

Piaggio Europe Aftermarket Parts

- Large spare parts distribution network with a continuously evolving catalog and many low demand items
- Just two planners now required to manage 200,000 diverse SKU-Locations
- Increased service level by 9.6% and freed up \$3 million in working capital

Project & Objectives

Managing Piaggio's spare parts distribution network had always been challenging due to the large number of parts, the continuously evolving parts catalog, and the large number of codes with low and very low demand. All of these issues affected the ability to deliver desired service levels and keep management costs down. Piaggio decided it needed more advanced technology and processes to meet these challenges.

Piaggio selected ToolsGroup because of its experience in the automotive market, the robustness and power of the SO99+ solution, and the added attraction of ToolsGroup's structured support procedures. The system was installed at Piaggio with the following objectives:

- Increase service levels
- Reduce inventory levels
- Bring supply chain planning under control, with more consistent methodologies and procedures



PIAGGIO®

Founded in 1884, Piaggio is the leading manufacturer of motorized two-wheeled vehicles in Europe and is a leader worldwide in the market. The company uses a global approach that draws on an industrial and commercial network capable of supplying almost every geography in the world. Piaggio's best-known brands also include Vespa, Aprilia and Moto Guzzi.

"The results obtained have been extremely satisfying and in keeping with predictions during the initial analysis phase."

- Sergio Funari,
Manager of the Spare
Parts and Accessories
Business Unit

Within weeks, ToolsGroup completed a logistics assessment that defined the improvements that could be expected from introducing new planning techniques. It measured the service level offered in various markets, for various categories and for each management policy (supplier constraints, service constraints, etc.). This phase fixed the “starting point” (including performance and running costs) and identified the margin improvement obtainable by employing “Stock Mix Optimization”. It also calculated the transition period needed to bring inventories from baseline to target, thereby estimating the ROI of the entire the project.

...Day to Day

Piaggio now has just two planners managing 200,000 SKU-Locations and optimizing the inventory for more than 50,000 products with a variety of characteristics in terms of volume, price, cost, etc. Piaggio’s spare parts and accessories distribution network consists of a central warehouse located in Italy and 4 peripheral warehouses, located in France, Spain and Greece. Piaggio also recently implemented an additional license in the United States.

The implementation included user training on how and where to intervene to avoid monitoring all 200,000 different SKU- Locations every day. This “intervention by exception” approach represented a major process change enabled by the new system.

Initial Results & Benefits

Within twelve months, Piaggio achieved:

- 9.6% service level increase
- 7.3% inventory reduction, freeing up \$3 million in working capital

The methodology associated with SO99+ has become an integral part of the company’s processes, resulting in a positive impact to its business.

Above and Beyond

Piaggio acquired motorcycle manufacturers Aprilia and Moto Guzzi. During the acquisition, Aprilia was migrated from their existing Baan ERP system to a new ERP SAP system. During the transition process, Aprilia experienced a decline in service levels. ToolsGroup’s SO99+ inventory optimization software was added to Aprilia’s SAP system to re-balance inventory and meet customer demand. Within six months, Aprilia exceeded their previous service levels, while reducing overall operational costs.

About ToolsGroup

ToolsGroup is an innovation partner for companies who want to achieve highly accurate forecasts, outstanding customer-service levels and less global inventory. An expert in “Powerfully Simple” supply chain planning, we offer software that analyzes demand history across multiple dimensions so you can achieve the most reliable forecast and inventory targets for mastering demand volatility and delivering service level excellence.

Our innovative and advanced technologies enable you to improve and automate your planning processes. Our solutions span key supply chain planning areas such as Demand Planning, Demand Sensing, Promotion Forecasting and Inventory Optimization.

We have more than 250 customers worldwide and one of the highest customer retention rates in our industry. Our experience includes manufacturers, wholesale distributors and retailers in a wide range of demand and inventorydriven industries.

Please visit our website at www.toolsgroup.com and click on “About Us” for a list of our offices throughout the world.

