

# DRIVE DOWN COSTS, KEEP OPERATIONS MOTORING ALONG

ENTERPRISE LABELING FOR THE AUTOMOTIVE INDUSTRY



**LOFTWARE**  
ENTERPRISE LABELING SOLUTIONS



## THROUGHOUT THE SUPPLY CHAIN, THE AUTOMOTIVE INDUSTRY IS COMPLEX

The automotive industry has always relied on a vast and complex supply chain to provide an array of components. Over time, driven by technological changes and globalization, that supply chain has become even more complex and challenging. A car produced today may contain 30,000 parts (many of them sophisticated electronic controls and sensors, rather than mechanical parts)—quite an increase from the 5,000 or so parts that made up a Model-T Ford. While that 30,000 number does not represent unique parts—there are all those nuts, bolts, and screws—hundreds of Tier One, Tier Two, and Tier Three suppliers may contribute to the making of a vehicle. These parts manufacturers are located around the globe, and assembly at the OEM may occur thousands of miles from where parts are sourced.

The geographic distribution of its supply chain presents a tremendous challenge to the automotive industry, but it's just one of many challenges. At every tier along the way, there's pressure on suppliers to keep costs down by becoming more efficient; same goes for OEMs which also need to find ways to reduce costs while closely managing warehouse inventory. Both suppliers and manufacturers struggle to improve quality and responsiveness. There's heightened competition and increasing demands being placed on all parties across the supply chain.

No surprise, then, that manufacturers and their partners are always looking for proven solutions to help them respond to these mounting challenges. One of the areas where a standardized, enterprise-wide solution is paying major dividends is labeling.

## MISSION-CRITICAL. STRATEGIC. LABELING TAKES ON A MORE IMPORTANT ROLE

When it comes to the automotive industry, enterprise labeling is particularly important. The industry has standards that have been set by AIAG, JAMA, Odette and VDA and the auto makers themselves for what labels should look like and what data elements they need to contain. These requirements cascade down from the OEM to Tier One to Tier Two and finally to Tier Three suppliers.

As each tier supplies the next, the label is in many ways the only form to identify what a product is and how it should navigate further downstream in the supply chain. Tier One suppliers are demanding that their suppliers (Tier 2) provide the labels with the formatting, branding, and barcode symbologies that they require to optimize their receipt and processing of inbound goods. This same approach extends further downstream with Tier Two providers requiring that their suppliers (Tier Three) meet their requirements as well as the demands of their end customer, the Tier One suppliers.

Because of the intricacies and dependencies of this extended supply chain, it's easy to see how the right enterprise labeling solution has to assume a more mission-critical, strategic role in supporting several requirements:

## **OPERATIONAL EFFICIENCY/COST REDUCTION**

Because the automotive supply chain is so highly competitive, there is continuous pressure to keep costs low and quality high at every node. Global companies are adopting “just in time” supply chain strategies, making the pressures to be more efficient especially acute. Automated labeling reduces manual processing costs and improves reliability, minimizing the many costs associated with mislabeling.

## **GLOBALIZATION**

The automotive industry is truly global, and as rising wealth in emerging economies translates into heightened demand among consumers who are becoming car owners for the first time, the industry’s global nature will only increase. The industry’s “design anywhere, build anywhere” approach presents a number of concerns around consistency and quality, intellectual property, and other areas where labeling plays a role.

## **TRACEABILITY/PRODUCT RECALLS**

Throughout the supply chain, companies need to track shipments from many different suppliers. When each node in the supply chain takes its own approach to labeling, traceability and the ability to quickly respond to product recalls can become problematic. Relabeling efforts can cause confusion that may have dire consequences for both parts suppliers and manufacturers. For easily replicable items like spark plugs and brake pads, counterfeiting has become an industry problem, and may result in recalls. Proper labeling offers better visibility to goods as they pass through the supply chain.

## **CUSTOMER SATISFACTION**

With competition among automotive suppliers at such an intense level, suppliers need to ensure that their customers are well taken care of. That means responding to their specific labeling requirements. These may be varied: logo placement, language variations, location-specific information, country regulations, labeling that conforms to a customer’s existing systems and more. What doesn’t vary is the growing demand that these requirements be met consistently and in a timely fashion.

## **REGULATIONS**

Automotive industry suppliers must comply with a number of regulations. The Global Transport Label Standard (GTL) was designed to ease the movement of goods and the exchange of data within the global automotive supply chain. GTL meets EDI exchange standards and is modeled after existing regulatory guidelines from ISO 14394, ANSI MH 10.81, the Odette Transport Label (OTL) and AIAG’s B-10 Standard. It is the supplier’s and manufacturer’s responsibility to design and ensure that all labels are accurate, GTL compliant, contain appropriate languages, and are in accordance with customer-specific requirements. With countless variations of labels, parts, and products processed each day, errors from improper labeling lead to millions of dollars in unnecessary costs and penalties each year.

Overall, labeling that's inaccurate may result in shipments stalled at customs or refused by customers, penalties incurred from governments or customers, lack of traceability, and damage to a company's reputation and its bottom line. The right labeling solution can help automotive suppliers and OEMs take on these myriad challenges, making labeling, more than ever before, a mission-critical, strategic process—no longer a nice-to-have, but a must-have.

## TIME FOR A STANDARDIZED, ENTERPRISE-WIDE APPROACH TO LABELING

By treating labeling as a strategic process—and by implementing a standardized, enterprise labeling solution—automotive suppliers and OEMs are able to make shipments more traceable, achieve consistent branding, reduce regulatory costs, eliminate data redundancy, and improve overall labeling efficiencies. The right enterprise labeling solution lets companies throughout the automotive supply chain turn labeling into a high-value, strategic element of the overall manufacturing and distribution process.

**What is enterprise labeling?** Enterprise labeling is an approach that integrates labeling with existing business processes to standardize and automate labeling. This dynamic and data-driven approach allows businesses to more nimbly react to evolving customer, regional and regulatory requirements, and empowers business users to quickly and efficiently design, maintain, and share barcode labels. It also ensures consistency across a global supply chain, enabling companies to meet performance and scalability requirements with the power and flexibility to support complex, global and high-volume labeling requirements.

Loftware Enterprise Labeling sets the standard for strategic labeling, providing a new level of visibility and control for automotive companies that delivers these benefits:

Today, forward-thinking automotive companies increasingly want to look at labeling from a strategic, system-wide perspective as an extension of their supply chain applications. They recognize labeling as a critical mechanism for maintaining compliance, improving operational efficiency, satisfying partners, and promoting their brands.



# Provider of commercial-grade transmissions and propulsion systems

Major manufacturing sites in US, South Asia and Europe

## OBJECTIVES

- Implement labeling solution as part of worldwide SAP deployment
- Adopt a single labeling system to integrate with different ERP and MES systems
- Improve the ability to meet customers and international requirements in a timely fashion
- Minimize the maintenance of labels and achieve greater labeling consistency across global manufacturing locations

## BENEFITS

- Integration with global SAP implementation reduces errors, improves efficiency
- Integration with the Cimplicity MES system enables support across all international locations
- Business rules enable dynamic selection of labels and rapid support for regional labeling and language variations
- Maintenance is greatly simplified by enabling centralized design for labels printed at locations across the globe

## TIME FOR A MORE STRATEGIC, ENTERPRISE-WIDE APPROACH TO LABELING

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### **“SOURCE OF TRUTH” LABELING IMPROVES ACCURACY, REDUCES COSTS**

Companies have invested heavily in ERP and other systems for managing their business and complying with regulations. Loftware sources label data directly from approved sources of truth, i.e., from key data repositories, ERP systems, and other applications. Through tight integration with systems like SAP and Oracle, you can automate and centralize labeling to improve accuracy and save significant time, while also reducing and often eliminating complex data replication and synchronization costs.

### **FLEXIBLE APPROACH HELPS MEET CUSTOMER-SPECIFIC REQUIREMENTS**

Organizations within the automotive supply chain are increasingly required to respond to customer and partner labeling demands for information that meets their specific needs (language, location, branding, regulatory, etc.). With Loftware’s integration with ERP, CRM and other customer data sources, companies are able to quickly and accurately keep up with customer requirements—no matter how unique they may be.

### **INTEGRATED LABEL PROCESSES PROMOTE QUALITY AND EFFICIENCY**

When labeling is integrated with enterprise business processes, processes are simplified and non-value-added activities are reduced. With Loftware, automotive companies can perform their critical manufacturing, packaging, and distribution tasks without having to access separate labeling systems or worry about keeping labeling synchronized with process or operational data.



# One of the world's largest auto manufacturers

Over 200,000 employees, and locations in more than 150 countries

## OBJECTIVES

- Implement a labeling solution that can meet global scalability
- Select a partner with SAP certified integration and the ability to support company's legacy WMS application
- Meet rigorous performance requirements of current and future production levels
- Enable company to quickly meet the labeling needs of contract logistics with suppliers
- Standardize on a single solution for enterprise labeling

## BENEFITS

- Ability to scale to support 70 worldwide service and parts operations drives operational efficiency
- Certified integration with SAP triggers label printing directly from SAP
- Enterprise class integration and print server meet performance requirements
- Business rules enable rapid support for labeling variations
- Loftware's global services team finished the initial implementation in only 3 months, yielding benefits more quickly

## **BUILT-IN BUSINESS LOGIC ENABLES RAPID RESPONSE TO CHANGING DEMANDS**

Loftware enables companies to rapidly respond to changing regional and international regulatory requirements for labeling, as well as to evolving demands from partners and customers. By leveraging a built-in business rules engine, companies can create rules and logic that empower select users to make formatting changes quickly, in a controlled manner, without having to wait for updates to your enterprise applications. Easy-to-use design tools with a WYSIWIG interface make it that much easier for business users, not IT, to update templates as needed.

## **SCALE LABELING AS NEEDED**

As companies expand into new markets or grow in their existing territories, they need to be able to drive a higher volume of labels. Supporting the native drivers of more than a thousand different print devices (rather than relying on Windows-based drivers), Loftware's Enterprise Labeling solutions connect directly with printers for high-speed processing that won't bog down the network. This allows customers to produce thousands, even millions, of labels faster than ever before. And because label templates are shared across the organization and changes can be made dynamically, you dramatically reduce the number of templates you need to manage—even as the business grows.

## **EXTEND LABELING TO SUPPLY CHAIN PARTNERS**

Full traceability requires that all nodes on the supply chain share a systematic approach to labeling. Loftware Enterprise Labeling provides secure, remote access to label templates, so that supply chain partners can simply run off the labels as needed by the manufacturer or other supplier – with the right data and information to route incoming goods more quickly. By gaining new visibility into when materials are labeled and shipped, and eliminating the need to relabel goods upon receipt, companies can save thousands, even millions, of dollars on labor, material, and inventory costs.

## **DRIVING BETTER, MEASURABLE RESULTS WITH ENTERPRISE LABELING**

In today's complex and challenging supply chain environments, automotive suppliers and OEMs are increasingly taking a more strategic approach to labeling. With Enterprise Labeling from Loftware, they're able to put a labeling strategy into action, and with it, they're able to reduce inefficiencies and costs, respond faster to customer and regulatory requirements, and improve the overall bottom line.

See how Loftware can help you drive similar benefits across your extended supply chain, and visit [www.loftware.com](http://www.loftware.com) and keep up with the latest industry news by subscribing to our [Blog](#).





Loftware, Inc. ([www.loftware.com](http://www.loftware.com)) is the global market leader in Enterprise Labeling Solutions with more than 5,000 customers in over 100 countries. Offering the industry's most comprehensive labeling solution, Loftware's enterprise software integrates SAP®, Oracle® and other enterprise applications to produce mission-critical barcode labels, documents, and RFID Smart tags across the supply chain. Loftware's design, native print, and built-in business rules functionality drives topline revenue, increases customer satisfaction, and maximizes supply chain efficiency for customers. With over 25 years of industry leadership, Loftware's Enterprise Labeling Solutions and best practices enable leading companies to meet their customer-specific and regulatory requirements with unprecedented speed and agility.



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