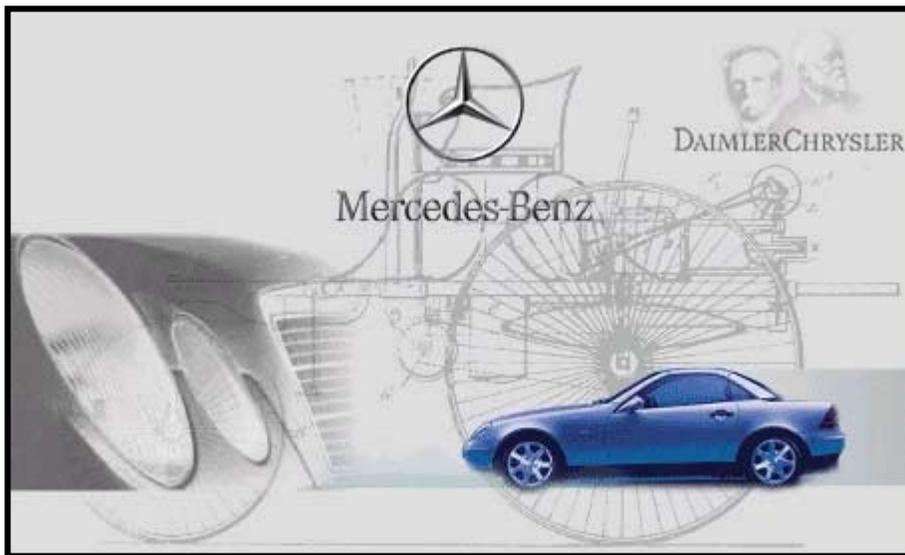# ERP the Mercedes way

Think about this **CUSTOMER SERVICE** feature for a moment.

Daimler-Chrysler's premier line, Mercedes Benz, now offers customers the option of taking delivery of a new SUV at the factory where the vehicle is built. Not only that, the company will arrange airport transportation and child care, conduct private tours of the factory, and even provide a test drive in the new vehicle on the company's test track! Pretty cool, huh?

To make this customer service program work, Daimler Chrysler had to find a system that would coordinate the numerous logistical tasks in a cost-effective manner. The answer--**ERP!**

The software selected by Daimler-Chrysler allows direct links between the manufacturing process and the company's web site so retailers can show customers available delivery dates and time slots at the factory. The retailer selects a date and time, then creates an itinerary for the customer. The software then immediately coordinates this reservation with all other Mercedes Benz US information systems so that the vehicle is ready on time at the right location. It also completes all internal record keeping.

Thanks to the efficiency of the system, Mercedes-Benz US International can create and validate 1,800 orders per hour and automatically generate material requirements and bills of material for 35,000 vehicles per hour.

The results? Mercedes has managed not only to improve its customer relations by providing a top-flight service, but also to demonstrate its commitment to the customer by making them an integral part of the process. The customer has, in effect, become part of the production team!

What a concept!!

Other corporate ERP examples

Barnesandnoble.com – used ERP to integrate multiple business systems covering 15 million products into one...with real time data retrieval and analysis.

Cargill – has developed an integrated customer information library that streamlines reporting to customers, and has cut costs of integrating additional information sources by 85%.

Pfizer – migrated its FDA drug review submission process to an electronic system. It has netted the company $142 million in savings due to shorter cycle times and easier search and updating methods for FDA reviewers.

The hardest part

What is the hardest thing about implementing 100% E and ERP? The cost? The training? Data Conversion? Security?

All are good guesses, but according to a recent Electronic Government Forum, the hardest thing about e-government initiatives is getting government agencies to work together.

Some 77% of central government and 90% of local government Internet project managers agreed that working together is essential for the success of electronic government. Almost half, however, detailed serious difficulties doing so.

Working in isolated silos, turfiness, and territorial protection seem to be age-old issues in today's workplaces.

State Information Technology leaders, including Iowa CIO Richard Varn, agree that cross-agency applications can save money and benefit citizens, according to a recent report in Civic.com. So how do we break down barriers?

Working together, across government agencies, begins with a commitment to cooperate. It means making

the effort to understand each other's operations and discover common goals. It means rising above turf wars and fear of change.

The rewards will be better customer service, a government able to do more with limited resources and tightening budgets. It also means providing State employees news challenge and experience in emerging technologies and new business processes, less duplication of effort, less red tape and smarter government.

So when it comes down to it, it's up to us – to think outside the box, make new connections, blur the lines and find ways to work together. Cooperation is key for ERP and 100%E.

Purchasing Card Benefits State

One component of ERP is the creation of more efficient purchasing processes. One purchasing process improvement already implemented is last year's State of Iowa Purchasing Card (MasterCard) program. It has already generated savings for the State by providing an easy, convenient and flexible way to make small dollar **business** purchases.

The six-month pilot program, which concluded in April 2000, included five departments (DGS, Vets Home, Public Health, DOT and DNR) with a total of 103 cards issued. Total purchases amounted to $111,670 covering 1,407 transactions yielding an average transaction of $79. The transaction processing cost savings was conservatively estimated to be $42,000.

As of February 2001, twenty-six departments were participating, with a total of 452 cards issued. February purchases amounted to $44,462 covering 590 transactions yielding an average transaction of $75. The processing cost savings for February was estimated to be $17,000.

The major benefits of the card:
- consolidates the payment of invoices - we make just one monthly payment to the bank instead of paying multiple

vendor invoices (substantial savings on transaction processing)
- reduces cycle times of various processes (increasing customer satisfaction and improving operations)
- enables staff to spend more of their time on higher value-added activities (empowerment)
- provides an additional tool for managing expenditures, i.e. point of sale parameters and cost management reports (can be more secure than the traditional purchase order process)
- more merchants will accept a card than a purchase order (flexibility)

Enrollment in the program was extended to all State institutions/agencies April 19, 2000 at the business managers/purchasing agents quarterly meeting, and May 5, 2000 at the financial managers meeting. To learn more about the program and enrollment, contact Randall Stapp at 242-5005 or randall.stapp@dgs.state.ia.us.

ERP presented to legislative committees

Cynthia Eisenhower, Director of the Department of Management, recently discussed the ERP project in depth with the Administration & Regulation and the Oversight Appropriations subcommittees. Joining Cynthia were other department heads involved in developing the ERP proposal; Gerry Bair – Revenue and Finance; Mollie Anderson – Personnel; Dick Haines – General Services; Rich Varn – ITD.

Cynthia noted that redesign of the budgeting process—an ERP cornerstone—has begun. She emphasized that e-procurement is the area which has the greatest potential for immediate savings. She explained that a number of state agencies manage their own purchasing systems, but have been involved in the planning of the ERP project. Thus, these agencies may likely opt to move to an integrated ERP purchasing system in the future.

Legislators asked many good questions and seemed to be favorable towards the ERP concept. The main point of future discussions will likely be the funding options for the project.

The Deloitte & Touche study on a prospective Iowa ERP migration plan is available on the ERP Website. Printed copies of the report are available from the project manager, Sharon Sperry (sharon.sperry@its.state.ia.us), upon request.

Visit the ERP Website!

For the latest information on ERP, please visit the ERP website at:
http://www.state.ia.us/government/its/ERP/index.htm

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