

## MONITORING COSTS ALONG THE SUPPLY CHAIN

### VALUE OPPORTUNITIES

- *Monitor the fluctuation of costs attributable to products as they move through the logistics chain*
- *Issue unitary production and sales budgets.*

### TXT E-SOLUTIONS RESPONSE

- *Production & Procurement Planning (including Costing and Budgeting capacities).*

### RESULTS

- *Unitary cost policies for all factories;*
- *Better cost monitoring and pricing policy;*
- *Reduction in planning time for production and procurement;*
- *Greater production efficiency;*
- *Reduction in stock-outs e stock-overs; of finished products, components and raw materials.*

### Company Profile

Founded in 1971, GATE S.p.A. is among the world's leading producers of direct-current electric motors as well as electromagnetic electronic components for automotive applications. The Company has seen constant growth during more than twenty years of activity. Initially, the group supplied only Italian auto makers, but expansion toward foreign markets began in the early eighties and has given rise to a number of production facilities abroad. Over the years the Company has distinguished itself for its very high quality standards. Since June 1999, Gate has been a part of the Johnson Electric Group of Hong Kong, world leader in the design, development and sales of a vast range of electric micro-motors, founded in 1959. Most of its production facilities are located in China and Thailand, and its products are sold in over 20 countries around the world.

### Supply Chain Context

GATE has a plant located in Asti, Italy where central services, administrative HQ and three production units (employing 820 people) are housed. In addition, it has three locations in Europe: Gate France, Gate Espana e Gate UK. The Group operates outside Europe through joint ventures in Argentina, Brazil and China.

### Gate's challenge

In such a far-flung operational scenario, the main objective of Gate is to monitor product-related costs as they pass through the logistics chain, and to issue production and unit sales budgets.

### Why TXT?

The availability of the TXT solution for Industrial Components & Automotive, developed specifically for this industry, was a key element in gate's choice of TXT e-solutions. TXT's technical expertise, its commitment in taking the customer's problems to heart and a great ability to add personalized solutions to its standard modules in order to reach stated goals are factors that contributed to establishing a partner relationship, which is now well-consolidated.

### The Solution

The solutions using TXT's Demand & Supply Chain Management adopted by Gate enable the implementation of an articulated system of production planning and scheduling, cost determination and formulation of budget plans. The Gate project involved the implementation of the Production&Procurement Planning module, to which were grafted plug-in solutions for Costing and Budgeting.

The Costing module allows the user to determine costs of products at different levels of the logistics chain, taking into account the following: direct costs (materials and labor), indirect costs (energy, maintenance, logistics costs, amortization) and fixed costs (factory costs, etc)

The Budgeting module enables the creation of production and sales budgets starting from the demand forecast. The Production & Procurement Planning module explodes the budgets to determine the needs in

terms of capacity (machines and labor), production and materials procurement for each production site.

Thanks to the calculation of materials costs, production demand can be valued in order to adopt the correct pricing policies.

The project includes advanced reporting functions which can provide indications to the many users on the system.

The introduction of TXT's Demand & Supply Chain Management solution has brought numerous benefits in terms of management and

visibility of logistic activities. In particular, the following improvements can be emphasized:

- unitary cost policies for every site;
- greater cost control and better pricing policy;
- better information sharing, with more than 100 users in the system;
- better reaction to market changes;
- drastic reduction in time required to produce budgets for sales, capacity and procurement
- greater production efficiency

**“TXT has turned out to be a reliable and solid partner, highly professional, very available and ready with proposals for the Company. The advantages of TXT's solution for Production Planning quickly become clear in the form of greater control of product costs and a substantial reduction in operational and budget planning time.”**

*Gianluigi Farinetti - IT Manager*