



Inside Hitachi Global Storage Technologies' Rapid Supply Chain Deployment

Mergers and acquisitions are common in the electronics industry, but by any measure the combination of the respective storage divisions of IBM and Hitachi was a significant undertaking. The newly created Hitachi Global Storage Technologies (Hitachi GST), with revenues of more than \$4.3 billion in its first year of joint operation (2003), immediately became one of the world's leading suppliers of hard drives and related storage products.

But size alone is no predictor of success, and, to win in this competitive market, Hitachi GST executives saw a need to improve the company's ability to manage key inter-company business processes – such as order management, vendor-managed inventory and supply/demand synchronization – with its suppliers and customers. This improved ability was a requirement for Hitachi GST to perform and deliver to their best-in-class supply chain capabilities.

“Providing such capabilities for all our stake holders – our customers, suppliers, employees, sales partners – is going to be a critical determinant of whether or not we will be the most desirable company to do business with,” says Ranga Jayaraman, vice president information technology with Hitachi Global Storage Technologies. “Key to that is the smooth flow of information, in from our customers, through Hitachi GST and out to our suppliers.”

The Challenge

To achieve its business objectives, Hitachi Global Storage Technologies crafted a strategy to provide a single integrated face to all of its business partners and customers, from the buy side to the sell side, so the company could make it easy for suppliers and customers to do business with Hitachi. To accomplish this goal, Hitachi GST needed to integrate two distinct IT infrastructures and corporate cultures while transforming the supply chain into a demand-driven value chain that could respond quickly to changing customer demand, driving up customer satisfaction and driving down costs and asset base. Overall, Hitachi GST had three objectives:

- Consolidate key enterprise systems – including enterprise

resource planning (ERP), product data management (PDM) and supply chain management (SCM) – across the newly merged corporation.

- Drive a 35 percent reduction in total cost of ownership of legacy systems that supported customer and supplier collaboration processes.
- Build an electronic framework that allows swift addition and electronic automation of new business processes, including direct and indirect materials procurement, invoicing and payments with its customers and suppliers.

The challenge – given Hitachi's goal of getting its newly created company off to a fast start in the marketplace – was to deploy these additional supply chain capabilities in record time.

The Solution

Hitachi Global Storage Technologies tapped E2open for a solution to its supply chain challenge. Hitachi GST's deployment of E2open's solutions for inter-company process management spans 14 Hitachi GST global sites and thousands of global customers and suppliers.

To achieve those new capabilities, Hitachi deployed E2open Supply Chain Process Management (SCPM), which provides configurable workflows that Hitachi requires to support its unique inter-company business processes (with its suppliers and customers). E2open solutions deployed include integrated demand/supply synchronization, vendor-managed inventory (VMI) and order management for automated direct materials procurement, invoicing and payments.

Hitachi GST also deployed the E2open B2B integration technology, which provides the any-to-any and many-to-many translation and transformation capabilities and integration options that Hitachi GST needs to support the varied integration technology choices of its trading partners.

Despite the challenge of integrating disparate infrastructures and applications, as well as the cultures of two large corporate entities, Hitachi GST and E2open rolled out this far-reaching supply chain deployment in accelerated fashion. The first business release took just four months from project launch to

go-live. This quick action is largely a result of E2open's software-as-a-service operating environment, which has allowed Hitachi GST to add new solution capabilities every quarter since the first solution went live in August 2003.

Hitachi GST goals for the project included:

- Extending the E2open direct materials procurement solution to all its global sites by October 2005.
- Extending the E2open indirect procurement solution to all its global sites by mid-2006.
- Electronically enabling all transactions with its customers by mid-2006.

Along with E2open's Order Management, Demand/Supply Synchronization and VMI/Inventory Management Solutions, Hitachi GST also uses E2open's performance management capabilities with dynamic drill-down and advanced analytics to measure supplier performance and other operational metrics. Hitachi GST plans to expand its use of the E2open solution platform for other business process areas, such as logistics visibility of inbound and outbound shipments, and point-of-sale data capture from its distributor network.

Results: Reduced Operating Costs, Real-world Business Value

Today Hitachi Global Storage Technologies is driving toward its goal by integrating its internal systems, providing a single interface to its suppliers and customers, and gaining a consolidated view of purchase orders, forecasts, invoices, shipment notifications and available inventory across all its global sites and suppliers. By using E2open software, services and support to rapidly integrate all partners, Hitachi GST has reduced the overall cost for suppliers and customers to do business with them.

The key business benefit for Hitachi GST is in reducing the cycle time required to flow information smoothly throughout the supply base. By automating communication of forecasts and purchase orders between buyers and suppliers, Hitachi GST can provide more up-to-date demand and supply information to suppliers, drive faster forecast/commit cycles, and identify and send alerts in a more

timely fashion – improving accuracy and supplier responsiveness. In addition, suppliers have much better visibility into Hitachi GST demand, as well as into changes to demand and inventory positions.

Hitachi GST calculates that the new companywide common processes, as well as the E2open solutions and technology platform, will help reduce its ongoing supply chain maintenance costs by at least 35 percent over the cost of a previous legacy system that was used to support supplier and customer collaboration.

The rapid solution roll-out and lower total cost of ownership (TCO) have enabled Hitachi GST to get off to a strong start where it counts most: working closely with suppliers and customers to reduce cycle times, increase operational efficiency and improve supplier responsiveness. Those improvements make Hitachi GST a more desirable company with which to do business, said Rubik Babakanian, vice president of procurement for Hitachi GST.

“Sophisticated, multi-company supply chain processes can be a powerful competitive advantage,” says Babakanian. “Integrating our supply chain processes with suppliers via E2open is one of the many ways that Hitachi helps to define the standard for customer service excellence and ease of doing business.”

Company Profile

- Hitachi Global Storage Technologies (Hitachi GST): created in March 2003 as a result of the merger between IBM and Hitachi storage technology divisions
- Provider of storage technology products and solutions for office, mobile and home applications
- 21,000 employees worldwide
- Global operations and global customer base

Challenge

- Deliver best-in-class supply chain capabilities and make it easy for customers and suppliers to do business with Hitachi GST
- Effectively merge technology back-ends and retire/replace a home-grown demand/supply management system
- Provide rapid deployment, fast time to value

Solution

- E2open solutions include integrated demand/supply synchronization; order management for both direct and indirect materials procurement, invoicing and payments; and vendor-managed inventory.
- E2open Supply Chain Coordination Solution and E2open B2B Integration Solution – to create a single, integrated value chain encompassing both the buy and sell sides

Results

- Fast time-to-value as Hitachi GST went from kick-off to launch in just four months, as a result of the efficiencies delivered by E2open's software-as-a-service operating environment
- Operating costs cut by 35 percent
- Enhanced inter-company process management with its suppliers and customers, improved cycle times and more rapid supplier response

More Information

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