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ALSTOM CASE STUDY

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Introduction

Glynn Berry & myself work in the Strategic Sourcing Department at ALSTOM Transport in Preston, with responsibilities for system & Supplier improvements, and together decided to look at the subject of e-Commerce.

E-Commerce is very topical at the moment, but means different things to different people. Like many Companies, we have been swamped with information on the subject, however one thing soon became clear to us, the vast majority of products on the market are designed on the “shopping basket” principle.

As we are not in the retail industry this type of approach is of little or no use to us, we wanted something more relevant.(e-procurement)

From what we can see there are a number of stages of e-Commerce.

- Information. A one way flow of information by making static information available through a web site
- Interaction. A web site with links to an internal database providing up to date information with some facility for two way communication
- Trading. Buyers and sellers are trading on line but with retyping into internal systems
- Full integration. A web site fully integrated with internal systems to create a seamless business partnership.

Our Objective

With the introduction of SAP in July 1999 we were looking to move beyond the traditional approach of purchasing, communicating with suppliers via hard copy documents, into e-procurement.

Our objective being to provide a more effective means of on-line communication with our Suppliers, to eliminate many queries regarding deliveries and invoices, to provide information on rejects and to allow the operation of a call-off system. In addition to this we also wanted to provide access to our drawings and specifications.

We were unable to find anyone who could supply a software product capable of meeting these requirements. Following a series of discussions with I2B personnel we agreed that the project was possible and reached agreement on the methodology.

The project was designated the Alstom Sourcing Portal.



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The Sourcing Portal Project

The development of the Portal was unusual in many ways, we quickly realised that the normal approach of Alstom Transport providing a detailed specification for the project would not work for several reasons.

- Firstly, we didn't know what was possible. We had no programming knowledge and little systems background to work with. We didn't know what data could be extracted from SAP, how it could be manipulated & presented etc.
- Secondly, we didn't know, in detail, what we wanted. We had a concept but were unclear as to the practicalities, what would the screens look like, what links could be provided, how would the Supplier interact with the system, what about security etc?
- Thirdly, Alstom Transport use a third party to manage their computer systems and support, with all the liaison difficulties that this brings.
- Fourthly, and perhaps most importantly, on previous projects we have become bogged down in debates about what was agreed as the full scope, what was completed, formal requests for changes, etc.

The solution that I2B and ourselves agreed was that there would be a phased development and that a bottom up approach would be adopted, whereby Alstom would give an outline of their perceived requirements.

This would include details such as the general layout, what the menus should contain, what on-line documents should be available, what other information we would want our Suppliers to be able to view & what security should be available.

I2B would use this outline to develop the system and recommend different options and practical solutions to our thoughts but with constant interaction with ourselves to ensure that the Portal was going along the right lines.

What this meant in practice was that as the system developed, the original draft requirement changed radically. As each menu item became available, we discussed it and sought amendments and improvements. We recognised that I2B must have control over their time and resources and to this effect we agreed what should be excluded from the first phase implementation.

As the customer, this flexibility is of course, the idea situation, but understandably this causes difficulties for the service provider.

There is no doubt that the relationship between ourselves and the I2B personnel, particularly Phil Tompkinson & Hilary Kinnair, has been excellent. Without the professionalism and enthusiasm of both these, plus the I2B programmers, the project would not have been as successful as it has. During the development,



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contact between the parties has been almost on a daily basis, with suggestions and comments flowing both ways.

Despite numerous phone calls from us requesting modifications and tweaks they tried to satisfy our, sometimes, complex requests. In particular, we appreciate the efforts that were put in to allow us to do a presentation of the Portal to the senior Alstom corporate directors. A great deal of activity took place to make this the success that it was on the day.

In effect we formed a partnership whose objective was, initially, to produce a workable interface between Alstom Transport and their Suppliers but also a product that I2B could offer to other Clients.

Benefits to Alstom Transport at Preston

There are numerous benefits of the system, only some of which can easily be costed.

Costed benefits

“On line” access and exchange of: - Purchase Order, Delivery Schedule, Delivery records. Technical Documentation - Specifications, Drawings, Change Notices. If all suppliers use the Portal, Approx. 9500 documents p.a. will be “saved” @ £10 per document (Create, print, mail) etc.: **£95,000**

The none costed benefits are also very important.

None Costed

- True customer/supplier integration
- Administration
- Improved Cash Flow (reduced inventory),
- Systems & Logistics integration, Costs of Non Quality
- Tech Doc. revision status “up to date”

Ray Cumpstey, Sourcing Coordinator

Alstom Transport Ltd.

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