world. For more information, see <http://www.gxs.com>, <http://blogs.gxs.com> and <http://twitter.com/gxs>.



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