

SAP Customer Success Story

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Alan Cseresznyak, Vice President, TMHU



AT A GLANCE

Company Name

Toyota Material Handling USA
United States
www.toyotaforklift.com

Industry

Automotive/(lift trucks)

Key Challenges

- Stop relying on parent company's IT system
- Streamline interactions with dealers
- Integrate vehicle, warranty, and service parts processes
- Reduce costs by eliminating expensive frame-relay network
- Provide e-commerce capabilities to corporate customers

Solution and Services

- SAP® R/3®
- SAP for Automotive solutions
- SAP NetWeaver™

Existing Environment

Various silo systems

Implementation Highlights

- Created portal-based links with 150 dealer sites
- Integrated with sister companies' finance and manufacturing systems

Key Benefits

- Reduced turnaround times, from two days to two hours
- Reduced costs, including \$1 million in network costs per year
- Strengthened customer/dealer relationships

TOYOTA MATERIAL HANDLING USA

REAL-TIME CUSTOMER SALES AND SERVICE – THE TOYOTA WAY

In looking for a new IT solution, executives at Toyota Material Handling USA (TMHU) knew they did not want to create their own system or use an assortment of best-of-breed technologies. “We’re large in dollar volume, but small in number of people, and we didn’t feel it would be in our best interest to develop our own software or spend time on integrating various systems,” says Alan Cseresznyak, vice president of TMHU. “So we worked with a third-party consulting firm to evaluate enterprise resource planning packages, and it determined that SAP for Automotive solutions were the best fit for us.”

THE NEED FOR A CHANGE

In April 2001, TMHU became a stand-alone company after many years as a division of Toyota Motor Sales USA. Headquartered in Irvine, Calif., the company now handles sales and marketing for the full line of Toyota industrial equipment vehicles – the number-one-selling lift truck brand in the United States.

After being spun off from Toyota Motor Sales, TMHU continued to rely on the parent company’s information systems on a shared-services basis. “But,” says Cseresznyak, “we needed a new system to support us, because the existing systems we were using were not specifically designed for the industrial equipment business.”



For example, Cseresznyak explains, industry-specific reports were difficult to pull out of the systems, and warranty, parts, and vehicle management systems were not integrated. In addition, TMHU was linked with its dealers across North America through a relatively expensive frame-relay network, rather than the Internet. And the systems were not Web-enabled. To support the many large corporate customers that wanted to work with TMHU online, the company had to build an individual site for each customer, which was both time-consuming and expensive.

COMPREHENSIVE FUNCTIONALITY FOR A PERFECT FIT

In 2003, TMHU implemented SAP® R/3® software for finance and logistics (now available in mySAP™ ERP) as well as software from the SAP for Automotive set of solutions for vehicle, warranty, and service parts management. The company also used SAP NetWeaver™ portal technology to provide Web-based communications with customers and to allow more than 80 dealerships with some 150 locations to perform a variety of transactions with TMHU.

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With the software in place, TMHU can now track each individual vehicle throughout its entire life cycle using integrated vehicle, warranty, and financial information. Dealers, too, can access a wide range of information from the SAP software. “The portal gives the dealer a view of our data. It basically extends our systems out to our dealers,” says Michael Gunn, national manager of TMHU.

Through the portal, dealers can get quoted lead-times and special design quotes, place and confirm orders for vehicles and parts, register warranties and claims, and submit financial statements – among many other things. “They can see up-to-date production lead times – which is critical in this business,” says Gunn. “And they can see what components are available for spec changes on a vehicle, and make changes to their orders in real time.” Once vehicles are in production, the dealers can keep close track of the status of their orders online.

To manage warranties, dealers and TMHU employees can both access all warranty-related information, including payments and reimbursements. Because the warranty system is integrated with the TMHU vehicle management system, people can cross-check vehicle and warranty information with a few clicks of a mouse, rather than having to navigate through numerous screens.

The SAP solution gave TMHU a comprehensive, integrated package that was ready to go without extensive modification. “In essence, SAP had already preconfigured the solution for this business. It had an industry-specific solution that would provide the vehicle management system and the warranty functionality we required as a distributor of industrial equipment,” says Cseresznyak. “That’s something the other providers didn’t show us. They all started off with a general product and told us they could customize it to meet our needs.”

INCREASED EFFICIENCY, BETTER DECISION MAKING

TMHU has seen a number of solid business benefits from the new solution – starting with reduced operating costs. By moving its dealers to an Internet-based network, the company has been able to save about \$1 million a year in network costs alone.

The SAP portal technology has also made it possible to automate processes and let dealers handle a wider variety of tasks on their own, helping TMHU keep its headquarters staff lean. Internal efficiency has increased as well, with less time spent on pulling

information together from across silo systems – and with the availability of higher-quality data for the business. “Because SAP is such a tightly integrated product, we now have accurate revenue and cost information on a per-unit basis,” says Cseresznyak. “That means we can monitor our historical financial performance more effectively and make better-informed management decisions.”

TMHU has also increased its responsiveness to customers. For example, Gunn notes that it used to take two days to process and confirm a dealer’s changes to order specifications. “Basically, the

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dealer had to call our order desk, which would then change the order on our system. That would then go to the manufacturing system, then back to the TMHU order desk, and the people there would confirm the change with the customer.” Now, the SAP order processing system synchs up regularly with the manufacturing system at TMHU’s sister company that builds the vehicles. As a result, says Gunn, what was once a two-day process now takes about two hours – or less. Similarly, the warranty system lets TMHU and its dealers interact in real time – rather than via mail and fax – to sort out claims.

In terms of supporting corporate customers, the Web-enabled SAP software lets TMHU more easily provide those large buyers with access to product specifications and order-tracking information. The company is now using SAP NetWeaver portal

technology to expand on those capabilities, and give corporate customers the ability to place and track orders and manage their fleets of lift trucks online.

The company is now planning to tighten its links with dealers and customers even more, using SAP remote customer relationship management (CRM) capabilities. “We’ll be able to extend our systems right out to the salespeople visiting customer sites, and actually create quotes for vehicles right there in the field,” says Gunn. “That information will then flow forward through the order and sales process and aftermarket support.” TMHU also plans to integrate the mySAP™ CRM solution with its Web site to automatically route online leads to the appropriate salesperson based on the inquirer’s ZIP code.

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INTO THE FUTURE WITH SAP SOFTWARE

Looking ahead, Cseresznyak says that the SAP solution provides a solid base for ongoing improvements to the business.

For example, accurate, timely information about warranty claims and costs can be analyzed to help the company resolve production or quality problems early on. “We think that we’ll be able to work proactively to take corrective action, rather than waiting until we have a lot of additional claims,” he says. “That should ultimately lead to lower costs.” Similarly, the ability to monitor the changes made to product specifications will help TMHU better understand trends in customer demand, and enable it to take action to ensure that it has the right components on hand.

Overall, as new technologies emerge and business needs continue to evolve, the SAP solution will enable TMHU to keep pace, says Cseresznyak. “We have a solution from a company that we feel is strong enough – financially, from a research and development standpoint, and from a market-share standpoint – to keep providing us with the tools we need to better manage our business,” he says. “That was one of the main reasons we selected SAP software – we felt that it would lead to future advantages. We really feel that SAP provides a solid platform for TMHU to build on well into the future.”