

No Time to Spare



Renault Relies on JDA for Cost-Effective Overnight Fulfillment

Renault Fast Facts

Industry

Manufacturing – Automotive & Industrials

Headquarters

Boulogne-Billancourt, France

Description

Founded in 1899, Renault has established itself as the leading brand in the European light commercial vehicle market. In 2010, the company sold more than 3 million vehicles, for total revenues of €38,971 million (\$52.15 billion USD). Renault sells these vehicles under three brand names: Renault, Dacia and Renault Samsung Motors. With operations in 118 countries and 18,000 commercial sites, Renault has over 122,000 employees in its worldwide operations.



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Bruno Danré,
Program Manager,
Renault

Objective

Support overnight delivery of spare parts throughout Europe while minimizing inventory investments to improve cash flow.

Solutions

- JDA[®] Demand
- JDA[®] Fulfillment
- JDA[®] Monitor
- JDA[®] Reporting

Services

- JDA Education Services
- JDA Implementation Services
- JDA Support Services

Alliance Partner

- Logica

Real Results

- Achieved full payback in first year of implementation
- Decreased inventory levels while maintaining service level
- Increased productivity of the planning team
- Improved global inventory visibility



Since 1899, European automotive leader Renault has built a reputation for quality, innovation and service. A critical part of this equation is the automaker's spare parts business. Headquartered in France, Renault's spare parts operations for Europe are supported by two master warehouses and a network of dozens of distribution centers scattered across Europe.

Renault has made an ambitious promise to its customers: If a spare part is ordered by 4:00 p.m., it will be delivered to the customer site by 8:00 a.m. the next day. Since Renault's own supplier lead times range from two to eight weeks — and Renault stocks more than 200,000 distinct spare parts items — fulfilling this promise represents a sophisticated logistics challenge. While 5,000 of these items

represent 95 percent of customer orders, it is critical that Renault maintains adequate coverage for every single item.

"It's very hard to deliver every spare part overnight, but we need to respect this commitment across our European markets," said Bruno Danré, program manager at Renault. "We need a global supply chain that's very strong in order to accomplish that goal."

Historically, Renault was able to honor this customer commitment by maintaining high spare parts inventory levels across its complex European distribution network, which includes up to five tiers of suppliers, dealers and regional distribution centers. However, changes in the worldwide economy forced Renault to re-examine its high inventory investments.

"Automotive companies don't have big margins, so we are very sensitive to the economic environment," explained Danré. "In addition, natural disasters and political unrest can significantly disrupt our worldwide supply chain."

In 2009, Renault began to focus on freeing up cash flow and creating a more flexible supply chain instead of a fixed, but highly efficient, supply chain. In its spare parts business, Renault began a project to maintain its high service level while reducing its inventory level.

In evaluating supply chain solution providers, Renault was guided by a precise methodology. "We have a corporate scorecard that begins with the main business requirements," said Danré. "We interviewed software editors, then we made a proof of concept to check their answers. When we narrowed the field to two companies, we organized a performance test to make sure the supply chain solutions would be compatible with our environment."

Ultimately, Renault chose JDA Software, implementing JDA Demand, JDA Fulfillment, JDA Monitor and JDA Reporting. "The robustness of the solution was an important topic. We wanted a proven solution, and JDA had one. We wanted a solution that could manage our big volumes. We wanted a companion that was able to follow up and support us anywhere in the world," said Danré. "JDA answered all those needs."

Renault's focus on innovation also played a role. "JDA has a product that is very famous in retail," noted Danré. "We wanted to bring the best ideas in retail to our spare parts logistics. We were looking for a major breakthrough, and we wanted to make it happen quickly."

A Low-Risk, Phased Implementation

One of Renault's approaches to minimize risk centered on a phased implementation of JDA solutions across its 200,000 items.

"Our first step was to implement a pilot very quickly in order to convince everyone that the JDA solutions worked and would give us the savings we needed," said Danré. "We also wanted to collect feedback and address any user issues."

After three months, we implemented the JDA solutions in connection with our other systems, with all the functionality needed to support 70 percent of our spare parts. At the same time, we worked on change management in our business, which was a tough subject.”

“We made the decision to have the two systems — the legacy system and the new JDA solutions — run in parallel. We progressively filled the JDA solutions with new spare parts, very slowly at the beginning, only 50 spare parts per month,” explained Danré. “Once everyone was trying out the JDA tools and every user had a good level of support, we changed our deployment phase to 10,000 spare parts per month.”

Throughout the implementation, Renault has relied on JDA for support and guidance. “I think the right word to summarize our relationship with JDA is ‘partnership.’ When we have had any issues, JDA has been a good partner to find us an answer very quickly, as fast as possible,” said Danré. “We have worked with them to improve forecast accuracy, and we attended a lot of workshops that have enabled us to improve our use of their tools — and also to improve our results. I think that’s the right word, a strong partnership, and we believe that JDA is listening to our ideas. We have a good relationship with them.”

A Dramatic Change at Many Levels

The JDA solutions quickly made a difference in Renault’s spare parts operations. “Before JDA, we had a decentralized organization,” noted Danré. “Every distribution center was doing local optimization, without any view of what happened before and after in the supply

chain. Now, thanks to JDA, we have a global view of every stock in every distribution center — and we can make the right decision for the customer.”

The JDA solutions have allowed Renault to achieve a centralized calculation of inventory drivers, replenishments and forecasts — while also being able to understand the local nuances of its distribution centers. Renault has been able to maintain its same levels of product availability, while dramatically reducing its redundant safety stocks.

“Our management is very happy to have this global supply chain optimization, but our end users are just as happy with the graphical specificity of the tools,” said Danré. “The graphical view helps us go much faster in our analysis. The big surprise was the user-friendliness of the JDA solutions.”

A Rapid Return — and a New Competitive Edge

Renault is not only pleased with the direct impacts on its daily business processes, but also with its long-term payback on its investment in JDA solutions. “When we did the project, what was very important was to have a payback that was less than one year,” said Danré. “Now, one year later, we can say that we achieved this objective.”

“Our return on investment [ROI] was mainly based on the stock coverage,” Danré explained. “The idea was to keep at least the same service level or to improve it, but this was very difficult to achieve in terms of inventory turnover. That’s why we measure our ROI based on the inventory reduction that we have achieved, while maintaining the stock level required to meet our overnight delivery promise.”

According to Danré, as automakers continue to face economic challenges and global uncertainty, their supply chain capabilities are emerging as a key competitive advantage. “Our supply chain is now the heart of our company because it’s a way to differentiate Renault not only against our automotive competitors, but also against companies that focus just on spare parts. We can differentiate ourselves based on price, but also on our ability to deliver the product the next morning. Our supply chain is very important for us, and JDA helped us transform from an efficient supply chain to an agile supply chain.”

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA’s multiple service options, delivered via the JDA® Private Cloud, provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

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