Automotive and ERP in the Experience Economy
Key Business Drivers in the Automotive Industry

30% of manufacturers are predicted to use innovation marketplaces by 2022, raising margins 5%

90% of large enterprises will generate revenue from data as a service by 2020

>50% of OEMs are investing in IoT to support connected service

STRATEGIC PRIORITIES

Customer Centricity
• Focus on the end customer
• Capture feedback across the end-to-end customer journey
• Responsibility of all departments

Serving the Segment of One
• Provide solutions that fit the needs of a single customer
• Capture customer requirements and enable mass customization

Digital Smart Products
• Drive differentiation and specificity from digital capabilities
• Deliver products with self awareness of technical health and operational status

“Brand management around products and services is becoming the primary marketing focus for the connected OEM.

OEM systems must adapt to managing data directly from product performance to enable new service and business models.”

Simon Ellis, Program Vice President, IDC
New Routes to Consumers Are Driving New Business Models

Routes to market for automotive industry companies have proliferated, leading to the emergence of new business models. They aim to take advantage of opportunities for sustained, value-added relationships with consumers seeking “outcomes” instead of just “products.” It’s all about building long-term relationships with consumers based on a deep, frequently real-time understanding of their evolving wants and needs.

From …
- Selling products
- Static, one-size-fits-all experience
- Reactive, push-based marketing
- Limited analytical capabilities

To …
- Delivering outcomes
- Dynamic, highly personalized experience
- Value-added recommendations
- Real- and full-time analytics
Traditional Processes Are No Longer Good Enough
Example: Enabling Subscription Billing
Manual collection of usage data or highly resource-intensive IoT integration delays and errors in usage data.

Sales and contracting must be re-architected or built from scratch, disjointed customer-facing processes result in slower time to market, frustrated customers.

Sales and contracting occurs manually, outside of ERP, limited follow-up, siloed planning.

Difficult rollout and execution of new subscription model.


Outcomes:
- Difficult rollout and execution of new subscription model
- Slower time to market, frustrated customers
- Delays and errors in usage data
- Dissatisfied customer
Enabling Better Customer Experiences in Automotive
Example: Intelligent Subscription Billing
Key capabilities delivered

- Easy integration with IoT networks
- Single platform for transactions and analytics
- Elimination of manual data entry
- Real-time tracking
- Automated usage data collection increases accuracy and customer satisfaction
- 46% fewer customer complaints with real-time billing and invoicing
- 10%–20% increase in customer satisfaction

Intelligent technology outcomes

- Just-in-time triggering of maintenance orders
- Intelligent resource identification and assignment
- Real-time analysis of asset health
- Built-in support for use-based billing
- Integrated billing with individualized contracts
- Automated invoice generation
- Consolidated billing
- Intelligent line-item matching

SAP S/4HANA® customer achieve

- Integrated business model design
- Flexible new product/service design capability
- Intelligent simulation of pricing conditions
- Support for digital offerings
- Support for subscription or usage-based models increases revenue
- Integrated processes improve customer centricity of sales engagements
- Automated usage data collection increases accuracy and customer satisfaction
- Simplified billing with customer-specific terms increases retention

- 5%–10% decrease in operations analysis and reporting
- 10% improvement in sales order accuracy
- 10%–20% increase in customer satisfaction
- 7%–12% decrease in operations analysis and reporting
- 5%–10% decrease in sales analysis and reporting
- 5%–10% increase in customer satisfaction
- 10%–20% increase in customer satisfaction

Support for subscription or usage-based models increases revenue
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What **Industry Leaders** Are Doing Today

Examples
What Industry Leaders Are Doing Today

Indus Motor Company

Challenges

• Needed to gain competitive edge with improved product and service quality
• Implement a complete end-to-end solution, enabling sales forecasts from dealerships to flow efficiently to primary suppliers and manufacturers.
• Gain real-time insights into data to improve customer service, ensure timely delivery of products

SAP S/4HANA Innovations

Indus Motor Company deployed the SAP S/4HANA® Enterprise Management solution with IBM and enabled materials management, planning production, and better finance controls.

Benefits

• Reduced supply chain risks and unplanned downtime
• Maximized manufacturing capacity and minimized costs
• 95% faster material requirements planning
• 10% improvement in sales order accuracy
• 20% reduction in defects per unit
• Real-time tracking of customer deliveries, helping ensure compliance with service-level agreements
• Lower risk of supply chain disruption
• Faster manufacturing turnaround time to meet demands

“One of the things that impressed us most about SAP S/4HANA was its **built-in, real-time analytics capabilities**. Thanks to SAP S/4HANA, we are achieving the digital transformation that will help us strengthen our competitiveness in a fast-moving marketplace.”

Faizan Mustafa, CIO, Indus Motor Company Ltd
What Industry Leaders Are Doing Today
National Electric Vehicle Sweden

Challenges
National Electric Vehicle Sweden needed a robust order-to-delivery chain to support the manufacturing of electric cars in a new China plant while enabling the car body production in the existing Sweden plant. At the same time, the company was looking to modernize IT for financials and procurement in both countries so it would be able to create financial and operational visibility and transparency throughout the company, with integrated systems covering the end-to-end process from incoming order to delivery of the car.

SAP S/4HANA Innovations
National Electric Vehicle Sweden implemented SAP S/4HANA and created a business-processes blueprint for the order-to-delivery chain across plants globally based on HPE’s proven templates for SAP for automotive solutions. It integrated the legacy system and SAP software to enable a quick start of production in the Sweden plant and leverage SAP Fiori® apps for simple transactions like approvals.

Benefits
• Established a robust IT platform to support global expansion
• Unified group-wide business processes
• Modern order-to-delivery process chain
• Capability with unified group-wide business processes aligned to NEVS
• Business plans and strategic direction
• Integration of new Chinese plant with full performance transparency

“Understanding all aspects of the cost of development from end to end is crucial, and SAP S/4HANA offers many advantages we can capitalize on. After all, being in tune with the marketplace – and adjusting your cost base accordingly – is invaluable.”

Conny Janson, Vice President IS/IT, National Electric Vehicle Sweden AB
As a young start-up, Karma Automotive manufactures cars that are rolling pieces of art powered by next-generation hybrid technology. The company is accelerating its response to market dynamics with a solid foundation of real-time insight, empowering every employee to make the right decision every time.

**Challenges**
- Needed a single, always-on internal platform to support company-wide decision making
- Demanded greater visibility into the customer experience and vehicle performance
- Required a dealer platform that simplifies transactions and customer engagement

**SAP S/4HANA Innovations**
Karma Automotive established one integrated platform enabled by SAP S/4HANA and a suite of cloud solutions. They use preconfigured industry best practices to bring new business models to market quickly and continue to co-innovate with SAP in areas such as machine learning and the Internet of Things.

**Benefits**
- Real-time access information for improved decision making
- One platform for a single version of the truth
- Simplified interactions with customers and the dealer network
- Enhanced quality control through a mobile user interface, which helps inspectors document problems, take photos, and recommend solutions and gives the business and its dealers real-time visibility

“From order through delivery, we have one system of record, one version of the truth, and one platform to ensure **100% customer satisfaction**.”

Mikael Elley, Vice President and CIO, Karma Automotive