



CUSTOMER STORY

Delphi

Delphi saves millions with SO99+

Challenges

The supply chain management team was under increasing pressure to pull inventory out of the business and achieve high service levels with less safety stock. This needed to be achieved in a large scale environment. The business has 59,000 stocked SKUs, receives about 17,000 order lines per day, and has more than 700 suppliers.

Industry

- Manufacturing - Automotive Parts

Solution

- Demand Planning
- Inventory Optimization
- Replenishment

Results

- Customer service levels improved by 6-7 points, from 91-92% up to 98%.
- Inventory was reduced from \$47 million to \$43 million, a \$4 million reduction in the first year

Company Overview

Delphi is a world leader in vehicle electronics and transportation components, integrated vehicle sub-systems and modules.

Project & Objectives

Delphi's aftermarket parts business operates in a challenging environment. Their market expects customer service levels in high the 90s with serviceability of products extending back 15 years. The supply chain management team was under increasing pressure to pull inventory out of the business and achieve high service levels with less safety stock. This needed to be achieved in a large scale environment. The business has 59,000 stocked SKUs, receives about 17,000 order lines per day, and has more than 700 suppliers.

Day to Day

Within a few months, the process for fulfilling spare parts orders was quickly revamped. The SAP R/3 system now feeds data into a parts database and inventory file. SO99+ takes this information, applies analytic models, and generates replenishment proposals. These proposals become the basis for parts orders, which are finalized in SAP. The overall process both identifies the inventory needed to fulfill orders and models in-transit and safety stock to minimize inventory while maintaining high service levels.

Results & Benefits

Customer service levels were improved by 6-7 points, from 91-92% up to 98%. At the same time, inventory was reduced from \$47 million at the beginning of the project to \$43 million, a \$4 million reduction in about a year, followed by an additional \$2 million improvement the following year.

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