

Information Builders enables agile information solutions with business intelligence (BI) and integration technologies. Flexible, scalable, and secure, WebFOCUS – the most widely utilized BI platform – permeates every level of the extended enterprise through a simple and intuitive user experience.

### Ford Motor Company

#### Snapshot

##### Organization

Ford Motor Company, one of the largest automotive manufacturers in the world.

##### The Challenge

Help 14,000 dealers, warranty specialists, and warranty consultants quickly identify and resolve problems with warranty repair costs and claim trends.

##### The Strategy

Bring critical mainframe-based reporting logic into the modern era with a fast, user-friendly, Web-based reporting environment.

##### The Results

Saves Ford \$40 to \$60 million per year in covered warranty expenses; enables dealers to instantly identify anomalies and isolate problems; leverages existing code base for rapid implementation.

##### Information Builders Solution

FOCUS, WebFOCUS, and Professional Services.



Jim Lollar, business systems manager of Global Warranty Operations.

## WebFOCUS Revs Up Ford's Warranty Business

### Dealer Reporting System Saves \$60 Million Annually for Automotive Giant

Maintaining global leadership is an ongoing challenge for Ford Motor Company. As the auto industry expands to include new Chinese exporters, along with established players from Japan, Germany, and South Korea, Ford must counter declining market share by cutting costs in the core parts of its business, even as it accelerates the introduction of new products that can drive future revenue. While executives at America's best-known automaker work diligently to re-posture the company, managers such as Jim Lollar, business systems manager of Global Warranty Operations, are doing their part to make the business as efficient and consumer-friendly as possible.

As a 25-year veteran of Ford Motor Company, Lollar has been with the company through five generations of Ford Mustangs – and countless other vehicles. During that time, he has seen dramatic improvements in the company's information systems.

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For example, his team has overhauled the company's 126 Report, which measures dealer warranty costs, and replaced it with a Web-based reporting system called the Global Warranty Measurement System (GWMS).

Built with Information Builders WebFOCUS business intelligence (BI) platform, GWMS monitors how much each dealer's warranty performance varies from the average performance of other dealers in the same geographic region. More than 14,000 dealers rely on the system, including all Ford dealerships worldwide as well as dealers specializing in Lincoln Mercury, Jaguar, and Land Rover vehicles. GWMS has been deployed in 14 languages – and others will be added in the coming years as Ford expands the system to new Asia Pacific markets.

“Ford saves money when it can identify excessive repair costs and alert its dealers,” explains Lollar. “We have seen savings of \$40 million to \$60 million per year by creating this Web site and delivering information to our dealerships so they can take action.”

There are three critical metrics to warranty performance: cost per vehicle serviced (CPVS), number of repairs per 1,000 vehicles, and cost per repair (CPR). Ford uses a traffic light metaphor to help dealers quickly assess their performance against these metrics. Green means no cause for concern, yellow indicates a potential problem, and red reveals costs that are out of whack. “If most dealers in your area charge \$250 to replace a water pump, and you charge \$350, then you are too far from the norm for your area,” Lollar says. “Catching that anomaly and alerting the dealer directly reduces the cost of covering those repairs.”

### **Eyeing the Road Ahead**

Back in 1982, when Lollar began his career at Ford, the 126 Report took the form of a simple tabular summary of each dealership's warranty record. Dealers who took the time to study the report could determine how their warranty-claiming practices compared to those of other Ford dealers in the same region, and identify worrisome trends.

This system remained the standard until 1999 when Lollar and his team decided to revamp the 126 Report and move it to the Web. “Our challenge was to make the report easier to understand as well as more actionable, so Ford could review repair costs and take corrective action,” Lollar recalls. “Previously, the report was not very user friendly. Most dealers only looked at it when they got into trouble.”

Information Builders helped Ford turbocharge the 126 Report while keeping the best parts of Ford's IT legacy intact. The core FOCUS logic that powered the original warranty reporting system still serves as the engine for the GWMS application. “There are about 139 modules in there, and some of the logic had been working for 20 years,” says Lollar. “Moving to another language would have probably taken two to three years. With WebFOCUS, we were able to save about 80 percent of the code and rebuild the entire system in less than eight months.”

Ford evaluated a number of BI vendors for this important project, including MicroStrategy, Crystal Reports, and Business Objects. According to Lollar, the primary deciding points were cost, scalability, and the ability to support a multilingual environment. They also wanted reporting technology that would be easy to integrate with their existing IT infrastructure.

**“WebFOCUS advanced our capabilities substantially; it is a big leap forward in our ability to give dealers information.”**

“We needed something that could talk to disparate data sources,” Lollar says. “We wanted to enable dealers to drill down into the data through graphs and interactive charts.”

While this level of interactivity usually requires special client software, WebFOCUS delivers powerful interactivity through ordinary Web browsers. WebFOCUS presented Ford programmers with a short learning curve, since they were already familiar with FOCUS. “They were ready to start programming almost immediately,” Lollar says.

Ford engaged Information Builders Professional Services to assist with Web design and programming. The four-month project included interviewing users at various dealerships to understand how they use warranty information.

Today’s Web-based reporting system is as different from the tabular 126 Report as a 2007 Shelby Cobra Mustang is from a 1986 LX Hatchback. Click on a graph and users can drill down into the data, moving from the average cost of repairs or the number of repairs per thousand vehicles, to charts, to data showing repairs by component such as engines, transmissions, suspensions, and electronic systems. The reporting system uses standard deviation – a way of determining what the “normal” range of deviation from the average is – to measure the relative performance of dealers. Ford has defined six statistical standards to determine how well a dealer is doing. If a dealer’s standard deviation exceeds one or more of those standards, the dealer is suggested for entry into Ford’s Warranty Counseling Process.

While this may sound complicated, thanks to Ford’s highly visual interface to the statistical data, dealers can grasp their performance at a glance. “The big picture is clear immediately,” says Lollar. “If a dealer’s warranty record is out of line, or even starting to creep out of line, one or more elements of the graph will show up as yellow or red, indicating that the dealer’s warranty record has exceeded acceptable standards.”

### **Picking Up Speed**

Under Lollar’s leadership, GWMS has steadily improved and become more broadly distributed. “WebFOCUS advanced our capabilities substantially; it is a big leap forward in our ability to give dealers information,” he says.

You would expect a system with such a massive impact to require a large IT staff, but that’s not the case here. Ford has one full-time administrator watching over the system, along with a colleague who assists part-time. “The ROI is tremendous,” says Lollar. “We can control global warranty costs with 1.5 FTEs.”

Part of the reason for this huge payback is the tenacity of Lollar and his team, who continue to refine the business logic and improve the user environment. Lollar credits Information Builders for making steady improvements to WebFOCUS. “We’ve gone from the Wright Brothers to the Space Shuttle in six years,” he says. “Formerly, dealers only had static 126 Reports pushed out of a printer. Now we give them all the tools they need to determine what is wrong with their repair shops, right down to individual repair orders and vehicle numbers.”

## Find Out More

To find out how our solutions can help your company succeed, talk to an Information Builders representative today. Contact your local Information Builders office, visit us at **informationbuilders.com**, or in the U.S. and Canada, call **(800) 969-4636**.

### Moving Into the Fast Lane

In the future, Lollar plans to take advantage of WebFOCUS Active Reports to send field reports to dealers. These highly portable capsules of interactive data can be sent by e-mail. Active Reports include embedded diagnostic tools, so dealers could use them to instantly figure out what is causing a problem, and then take action to fix it. Lollar is also exploring the possibility of migrating the GWMS system to the zLinux environment.

While the BI industry has evolved considerably since 1999, Lollar believes WebFOCUS remains the best tool for the job. The GWMS reporting system helps dealers quickly understand their warranty performance and gives them tools for examining their business. For example, a "find highest variance" button spotlights component groups that are most likely to raise costs.

"It's been quite successful," says Lollar. "We can literally draw a picture for people, and they can explore the picture to get the information they need."

At a corporate level, the system helps Ford Motor Company stay competitive in the face of sweeping changes to the global automotive industry. "Helping dealers keep costs down and comply with regional averages contributes to the company's bottom line," adds Lollar.