

ONE SOLUTION FOR ALL PARTS



Shared Stock is Only Half the Stock

Rhiag uses the TecCom solution TecCMI with MAHLE and other part suppliers

The original wholesaler activities are purchasing, stocking, selling and delivering goods – in the Automotive Aftermarket this means parts for vehicles and garages. Things have changed considerably in this branch in recent years. The car industry has shortened its model cycles, bringing more new models to market, selling special models with more extras and including more components and systems in their cars. And then there are more foreign cars from near and far. For a wholesaler who wants to provide high availability it means more different parts in his inventory. All these extra parts tie up more capital and take up more stockroom space that needs to be built and paid for.

The Italian company Rhiag S.p.A. is one of the leading wholesalers for mechanical and electrical parts in the Italian Automotive Aftermarket. Milan-based Rhiag has two central stockrooms and 17 locations to deliver parts to around 5.000 customers – all local and regional part dealers. This expanding company is faced with growing challenges. From 1999 to 2008 the product line will more than double from 35,000 articles to 80,000. At the moment Rhiag stocks 80 product lines with 70,000 parts from the most important suppliers. This meant expanding the stockroom volume by 60 percent from 2000 to 2004. In order to match this with economic performance, Rhiag looked for ways to manage its supply chain more efficiently and to improve its service level.

At the beginning of 2005, Rhiag and MAHLE Aftermarket GmbH started to discuss the use of the TecCom solution TecCMI from MAHLE to Rhiag. This came right after Mahle had successfully started a pilot project with a German customer. The TecCom Collaborative Managed Inventory (TecCMI) – a stock controlled by both trader and supplier – complements the TecCom B2B platform according to the motto,

”Shared stock is only half the stock.”

The new service helps traders and supplies to optimize their inventory by working together. This reduces the total inventory capital and also sinks shipping costs by avoiding expensive special deliveries. Traders benefit from simple order processing and can provide their customers higher part availability. Both sides have more transparent stock management with TecCMI. TecCMI uses historical data and daily stock values to forecast order quantities, order times and sales numbers.



Monica Bozzolli,
Supply Chain Team Leader at Rhiag

After the first presentation in March 2005, Rhiag could tell that this was the way to go for transparency and cooperation with its suppliers. The focus was on sales forecasting, orders, optimized inventory and better throughput. Two months later Rhiag decided to start a pilot test with the fastest-turning articles from the filter and motor part specialist MAHLE. Data was available in June and the kickoff

with employee training was in September. In March 2006 MAHLE’s B articles were added to the program.

The way TecCMI works is simple. At fixed times Rhiag sends its most important stock data (inventory, sales, usage, incoming, reservations, open orders) to TecCMI. TecCMI then calculates the optimized order quantities and dates. The TecCMI cockpit gives supplier and customer the same view of the

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predicted result. If the order takes place, the details are transferred to the customer's MMS. This eliminates inventory differences. The system is set up to consider also reservations, backlogs, open orders and dates – the best basis to manage part sales and regulate stock.

Rhiag is proud of the results. Rhiag now handles 900 articles or 75 percent of the MAHLE product lines using TecCMI. Order frequency has been raised from twice to four times monthly. The standard lead time of A and B parts has been halved from 20 to 10 days. For C articles it has been chopped from 30 to 16 days. Optimization of inventory is a natural

consequence of shorter turn times. Rhiag estimates that by the end of 2006 – that is after one year – the stock cost reduction can reach up to 600,000 Euros. This will be achieved by improving the part availability of four percent to over 90 percent.



Central warehouse of Rhiag near Milan, Italy

The numbers speak the loudest. Rhiag believes in TecCMI, and not just for short-term goals. "Inventory and service level optimization are possible because we have a common system with our main suppliers for forecasting and planning. With TecCMI, TecCom helps us to further develop our Supply Chain strategy of external integration," confirm unanimously Walter Coletta, Supply Chain Director, and Monica Bozzoli, Supply Chain Team Leader at Rhiag S.p.A.

Due to its success, the CMI project is important to Rhiag, which now plans to connect all its main suppliers to TecCMI. A pilot project is already underway with LuK Aftermarket Service; Contitech Antriebssysteme GmbH and ZF Trading GmbH will soon follow.

About Rhiag

The Italian company Rhiag S.p.A. is the leading wholesaler for mechanical and electrical parts in the Italian Automotive Aftermarket. Milan-based Rhiag has two central stockrooms and 17 locations to deliver parts to around 5.000 customers – all local part dealers. At the moment Rhiag S.p.A. stocks 80 product lines with more than 70,000 parts from the most important suppliers.

Rhiag S.p.A. is part of an international group focused on the spare parts Automotive Aftermarket that also includes Italy based Bertolotti S.p.A., Rhiag Group Ltd in Switzerland, Elit CZ .Spol. S.R.O for customers in Czech, Slovakian, Ukrainian, Romanian, and Polish markets, as well as Lang Kft in Hungary.

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About TecCom

TecCom is the market-leading B2B platform for the European automotive replacement part market. The TecCom solution shortens, simplifies and automates order processing for part manufacturers and wholesale traders. Online dialog allows users to see availability, clarify delivery dates, order replacement parts, and receive confirmation of orders, delivery notices and invoices. Today more than 7,000 traders and 80 part suppliers use TecCom.

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