

Bombardier gets big time on the rails

This company attracted the judges' attention for its head-on attack on material costs, harnessing software that standardises free-form data across multiple legacy systems

bombardier Transportation expects to make a 30% materials saving within three years on the back of a software tool that sees and standardises data across legacy systems.

The firm has squared up to an extreme challenge: after years of acquiring and consolidating businesses it had more than 70 databases in eight legacy systems containing an apparent 2.8 million parts from some 200,000 suppliers. What's more, those were distributed as more than 9 million records in five languages.

Bombardier looked for a solution that could improve and consolidate its data records for orders, parts, materials and suppliers' names and addresses – while also improving its business logic and integrating with its IT infrastructure. "Getting a harmonised view of our supply chain was a major driver," says Kevin Carrick, project director for SAP Services at Bombardier.

It chose Trillium Software's TS Quality software tool to cleanse, standardise and link disparate records. That enabled processes to handle materials, parts and product information for the entire set of legacy systems to be developed and implemented in two six-week phases.

Company-wide success

In the first six weeks the company loaded, standardised and linked all 1.6 million German parts into its SAP Business Warehouse. During the second six weeks, another 1.2 million items were re-coded. The result: whereas before Trillium less than half of the data records had accurate codes; now the system matches 88% of records and those cover 96% of Bombardier's parts and materials. The software now interprets free-form text, finding commodities, parts and products.

Issues on the way: having legacy databases with fields for specific codes doesn't guarantee they've been populated properly. In one large ERP system, for example, the team found that of 1.6 million parts, 1.4 million had been assigned the same dummy code '999'. But getting this right has been the key to enabling serious savings, not least by streamlining Bombardier's \$1.3bn procurement operation and reducing inventory.

On the procurement side, early estimates were of 3–5% saved annually by negotiating better contracts based on a business-wide view of supplier relationships. It's the difference that can be made when you discover that one supplier, thought to be taking a \$4–5m spend,

is actually taking \$135m! In fact, getting quantity discounts reviewed, reducing the admin around contacts and rationalising the overall supplier base makes its forecast saving seem very conservative.

As for inventory reductions, having an up-to-date, unified view has enabled Bombardier to save massively. For example, it can now use surplus stock from one location at another, and that has also eliminated weeks, sometimes months, of lead-time for specialty parts. The firm has also eliminated rarely used and obsolete parts – with the results rippling through the supply chain and allowing better inventory management, increased on-time deliveries and faster repairs.

Beyond that, reports that used to take six months are now done weekly, and data for strategic analysis and business intelligence is distributed across the whole team. Bombardier adds that its newly unified customer view has also increased up-sell and cross-sell success. Further, because sales have a better understanding of product and parts lifecycles, production and procurement can anticipate and plan for demand, both in manufacturing and marketing. ■

Key Benefits

- Cut Bombardier's \$1.3bn procurement operation by 30%
- Significant spares inventory reductions
- Eliminated weeks of lead-time for specialty components
- Increased on-time customer deliveries
- Faster repairs
- Business reporting achieved weekly rather than in six months

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