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MANAGE

By Lawrence S. Gould, Contributing Editor

surveying the automotive e-business landscape

As an automotive supplier, where do you go to transact automotive e-business?

You hop onto the 'net and then what?

You've got a lot of roads in front of you.

Automotive OEMs and suppliers are facing quite a hodge-podge of business-to-business (B2B) options. There are a bunch of software, service, and network providers. There are software applications galore, many now hosted by application service providers of some sort. For trading exchanges, there's one 800-pound gorilla, plus a plethora of spot-market exchanges. It's confusing. It's going to get more confusing. Here are some highlights for automotive suppliers to look at.

THE TRADING EXCHANGE

Since we last wrote about **Covisint** (see *AD&P*, April 2002), the company has gone through a change of senior management and *natch!* a transition in corporate strategy. The company's focus isn't purely on product anymore, which still includes auctions, catalogs, electronic request for quotation (RFQ) tools, portals, and messaging. Rather, explains Wes Arrington, executive vice president of global operations for Covisint (Southfield, MI), "Our mission is connecting the industry on a global basis, and getting the industry to move to standard, common business processes. If we can achieve that, we're golden."

Here's another change: Covisint is aiming to be "more supplier centric," says Dan Jankowski, senior vice president of global communications for Covisint (Southfield, MI). Arrington deadpans that Covisint's OEM-centricity was "not necessarily something the suppliers have been fond of." Suppliers didn't see "a lot of value [in Covisint]. It was still too costly for the smaller players." So Covisint is repackaging its products. This way, Tiers 2, 3, and beyond can get more value out of Covisint, without having to pay for unneeded bells and whistles.

Meanwhile, Covisint still follows its "browser enable everything" design philosophy. It still provides portals with single sign-on simplicity to a variety of OEMs and automotive suppliers. It still hosts application, such as those from partners like **MatrixOne, Inc.** (Chelmsford, MA) and Powerway, Inc. (Indianapolis, IN), with the added fillip of customizing the software vendors' out-of-the-box software for the automotive industry. In September, Covisint released Covisint Auction 5.10, which includes attributes that let bidders provide optional discounts or additional costs over their standard quote. In October, the company released a new version of its Quote Manager, an electronic RFQ management tool.

When asked if Covisint is the only game in town, Arrington answers that OEMs and suppliers can get bits and pieces of e-business from a variety of other providers. “However, our unique thing is that we’re positioned for the automotive industry. And we’re broader than procurement.”

THE TRANSPORT MECHANISM

ANXeBusiness Corp. (Southfield, MI) is connected to exchanges, such as Covisint and e-STEEL, but it is not a trading exchange per se. It provides products and services, such as electronic data interchange (EDI), to supplement a connection, say, to Covisint, but software is not ANX’s *raison d’être*. The perception is that ANX is automotive in nature, but its services are for all industries, such as pharmaceutical.

Officially, ANX is a company offering a multi-provider virtual private network. Alex Preston, president and CEO of ANX, has a better description: ANX is the “business Internet.” What does that mean? Think of ANX as a parallel virtual universe—parallel to the “public” Internet we’ve all grown accustomed to. “We offer the same ubiquity and the same ease of access that the public Internet offers,” continues Preston, “but we guarantee performance, security, throughput, and packet loss across the network on a global basis.” For example, one-way packet transport across the ANX network—end-to-end, globally—is guaranteed under 125 msec.

Guaranteeing business-grade electronic distribution service on a global basis is one thing. You also need services. In fact, as many services as possible. So, like the public Internet, ANX invites service providers onto its network. This encourages competition and offers “choice” to service users—that’s the OEMs and the Tier 1 to mom-and-pop automotive suppliers. Today, over 1,400 trading partners subscribe to the ANX network, including 90% of the automotive Tier 1 suppliers. (Interestingly, many Covisint customers ask for ANX to be their preferred mechanism for delivering Covisint services.)

Mind you, ANX also provides software services. ANXVelocity is a suite of EDI/transaction-processing products hosted on the ANX network. Besides mailbox and data management, a key ANXVelocity service is message brokering; that is, the service provides real-time data translation for any-to-any data broadcast between Edifact, XML, RosettaNet EDI, and other open or proprietary data standards. This obviates the conventional solution: hard coding material requirements planning, enterprise resource planning, or other back-office systems so they can perform whatever data transla-

tions are needed for the various companies data are being transmitted to.

Unlike conventional value-added network providers that price data communications at a variable rate based on usage (such as message size, number of messages, and time of day) ANX provides data communications and data translation services at a flat rate. This ensures predictable monthly billing for B2B transactions. Obviously, continues Preston, “we charge a premium price for business-grade network access. But once you’re sitting on ANX, you can send as much data as you want, whenever you want, to anybody in the ANX community—and you’re going to know what the pricing is.”

Visteon Corp., for example, found its process for transmitting data to its suppliers was inefficient (transmitting individual documents averaged almost 3 hours), costly (significant kilo-character charges as well as lost productivity in manual document tracking), and unreliable (documents were frequently lost requiring manual monitoring and ongoing re-transmissions). By implementing ANXVelocity, Visteon reduced monthly fees by 67% and reduced average document transaction times by 64%—within 30 days of implementation.

Another ANX product, ANXMatrix, gives employees, suppliers, and customers access from outside the corporate firewall (that is, remotely) to corporate applications. Last is ANXTunnelz, a set of products for managing virtual private networks (IPSec tunnel implementation and management).

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THIRD-PARTY SUPPLIERS

In addition to these heavyweight players, there are private exchanges, as well as public exchanges that have gone private. e-STEEL Exchange, operated by **NewView Technologies Inc.** (Bethesda, MD), is a privately held e-marketplace for the global steel industry. e-STEEL and Covisint are partners. “If someone is buying steel through Covisint, they’re buying through e-STEEL,” explains Paul Strzelec, vice president of marketing for NewView.

There are also software vendors that have moved from providing software *inside* an enterprise to run a variety of business functions, to providing business services from *outside* the enterprise. These business services range from customer management to supply chain logistics to product development. These "point solutions" are provided on the network by the software vendors or by third-party service providers.

Here are three such suppliers:

- **B2eMarkets** (Rockville, MD) provides software for formalizing into software a company's sourcing strategies, including negotiation, supplier evaluation, retaining sourcing and category-specific knowledge, and supplier performance management.
- **MatrixOne** provides enterprise-wide lifecycle management, integrating collaborative product development, strategic sourcing, and supplier relationship management under one Web-based software system.
- **Powerway** provides a Web-based collaborative workplace so that OEMs and suppliers in an extended enterprise can see quality program performance data in real time, thereby eliminating the paperwork in advanced product quality planning.

These suppliers, and many more, help provide some of the e-sizzle to Covisint and ANX, as well as to other trading exchanges and networked communities. For instance, Powerway.com is integrated into Covisint's Advanced Quality Planner module, which is accessible through the Covisint portal or, say, Ford's portal.

By the way, trading partners can mix-'n-match as they want. Explains Al Salerno, B2eMarkets' director of automotive business group, Ford is using Covisint for auctioning, Oracle for eRFx events (RFQs, RFIs, RFPs), and B2eMarkets for strategy formulation and supplier development.

CLOSE TO THE CHEST

Some companies, continues Salerno, want to keep "certain elements of their business absolutely internal." They run certain applications as licensed software, not as a hosted service. "They believe there's so much know-how related to how they run their world-class business and business processes. Their critical processes are never going to leave their domain."

While OEMs and suppliers want to provide best practices to suppliers, they're averse to sharing a process that they

used to own. Matt Emmert, NewView's product marketing, automotive and industrial solutions, explains it this way: "Do I as an OEM or supplier really want to put my core competency, my most sophisticated processes and the way I interact uniquely with my suppliers, out there for the world to see? What's my alternative? But if I [don't share my processes], I can't effectively get everybody participating in my business."

That's where companies like NewView come in. The third-generation Supply Network product (SN3) from NewView brings a company's unique business processes to the network so it can be distributed—yet that company can still manage the activities associated with those business processes. The operative word here is "unique," which is in contrast to the standard templates and workflows that trading exchanges provide.

Ford, for example, uses SN3 to deploy the Ford buying program for purchasing over \$1 billion annually in raw materials. Ford sponsors this differentiated process, which executes over 170 network business processes—from material sourcing to delivery and claims resolution—with over 400 supplier sites, over 1,000 users, and hundreds of thousands of network interactions in the "extended" (outsourced) procurement environment. Suppliers merely surf over to the Covisint portal and punch into the Ford buying program. This, in turn, launches those suppliers into Ford's buying process, which is built on NewView technology. This process includes coordinating daily business interactions with materials suppliers, providing supplier performance measurement, and providing purchasing visibility into Ford's supplier network.

Note: For suppliers, no new software is needed to participate in a uniquely Ford program. Instead, Ford has distributed its business process through a web browser to its suppliers for their involvement.

Note also that other procurement processes are available simultaneously on, say, Covisint.

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