



VIBRACOUSTIC

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IN A MATTER OF MINUTES

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As competitive pressures rise for automotive industry suppliers, cost transparency is becoming an increasingly important factor. Often only a few cents difference in the pricing structure influences a customer's decision to place an order. All potential savings must be thoroughly identified during price negotiations. This was the case with market leader Vibracoustic, a vibration engineering supplier. The company competes against numerous providers in the automotive market that consists of only a handful of large customers. As a major partner to the global automotive industry, the German-based company supplies virtually every car and commercial vehicle manufacturer around the world with components that noticeably improve comfort and safety on board. The company has 43 production and development locations in 19 countries and employs around 10,000 people.

Global project teams are in close contact with OEMs and tier 1 suppliers, who in turn rely on Vibracoustic's products and expertise. Until now, Vibracoustic used a manual method to determine pricing as precisely as possible: they calculated all prices and costs using Excel spreadsheets. Following a joint venture, the number of people involved in costing calculations increased significantly. To ensure that the data needed for calculations was collected uniformly and made available quickly to the various specialists via a web-reporting interface, the project managers decided to introduce an automated standard costing solution.

THE CHALLENGE: IMPROVED EFFICIENCY AND GREATER TRANSPARENCY

Ralf Brohm, Director, Global Quoting at Vibracoustic, explained: "Our joint venture structure challenged us to achieve a consolidated overview of all cost factors and to share this information with key users in different roles so that they could calculate prices and costs in a timely, transparent, flexible and team-oriented way. At this point, we had already pushed the boundaries of the tools and options that were available to us. For example, Excel requires ongoing manual data migration, which in turn makes the cost calculation susceptible to manual errors. In addition, the spreadsheets were only versionable via workarounds, making it extremely difficult to trace or document the process.

"Because of global markets and teams spread around the world, we clearly needed to have the right tools to enable simple and fast collaboration. With the constantly changing parameters found in product costing, we knew that efficient and coherent results were key and a prerequisite for strategic decisions."

One of the key requirements for the new software solution, in addition to transparency, was the ability to standardize the costing processes across different business divisions and regions. A further request was to centralize control by maintaining consistent calculation parameters so that all of the company's teams could respond to customer demands in a more unified and precise way. Other high-priority requirements included:

- Price entry in the respective country currency
- Extensive search functions
- Consideration of tool depreciation
- A multilingual interface
- The ability to generate internal and external reports in the required formats

The Enterprise Product Costing (EPC) Suite developed by FACTON offered a solution that addressed the requirements in all of Vibracoustic's key disciplines.

“FACTON won our selection process because it offers the most comprehensive set of options and is extremely customer-oriented,” said Ralf Brohm.

Vibracoustic was particularly impressed with EPC's options, because they met Vibracoustic's requirements in every department.

“Our FACTON project contacts' expertise became quickly apparent, and their wealth of experience in the automotive industry enabled them to effectively support and assist us,” explained Ralf Brohm.

INTERNATIONAL ROLL-OUT AND CROSS-BORDER STANDARDIZATION OF COSTING PROCESSES

In the first step of the implementation phase, the FACTON cost estimation solution was integrated with the operational procedures. This took place at all of the locations in Europe, the United States, Brazil, India and China.

The challenge here was introducing the FACTON costing software while simultaneously standardizing the associated global costing process. One requirement was to develop web-reporting tools. The Vibracoustic project managers consciously chose to take this step very early on in the launch phase, so that once they were ready to implement they were already poised to incorporate cost objects, which were to be included later in web reporting. “We had to quickly standardize and integrate certain processes in our daily operational procedure,” said Ralf Brohm. “And we had to do this across borders. Quick and easy standardization is possible with enterprise software. This brought all of our colleagues up to speed because they had access to the same database.”

In a second step, Vibracoustic was able to focus on how the new costing process effects investment planning and cash flow. Just as important as calculating an appropriate customer price is the ability to make the process repeatable from planning through evaluation, and determine how it will impact ROI, investment planning and cash flow in the coming years.

During the third step of the software roll-out, the team began creating the customer-related cost breakdowns using the new solution. Crucial here were the strict cost plan structures and the OEM-assigned budgets in automotive engineering. This detailed breakdown of the cost factors within the overall calculation is an important basis for OEMs when awarding production orders.

VIBRACOUSTIC IS WELL-EQUIPPED FOR THE FUTURE WITH SPEED AND EFFICIENCY IN COSTING

Like any new change of this magnitude, introducing FACTON Enterprise Product Costing elicited some concerns from Vibracoustic employees. However, their initial resistance quickly gave way to acceptance.

Following the roll-out, employees discovered that the new solution did not add any time to the costing process. It simplified and streamlined it, and removed the human error factor.

Ralf Brohm also noted: “In today's automotive industry, customers need assistance with increasingly complex projects with many different part variants and quantity scenarios. Analyzing these projects was very time-consuming. With FACTON, this process can be performed within a matter of minutes.”

Since implementation, Vibracoustic has used FACTON EPC to create costing estimates on a number of projects, which resulted in multiple new orders. Moreover, the company is realizing an increase in efficiency because FACTON is able to address 100 percent of the key industry parameters and requirements.