



Digital transformation and your automotive company

Understanding how digital technologies will affect your industry and how to get started

The aim of digital transformation is to go beyond merely automating a process or reducing costs, and to differentiate your company in significant ways from your competitors.

According to a report from the [World Economic Forum](#), the digitization of the automotive industry has the potential to generate significant value for both industry and society. Their report indicates that there is \$0.67 trillion of value at stake for automotive players and \$3.1 trillion of societal benefits as a result of digital transformation of the automotive industry by 2025.

In this paper, we'll explore the benefits of adopting a digital strategy. We'll also provide advice on how to get started, including the value of a team approach for deployment, and give you details on the six teams you should form as part of your digital journey.

Automotive industry turns to digital technologies for change and growth

The global automotive industry's pace of change is in overdrive. Automotive leaders are challenged to launch new products and models more quickly, operate leaner, meet increasingly complex product requirements, efficiently achieve regulatory compliance, and manage growth without adding resources. While these challenges have been frustrating for many, the industry is increasingly optimistic about growth, thanks to the potential impact of digital technologies.

Now is the optimal time for manufacturers in the industry to update processes in order to take advantage of new opportunities.

Frost & Sullivan sees digitalization transforming the hardware-driven automotive sector to a software- and solutions-focused industry. According to their research, consumers' evolving expectations for a fully digital lifestyle and demands for new and innovative services will transform the automotive industry.

Manufacturing operations offer perhaps the greatest opportunity for companies across all segments of the automotive industry to streamline their operations to boost profits. Tech-savvy organizations can even try to claim a leadership position within their industry. With such high stakes, it's important to devote considerable time and talent resources to help ensure that the transformation is a success.

Creating teams

According to R "Ray" Wang of Constellation Research, you need at least six teams simultaneously working on various components of the transformation in order to be successful. In the recently published report, "**Nine Entry Points to Digital Transformation**," Wang provides research-driven insights about launching a digital plan, including the value of a team approach.

Automotive manufacturers have already been exploring a team approach through bimodal IT. **Ford Motor Co. has adopted such an approach**, splitting IT into two divisions. One division focuses on core IT competencies, while the other is dedicated to emerging technologies like robotics, ride sharing, and automated driving.

This approach makes sense given the tremendous changes underway in the automotive industry and the information technology management challenges they introduce. But it's really not anything new in the industry, having been used by automotive companies for many years.

Now, the same approach can provide a path to digital transformation. With that in mind, let's look at the six teams Wang suggests you establish, explore each of their roles in digital transformation, and look at how these ideas apply specifically to the automotive industry.

Team 1: Incremental innovation team

This team should be tasked with creating faster, better, and cheaper capabilities in existing business models. This team will look for ways to tweak your systems, without throwing them away. For example, they might use advanced analytics to identify ways you can slightly alter your production process to reduce energy consumption—but not reinvent the whole process. Their projects are often quick wins and help meet immediate market demands, while other new business models or disruptive concepts are being developed. When building the incremental innovation team, look for individuals with broad automotive industry expertise, a passion for improvement, an understanding of your existing constraints, a firm grasp on customer needs, and a spirit of innovation.

Team 2: Transformational innovation team

These special operations people explore new business models to try within your organization, Wang writes. This team can explore how data can be turned into customer value or operational improvements. For example, they might suggest using artificial intelligence to power a “smart factory” that connects up to the Internet of Things (IoT) to automate tasks like creating schedules and managing workflow. Here, you’ll want people who are bold thinkers, have a passion for innovation, and can deal with abstract concepts.

Team 3: Concept-to-commercialization team

This team must figure out how to take a new idea from the transformational innovation team, incorporate that idea with your existing systems, and monetize it. This can be in the form of operational improvements that help you increase productivity and decrease defect rates. Often, this team will be made up of multi-disciplinary experts in incremental innovation, transformational innovation, and sustainability of operations. Seek out people with a high degree of creativity, disruptive thinking, understanding of your customers’ desires and motivations, as well as insight into what the market values—and will support.

Team 4: Culture team

This team is tasked with managing your organization’s overall attitude toward the digital transformation initiatives. While this must largely come from the top executives and be forged through example, a team dedicated to inspiring and building a sense of cooperation will also be helpful in achieving harmony through the design and deployment periods. For example, the concept-to-commercialization team may suggest working with a new supplier for a particular component. Your supply chain manager may have concerns about the supplier’s ability to get you all the parts you need, where and when you need them—which could severely impact your ability to serve your customers. The culture team would provide an objective view and broker a compromise where all sides win—including the customer. This team requires a diversity of thought across multiple disciplines, from accounting to quality assurance, to supply chain. The most important skills for culture team members are diplomacy and problem-solving.

Team 5: Governance team

Automotive companies have to easily communicate across their supply chain—both as a supplier to their customers using EDI, and with their vendors to meet the OEM mandates for MMOG/LE. The governance team is tasked with ensuring overall organizational alignment and success. “This team must provide the ground rules and framework to ensure successful coordination among a variety of business objectives. In some cases, this team sets up the partnership ecosystem for co-innovation and co-creation,” Wang writes. Team members need to have knowledge of the OEM mandates and government regulations to which your automotive company must adhere, as well as experience with setting policies and managing programs.

Team 6: Sustaining operations teams

Your automotive company may be trying to get a new product to market more quickly than your competitors, but you can't shut down the lines for your existing products while you refine your production processes for the new ones. You need to manage your supply chain effectively to quickly adjust to changing customer and market demands and be more responsive to unique customer requirements. If you want to keep your current customers happy while you undergo a digital transformation, you have to keep their priorities top of mind, and keep producing while maintaining your quality standards. In fact, it's more important than ever to prove to your customers that your company remains committed to existing offerings, even as you're exploring new opportunities and directions.

So, it's up to the sustaining operations team to keep the lights on and your customers happy. This team's goal is to keep your operation running efficiently, reliably, and cost-effectively, and to maintain an open line of communication with your customers. Here, you want people with strong attention to detail, a solid work ethic, and an understanding of the importance of sticking to standards and rules.

Start down the right path

Your automotive company may inherently understand that digital transformation is necessary to meet the demand for new, exceedingly safe and technologically advanced vehicles to meet the expectations of knowledgeable, tech-savvy customers—but it can still be intimidating. You likely have questions about how to get started and what technologies will have the greatest impact. That's why working with a technology partner is so important. The partner, who may already have completed several digital transformation projects, will be able to bring guidance and experience-driven insights to your initiative.

The team approach, as prescribed in this paper, will also make the daunting project seem manageable. When you break it down into the six core aspects, one for each team, the process becomes less overwhelming. Your executive team can focus on the overall digital strategy, while the teams focus on managing the day-to-day details. This can get you off on the right path to digital transformation success.

How Triumph embraced digital transformation to improve the customer experience

TRIUMPH

For more than two decades, Triumph Motorcycles has been based in Hinckley, Leicestershire, and has produced iconic bikes that perfectly blend authentic design, character, charisma, and performance. At the heart of Triumph's philosophy is a commitment and passion to develop unique motorcycles that offer a blend of distinctive design, intuitive handling, and performance in order to ensure its customers enjoy the perfect ride.

This focus on innovation and engineering has allowed the company to create a broad range of iconic bikes suited to all motorcycle riders. Triumph currently employs around 2,000 personnel worldwide and has manufacturing facilities in the UK, Thailand, Brazil, and India.

To stay competitive, Triumph needed to transform its business processes to become more agile and efficient, and better able to meet its customers' expectations in a rapidly evolving business environment.

As part of this transformation, the company needed to replace a host of legacy systems with a single manufacturing and communications platform, so it could better support manufacturing and assembly operations across its global facilities. In particular, Triumph wanted to adopt advanced analytics to evaluate production performance metrics on the assembly line, supply chain synchronization, including financial integration, and real-time reporting. This will help Triumph to exercise greater flexibility and efficiency across its global manufacturing and supply chain network.

With these tools in place, Triumph expects to be able to better serve its customers by providing them with accurate production updates along the way, and a firm commitment to a delivery date. The company believes that this improved control and communication will give them a true competitive advantage.

[Watch the video](#) to learn more.

Next steps

Take this information about the value of a team approach and recommended profiles of team members, and start to build your own digital transformation teams. You'll want to carefully assign personnel to each team and provide some guidelines about how the teams should function, such as how often they should meet, how they should define goals, and how you'll measure progress. You'll want to appoint a team leader and a communicator, who will be responsible for tracking issues, documenting decisions, and acting as the liaison to other teams and to the top-level executives supervising the projects.

Remember that all of the individuals tapped to be on a team have existing workloads and their schedules or assignments may need to be adjusted in order to take on this important project. Simply adding extra work to employees who are already stretched thin will not generate a positive approach or creative thinking. Also, consider rotating workers on the teams on a staggered schedule, so one or two people rotate off and new members come on the team every quarter. This infusion of new blood helps to keep fresh ideas flowing and shares the opportunity across more personnel, but doesn't set the team back to "step 0" with a whole-team change.

[Download the complete paper from Constellation Research to learn more](#)



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