

# Vehicle Profitability

Improve vehicle profitability by 1-3% with advanced insights on margin drivers

## Industry opportunity

With changing consumer mobility behavior and the increased demand for electric vehicles, the disruption of the auto industry is forcing the overhaul of everything from technology to manufacturing systems, ownership models to aftermarket support. Much more than mere transportation, cars now house myriad high-tech features offered by non-traditional suppliers, which adds links to the automotive supply chain.

## Overview

Shift from hindsight to insight by understanding vehicle profitability and margin levers driving it.

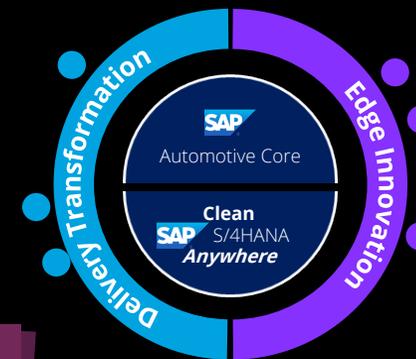
- Comprehensive visibility to all direct and indirect material purchases
- Increased visibility into price change rationale for product trend analysis
- Control operational costs with improved variance analysis
- Deep dive view of market attributes to reduce leakage and improve product margins
- 100% financial inventory tracking by part number and quantities to increase inventory visibility and proactively identify issues before month-end
- Increased data granularity with material, batch and variant attributes for financial and cost management reporting

## Representative Outcomes Achieved

- One source of truth ensures financial and operational reporting match, driving data trust
- Zero non-value added manual processes to aggregate and analyze data
- 50% reduction** of physical inventory with increased inventory visibility and accuracy
- 100% visibility** to cost drivers during variance analysis, with drill-through capabilities into operational drivers

## Case Study

Global auto manufacturer had no visibility into profitability at the individual vehicle level. In a rapidly changing marketplace, insights on lost margins are critical. Vehicle Profitability provided a full view across products and business lines, while advanced analytics delivered a daily product-level income statement; both helped increase margins and significantly reduce inventory levels.



### Product-level (VIN) Income Statement

- Interactive income statement
- Real-time insights
- Intuitive and self-service
- KPIs and dashboards

### Vehicle Manufacturing Complexity Analysis

- Configuration clustering
- Portfolio analysis
- Multi-dimensional views
- Configuration analytics

### Vehicle Brand and Competitive Analysis

- Competitive comparisons
- Marketing and incentives
- Negative profit indicators

### Integrated Material Cost Management

- Visibility to direct and indirect materials
- Cost of quality
- Scenario analysis

### SAP Digital Vehicle Hub

- Full transparency
- Collaboration and innovation
- Easy access to vehicle information