

## Automation at auto importer-distributor drives better cash flow and inventory turnover

Solution from IBM and Strategic Business Systems means dealers get which vehicles their customers want most



*“[The new system] has generated considerable savings of labor and time, and it has improved efficiency across the company.”*

Luis Fraticelli, CIO,  
Plaza Motors

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### Overview

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- **The Challenge**

*Plaza Motors' IT system for vehicle distribution needed replacement because it required a lot of manual intervention and didn't automate labor-intensive functions, such as volume planning and vehicle allocation*

- **The Solution**

*DB2® running on IBM eServer® iSeries™ 820 and Vehicle Distribution System 2.0 from Strategic Business Systems*

- **The Benefit**

*Significant improvements in personnel efficiency, cash flow and inventory turnover*

While sophisticated computers in automobiles make driving easier and safer, they also drive the operations of motor vehicle original equipment manufacturers.

Plaza Motors, which imports Mazda vehicles in Puerto Rico and the Caribbean, needed to improve its vehicle distribution process. Its existing homegrown computer software required manual intervention for certain daily operations. In addition, it lacked automation of key business processes, including volume planning and vehicle allocation.

The importer-distributor's senior management concluded that its existing IT system couldn't be updated effectively to meet the demands of a rapidly changing business in which profits

hinge on having the right quantities of the right vehicles in the right places at the right time.

#### Client drew up wish list

So the managers drew up a list of criteria to evaluate potential solutions from independent software vendors (ISVs). They wanted a complete packaged solution that would:

- Address current and emerging business needs
- Include best practices used in the vehicle import business around the world
- Provide greater productivity
- Be installed gradually without disrupting other business applications
- Have a proven record of success.

## The solution at Plaza Motors meets current and emerging business needs and includes best practices of the vehicle import business

### Benefits

- Senior managers save 30 days a month collectively
- Stronger cash flow because inventory turnover increased significantly
- Vehicles are allocated more efficiently to dealers
- Dealers have real-time access to inventory

*“Some of my friends tell me horror stories about other DBMS products they’ve inherited. In over 20 years, DB2 has a flawless record with my company and our customers.”*

John Myers, managing director,  
Strategic Business Systems

One ISV proposed a solution but would only take the job with an all-or-nothing installation for Plaza’s entire business operations -- finance, vehicle distribution, after-sales product support, parts, product service, warranty and dealer communications. That is to say, it wanted to totally replace all of Plaza’s systems in one fell swoop.

But Strategic Business Systems, an IBM Business Partner, had a better approach. Its solution, running on IBM hardware and software, would be installed in steps -- improving Plaza Motors’ operations one part at a time. As a result, business wouldn’t be interrupted and risk would be reduced. The solution also had richer function, especially in vital areas, such as vehicle allocation and volume planning.

Strategic Business Systems also brought a proven track record in Puerto Rico, where it previously had provided systems to another vehicle manufacturer. It has worked successfully for two decades in the motor vehicle industry.

Plaza Motors has been reaping the benefits ever since.

### Wishes delivered

Luis Fraticelli, Plaza Motors’ chief information officer, said the new system “is almost like having an additional constant stream of revenue. It has generated considerable savings of time and labor, and it has improved efficiency across the company.”

The system manages and processes vehicle retail sales forecasts. For better volume planning, the system considers historical data as well as local demand and special promotions. Its vehicle allocation feature allows equitable distribution of vehicles to dealers who now have real-time access to inventory to better meet market demand.

Although Plaza Motors considers specific dollar savings to be proprietary information, the company knows the system has significantly improved its dealers’ turnover because vehicles are allocated more efficiently. At the same time, better volume planning has led to improved inventory turnover for Plaza.

Plaza Motors also now has a significantly streamlined workflow, plus accurate, timely report generation. Tasks previously done manually are handled automatically. The company also is more comfortable about a robust, secure database.

Fratlicelli said the new system saves 30 days a month of senior level managers' time collectively. But perhaps most important, cash flow is stronger because the system reduces order-to-retail processing time.

The solution Fratlicelli and his colleagues chose is based on an IBM eServer iSeries 820 running DB2, along with Vehicle Distribution System 2.0. from Strategic Business Systems.

Plaza Motors has been the importer-distributor of Mazda vehicles for Puerto Rico and North American Virgin Islands since 1971. The company headquarters is in the District Palms Industrial Zone of Catano, Puerto Rico.

#### **Business partner calls IBM platform industry's best**

It is the beneficiary of the close relationship between Strategic Business Systems and IBM. Here's how John Myers, managing director, Strategic Business Systems, put his company's collaboration with IBM into context:

"While working with over 20 motor vehicle manufacturers, we've had the opportunity to learn and incorporate the motor vehicle industry's best practices in our software packages. Our partnership with IBM has helped us implement these ideas on the best IT platform in the industry.

"The heart of any business application is the Data Base Management System (DBMS) it runs on. IBM's DB2 has never missed a beat for our customers. Some of my friends tell me horror stories about other DBMS products they've inherited. In over 20 years, DB2 has a flawless record with my company and our customers."

Located in Ramsey, New Jersey, Strategic Business Systems was founded in 1982. Myers said the company provides automotive companies "with proven, time-tested solutions to address the post-manufacturing operational requirements of motor vehicle manufacturers, importers, OEMs and distributors."

### **Key Components of the Strategic Business Systems Solution**

#### **Software**

- IBM DB2
- OS/400 i5 with i5/OS
- Vehicle Distribution System 2.0 from Strategic Business Systems

#### **Hardware**

- IBM eServer iSeries 820

He noted his company offers both modular and complete implementations. "Our systems can be implemented in a stepwise manner to allow an orderly transition from legacy applications," he said. "This approach was helpful with Plaza Motors. They were concerned about the risk of a complete systems replacement and wanted to take a measured approach. You can't blame them. There's a lot at stake when you make major changes in your IT infrastructure."

#### **IBM middleware vital to many offerings from Strategic Business Systems**

Strategic Business Systems installs packages that include IBM products, such as

WebSphere® Application Server, WebSphere Portal, DB2 Universal Database and Lotus Workplace running on the iSeries and i5 with i5/OS or Linux®.

Strategic Business Systems participates in the IBM ISV Advantage Initiative, a program designed to provide ISVs with technical and marketing support to meet the specific needs of small and medium (SMB) customers.

The software provider also participates in the IBM PartnerWorld for Industry Networks, Web-based communities that integrate and organize the PartnerWorld experience for ISVs by industry.

The initiative offers ISVs industry expertise, technical assistance, networking opportunities and marketing and sales support.

Strategic Business Systems participates in the industry network for automotive, and it enjoys "optimized" status, which means it has developed further automotive specialization by optimizing its applications with IBM on demand technologies, achieving success with its own on demand solutions and other criteria.

Other industry networks are in banking, education and learning, fabrication and assembly, financial markets, government, healthcare and life sciences,

insurance, media and entertainment, retail, telecommunications and wholesale.

"The PartnerWorld Automotive Industry Network clearly demonstrates that IBM understands the value of industry marketing. Now, I have one place to go to connect with IBM's efforts in any automotive company. This is great," Myers said.

Clients like Plaza Motors realize the advantages of joint offerings from IBM and Strategic Business Systems. The importer-distributor now has an IT operation that runs as smoothly as the well-tuned vehicles its dealers' customers are eager to drive.

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#### For more information

For more information, contact your IBM sales representative or IBM Business Partner. Or, you can visit us at: **ibm.com/ondemand**

For more information about ISV resources from IBM PartnerWorld, visit: **ibm.com/partnerworld/isv**

To learn more about Strategic Business Systems, visit: **sbsusa.com**

To learn more about Plaza Motors visit: **mazdapr.com**



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