# VOLVO AERO SERVICES

## MAKING A DIFFERENCE IN THE AVIATION INDUSTRY

## QUICK FACTS

**Industry**
Wholesale distribution

**Revenue**
US$250 million

**Employees**
175

**Headquarters**
Boca Raton, Florida

**Web Site**
www.volvoaero.com

**SAP® Solutions and Services**
SAP® ERP application, including add-on software for discrete industry and mill products; SAP Global Trade Management application; SAP Customer Relationship Management application; SAP NetWeaver® technology platform

**Implementation Partner**
SAP Consulting

Volvo Aero Services Corp. is the exclusive distributor of surplus parts for Boeing Company and a leading provider of aftermarket parts and services for the aviation industry. It offers warehousing, financing, and repair management services and leasing of aircraft parts and engines. Part of the Volvo Group of companies, the company chose SAP® software to enable an evolving business model and to achieve operating efficiencies.

VOLVO AERO

### Key Challenges

- Implement a platform to support an evolving business model
- Retire disparate, outdated, and difficult-to-maintain legacy systems
- Improve reporting and auditing
- Increase visibility into core operations, such as inventory management

### Implementation Best Practices

- Minimal customizations
- Focus on change management and open communication
- Controlled project scope
- Heavy involvement of business owners and end users in business process modeling

### Financial and Strategic Benefits

- Support for unique business requirements previously modeled in existing systems
- Superior integration with suppliers and customers
- Improved inventory accuracy and visibility
- Increased visibility into product costs and market demand
- Better decision making via accurate data
- Better global collaboration with Volvo Group
- Faster response time to service requests

### Why SAP Was Selected

- SAP investment in the aerospace industry
- The software's ability to integrate with systems of partners and others in the extended value chain
- Use of SAP® software in parent company

### Low Total Cost of Ownership

- Elimination of multiple legacy systems
- Hosted solution using parent company's hardware and storage capacity
- 50% reduction in IT development resources
- 50% reduction in overall IT resources

### Operational Benefits

| Key Performance Indicator | Impact |
|---|---|
| Days sales outstanding | -15% |
| On-time deliveries (up to 97%) | +18% |
| Time for general ledger reconciliation | -50% |
| Accounts payable productivity | +33% |
| 1-day orders from receiving to cross-dock (up to 93%) | +35% |
| Billing productivity | +66% |
| Time to close books | -20% |



SAP®

"SAP software met most of our needs right out of the box."

**Kevin Flynn**, Vice President of Operations, Volvo Aero Services Corp.

**www.sap.com/contactsap**

## Narrative

An innovative provider of aviation parts and services, Volvo Aero Services Corp. helps keep airlines flying around the world. Whether it's landing gear for a commercial jet or a critical component for the latest turbofan engine, the company can provide more than 600,000 different parts to its 2,000 global clients. Part of the Volvo Group of companies, Volvo Aero Services offers a growing portfolio of solutions that address the industry's logistics, warehousing, repair management, and financing needs.

Today, Volvo Aero Services continues to expand as a service-oriented partner to the aviation industry. But this transformation was once hampered by a mix of highly customized and outdated IT systems. Decades-old applications lacked the agility to support new initiatives. While business and revenues were taking off, profits and operational metrics lagged behind on the tarmac.

## Getting Off the Ground

When replacing its aging infrastructure, the SAP® ERP application was a logical choice. Volvo Aero Services could develop new client services while leveraging core capabilities of the Volvo Group, where SAP software was already solidly in place. Further, because several suppliers and customers use SAP software, Volvo Aero Services knew future integrations would be relatively quick and inexpensive. During implementation, it focused on minimal customization and ensuring effective change management. It also benefited from the existing Volvo investment by hosting its software on hardware in Sweden.

## Soaring Benefits and Future Flights

Now, using a technology platform that integrates with both Volvo and industry partners, the company delivers its traditional and expanding services with greater efficiency. For example, with strategic partner Boeing Company, it shares real-time system communication and visibility of their common inventories. Customers benefit from faster quotes and easier online ordering. Improved reporting and data access enables ready access to detailed pedigree information on thousands of parts that it sells – critically important in an industry where customers require data such as point of origin, service hours, and maintenance history. Better information also has improved the quality of business decisions. Company buyers, now armed with forecasts of current and potential market demand, can assess the right time to purchase multimillion-dollar jet engines, for example, while sales personnel can price individual parts based on previous transactions.

Extending its service portfolio while leveraging the integrated strengths of the Volvo Group, the company can now offer clients entire engines with selectable services such as procurement, leasing, and financing – options particularly attractive to start-up airlines. It also provides tailored solutions that address clients' warehousing and repair management needs. Enhanced business processes and the elimination of manual operations in areas such as inventory and financial management have improved operating metrics. Financial reconciliation time has been cut in half, and response times to customer service requests have improved substantially.

To better serve aviation partners, teams throughout Volvo Aero Services use Volvo's Operational Development program to regularly examine workflow efficiency and to evaluate future opportunities. For example, the company is examining how SAP software can help it to more effectively redistribute the estimated US$40 billion worth of inventory in the airline industry – identifying where excess inventory exists and matching it to airlines where those parts are needed. With such innovative thinking, Volvo Aero Services sees bright skies ahead as it continues to focus on meeting customer needs.

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