

AFTER MARKET SOLUTIONS

**PARTS CONCESSION APPLICATION
(PCA)**

REFERENCE CASE

**Volvo IT Delivers Increased Profitability
to Mack and Volvo Trucks Parts Sales & Marketing**

By introducing automated concession tracking, Volvo Truck NA and Mack Truck Inc's (North American Trucks) Part Sales & Marketing has realized the following benefits:

- Cost reductions
- Increased efficiency and operational excellence
- Innovation for the customer
- Strategic business and IT alignment
- The ability to manage profitability of parts sales.



The issue

North American Truck's Part Sales & Marketing department was using a time-consuming and costly method of tracking parts concessions allowed for dealers. Volvo IT was challenged with the task of designing a system to automate concessions tracking and provide accurate and timely responses to dealers.

The Volvo IT solution

In the spring of 2007, Volvo IT delivered the Parts

Concessions Application (PCA) to North American Trucks' Part Sales & Marketing. Implemented within budget, scope, and the desired timeframe, the PCA solution has delivered increased visibility into the concessions process.

Using PCA, District Parts Managers have access to the information they need at their fingertips. For each part in the system, the user is able to access its cost and price in order to calculate profit margins on the fly. This has been a significant shift from a manually-intensive to an automated process and

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has resulted in gains in the efficiency and speed of processing concessions requests. Increased flexibility is also an advantage, as District Parts Managers can access the system from the field and give a dealer an estimate on the spot.

An Overview of PCA's Capabilities

- Enabling District Parts Managers (DPMs) to enter accurate concessions for their dealers
- Providing DPMs access to accurate pricing and cost to assist in making sales
- Allowing DPMs to make informed decisions by calculating new prices and margins based on the discounts entered
- Notifying DPMs when a concession is approved and activated into the pricing system.
- Ensuring that approval and escalation guidelines are followed based on strict system checks
- Systematically moving the concession through the approval and escalation process
- Creating feeds into the North American Parts Pricing system, so that the legacy parts systems receive automatic and quick concession updates
- Notifying approvers with email that concessions need approval.

The benefits

PCA is an open-ended system enabling NA Trucks Part Sales & Marketing the ability to more effectively manage profitability on parts sales. Additional benefits include:

- Cost reductions
- Increased efficiency – This automated system takes less time for the District Parts Managers to make concessions requested by their dealers and ensures the accuracy of those concessions prior to submitting them for approval

- Increased operational excellence – Provides the customer with an accurate, easy, efficient, and central method for submitting concessions
- Innovation for the customer – Improves District Parts Managers insight into effects of discounts on margins
- Reduces phone calls and emails to the administrators
- Streamlines the approval process
- Provides an audit trail for S-Ox compliance, making it easy to see who made changes and what the changes entailed

Migrating from manual processes to an automated way of working was a fairly easy transition for the business. After four hours of training and a little hands-on time, the sales staff was ready to help customers place orders. Mark Kahane, Manager of Business Performance, stated that PCA has “streamlined the process and given control to the field personnel.” With the implementations of PCA, the business is able to assist the customer without the frustration of long delays waiting for approvals.

Solution at Glance

- Visibility to manage profitability of parts sales
- Access to parts pricing information in real-time
- Ability to estimate concessions on the fly
- Built-in workflow for concessions approval
- Integrated with multiple legacy applications
- Expandable for future needs, including enhanced forecasting and reporting

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