

# Magneti Marelli

## improves supply chain visibility

Magneti Marelli is an international leader in the design and production of high-tech components and systems for the automotive industry. From lighting systems to Powertrain components, Magneti Marelli supplies the major automobile manufacturers worldwide. The company has industrial and R&D facilities all over the world.

The aftermarket division of Magneti Marelli, a €4 billion OEM company, saw an opportunity to improve supply chain efficiency by driving down costs and providing customers with precisely the part they need when they want it. As part of an overall strategic IT initiative, Magneti Marelli Aftermarket selected SAP for its ERP system, and Logility Voyager Solutions™ as its best-of-breed supply chain management system.

“The key problem in managing a multi-market company with a lean organization where marketing is a central function and sales are localized is not having real-time homogenous data,” said Marco Almerigogna,

aftermarket supply chain manager at Magneti Marelli. “We chose Logility as a ‘best-of-breed’ supply chain planning system to address this issue,” continued Almerigogna.

### Trojan Horse System

“Logility has enabled supply chain management to become the most important aspect of our business, acting as a ‘Trojan horse’ by changing the way our organization works—reshaping it to reflect the changing requirements of customers and the marketplace from the inside,” said Almerigogna.

Since implementing Logility, Magneti Marelli has set up local warehouses and standardized stock policies in each country across its global supply chain. Magneti Marelli divided its 20,000 SKUs and 25 product lines into ABC classification, **leading to a 15% reduction in stock while maintaining service levels.**

“Before Logility, we had one central warehouse and we managed the stock for each geographical area locally,” explains Almerigogna. “With central management, we can quickly adapt and change our stocking policies by part number and geographical region weekly if we wish.”

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### Marco Almerigogna

Aftermarket Supply Chain Manager  
Magneti Marelli



## A Closer Look

at Magneti Marelli

# MAGNETI MARELLI

### Facts

**Industry:** Automotive Aftermarket Parts

**Headquarters:** Corbetta (Milano) Italy

**Sales:** €4 Billion

**Profile:** Magneti Marelli is an international leader in the design and production of high-tech components and systems for the automotive industry. Magneti Marelli has industrial and R&D facilities in Italy, France, Spain, Great Britain, Germany, Poland, Czech Republic, Russia, Turkey, the U.S., Mexico, Brazil, Argentina, China, Malaysia and South Africa. The manufacturer supplies the world's major car manufacturers such as Renault, Citroën, Peugeot, Fiat Group, Ford, Volkswagen, Audi, Seat, BMW-Rover, DaimlerChrysler, GM-Opel, Volvo, Saab, Nissan, Toyota and Daewoo.

### Problem

With limited visibility into the supply chain, and forecasting managed under the marketing arm of the company, Magneti Marelli needed to improve stocking policies and demand planning while maintaining current service levels.

### Logility Solution

- Magneti Marelli implemented **Logility Voyager Solutions™** and increased its ability to react to sudden changes in demand patterns.

### The Bottom Line

- Ranked product lines with ABC classification
- Reduced stock by 15% while maintaining service levels
- Improved forecast accuracy
- Improved internal and external collaboration
- Moved forecasting responsibility to logistics department

## About Logility

*With more than 1,250 customers worldwide, Logility is the leading provider of collaborative supply chain planning solutions that help small, medium, large and Fortune 1000 companies realize substantial bottom-line results in record time. Logility Voyager Solutions feature performance monitoring capabilities in a single Internet-based framework and provide supply chain visibility; demand, inventory and replenishment planning; sales and operations planning (S&OP); supply and global sourcing optimization; manufacturing planning and scheduling; transportation planning and execution; and warehouse management.*



**Learn how Logility Voyager Solutions can help your company achieve success.**  
**1-800-762-5207**  
**+44 (0) 1932 846060**  
**[www.logility.com](http://www.logility.com)**

### Improved Forecast Accuracy

Logility has also helped Magneti Marelli improve forecast accuracy within the business. Traditionally forecasting was in the hands of product managers within the marketing organization. Now, forecasting is managed by the supply chain group with input from marketing. "We are now in a position to measure forecast error by letting Voyager Demand Planning develop the right forecasting model and using statistics from marketing to produce the best information available," says Almerigogna. This cross-functional responsibility and collaboration between teams is key to improved forecast accuracy.

With more accurate data throughout the business, Magneti Marelli can now analyze each product line by SKU. The logistics team identified **8% of the 20,000 part numbers that represent 90% of the business**, ensuring that they are each stocked locally in each geographical area. By centrally managing each warehouse location, Magneti Marelli can respond quickly to sudden changes in demand patterns. Slow moving parts have been moved to a central warehouse in Italy and obsolete parts are supplied to each local country's warehouse on an "as needed" basis.

### Collaboration with Suppliers

Having established greater forecast accuracy and internal collaboration, Magneti Marelli is now collaborating externally with key suppliers. By creating sourcing strategies with the suppliers, Magneti Marelli is able to reach agreement on service levels it receives from the suppliers. The ultimate aim is to use Logility to develop a website for all suppliers to have collaborative planning carried out electronically. The company's data warehouse currently picks up information from SAP and updates logistics information every week. "Rolling forecasts were previously updated every month which is fine for marketing," says Almerigogna. "But for logistics, Logility's ability to provide us with 'real time' forecasting is a major advantage."

The multi-functional team at Magneti Marelli has been able to more effectively control inventory, understand stock rotations, deal with slow-moving parts and develop accurate service level expectations. By articulating stock policies throughout the business and making more accurate forecasts, Magneti Marelli has been able to decrease the need for security stocks.

**Logility Voyager Solutions™** help companies like Magneti Marelli proactively forecast inventory, source, schedule, produce, store, transport and trace supply chain activities, in industries with distribution-intensive supply networks.

**Logility Voyager Demand Planning™** provides companies like Magneti Marelli comprehensive views of the past, present and future business so they can collaborate with trading partners in Internet time.

**Logility Voyager Inventory Planning™** enables companies like Magneti Marelli to invest in inventory in areas that make the biggest contribution to gross profit—while meeting customer expectations.

**Logility Voyager Replenishment Planning™** provides companies like Magneti Marelli visibility of future customer demands, corresponding product and material requirements, and the actions needed by suppliers to satisfy those requirements.

**Logility Voyager Solutions** enable you to:

- Increase revenue by improving product availability and eliminate stock-outs
- Boost customer service through product availability, accurate order fulfillment and on-time deliveries
- Streamline new product introductions