



## PIRELLI

One of the world's top tire manufacturers, with sales in 120 countries and annual revenue of €6.7 billion.

### Industry: Manufacturing

Geography: Europe, South America, North America, Asia, Africa

### Deployment Summary

- 18-month project integrates 6,000 distributors for automated order entry and inventory management.
- Pirelli integrates 2,500 distributors in Europe in four months.
- Accenture provides assistance for business-to-business (B2B) implementation.

### Benefits

- Linking inventory and production to demand reduces inventory costs by 20 percent.
- Managed inventory levels increase sales by 5 percent.
- Improved service heightens brand loyalty.
- Real-time information improves corporate decision making.



“We now have visibility throughout the supply chain. We’ve increased productivity, reduced costs, and improved our time to market with new products. TIBCO has helped us transform our way of doing business and achieve great results.”

**Dario Scagliotti, CIO, Pirelli**

## Real-Time Information Drives Market Traction for Pirelli

Trucks, buses, sports cars, family sedans, motorcycles, and tractors all roll on Pirelli tires, which are manufactured in 10 countries and sold in 120. All major automobile manufacturers mount Pirellis as original equipment. However, most of the tire division's €3 billion in annual revenue comes from a worldwide network of 6,000 distributors and dealers.

Tire manufacturing is a challenging business. Tires are commodity products with traditionally low profit margins, and competitors crowd the market. Yet Pirelli, one of the leading tire companies in the world, is moving closer to the lead, partly due to an integrated infrastructure that spans the enterprise and dealer network and helps the company win distributor loyalty and build market share.

Pirelli's system includes supply chain management, production planning, and finance applications shared with Pirelli's thousands of distributors worldwide. To streamline supply chain management and cut operating costs, Pirelli needed to link these disparate applications.

### Reduced risk allows Pirelli to speed ahead

Custom integrations are risky projects that can be time-consuming to develop, test, and stabilize. Pirelli

chose TIBCO Software's solution, proven in hundreds of enterprise installations, because it solves common problems using standard solutions to minimize risk.

The Pirelli integration team needed to establish compatibility among several different distributor systems. Many small, local dealers transacted business by fax and paper; large, national, and regional distributors used sophisticated combinations of enterprise resource planning (ERP) and custom applications. TIBCO provided a common infrastructure for linking all of these systems, eliminating the need for custom-developed interfaces and resulting in streamlined shared processes.

TIBCO's business integration solution integrates Pirelli's internal business applications – including multiple instances of SAP software and homegrown applications – and provides a common conduit for sharing information. Using TIBCO's B2B solution, Pirelli now quickly integrates distributors with an online order entry and tracking system. On average, Pirelli can connect large distributors to the Pirelli System in two weeks and can bring small dealers online in as little as one hour by giving them access to a personalized web-based portal for self-service. In less

than one year, Pirelli connected 2,500 distributors – an accomplishment that has accelerated the payback on its TIBCO investment.

As Pirelli continues to add distributors, TIBCO's solution provides the scalability that a growing company requires. And as it integrates more distributors, system performance does not degrade.

#### Loyalty among distributors increases sales

The convenience of Pirelli's online order system results in distributors transacting more business with Pirelli – an important competitive edge. The system provides easy access to the latest pricing information, fast and simple online order entry, and immediate confirmation. Best of all, distributors know exactly when shipments will arrive and can track orders online themselves. With real-time information about order status, distributors can serve their own customers better.

"TIBCO's solution has enabled us to create a more complete, richer way of working together with our distribution partners," says Dario Scagliotti, CIO of Pirelli. As a result, every time Pirelli has integrated a distributor into the system, the company's sales have increased.

#### Managed inventory boosts revenues and reduces costs

Because Pirelli finances inventory at distributor locations, excess inventory could be financially devastating. However, if inventory is too low, Pirelli risks losing sales to its competitors. The TIBCO-powered system makes Pirelli more

competitive by enabling the company to ensure that the right tires are in stock when a consumer walks into a store.

Pirelli can now match inventory to sales by automating order entry and processing. The system alerts distributors when their inventory of high-volume products is low and automatically generates replenishment orders. This capability cuts the time required to deliver replacement tires into the distributor's inventory, maintaining distributor stocking levels without carrying excessive inventory.

Since implementing its integrated supply chain management system, Pirelli has reduced distributor inventories by 20 percent and cut its own costs correspondingly. Pirelli rarely loses a sale because a tire is out of stock or back ordered. As a result, with only half of its distributors online, sales have already climbed 5 percent, increasing Pirelli's market share.

#### Pirelli synchronizes production to demand

Pirelli's integrated supply chain management system has improved forecasting and production planning, giving Pirelli the agility to respond to market dynamics. Pirelli once required 70 days to poll its thousands of distributors for sales forecasts, collect the information that trickled in on paper, aggregate the information, and manually generate production plans. In the meantime, demand could change and render production plans obsolete. Now, with up-to-the-minute information on orders and inventory levels, the entire process is completed in just 30 minutes.

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Pirelli no longer depends on quarterly forecasts. Using real-time sales data, the supply chain can adjust production rapidly to match sales.

#### Real-time information keeps business on track

The process of collecting, sorting, analyzing, and reporting performance indicators for Pirelli executives previously consumed 90 days. Now, with the help of TIBCO's business integration solution, the process takes 30 minutes. The solution taps the system for up-to-the-minute key performance indicators about Pirelli, its business units, and the individual products.

With real-time information available throughout the enterprise, Scagliotti says decision makers can now navigate Pirelli more skillfully – and lead the company to the finish line faster.

"We can manage our business only as far as we can see it," Scagliotti says. "We now have visibility throughout the supply chain. We've increased productivity, reduced costs, and improved our time to market with new products. TIBCO has helped us transform our way of doing business and achieve great results."



**TIBCO Software Inc.** (NASDAQ: TIBX) is a leading independent business integration software company and a leading enabler of real-time business, helping companies become more cost-effective, more agile and more efficient. TIBCO has delivered the value of real-time business, what TIBCO calls The Power of Now®, to thousands of customers around the world and in a wide variety of industries.

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