



Renault

– eBusiness in the fast lane

“RENAULT’S E-TRANSFORMATION PROGRAMME HAS MADE A HUGE CONTRIBUTION IN HELPING TO CHANGE THE MINDSET OF A TRADITIONAL CAR MANUFACTURER INTO A FAST-MOVING GLOBAL PLAYER OF THE 21ST CENTURY.”

Jean-Paul Mériaux, Vice President, eBusiness, Renault Group, Automobile Division

From tradition to transformation

Just as there has been little change in the fundamental concept of the car over the last 70 years, the automobile industry has been steeped in traditions with its roots in the industrial society of the last century. The rapid spread of electronic information systems and services, however, has changed things forever. Now the industry must respond to ever increasing customer expectations through accelerated implementation of new technologies and designs together with prompt and relevant information and service, while cutting costs to the bone.

Renault executive management was more than aware of the profound impact that eBusiness would have on the way people work. In fact, even before the advent of the Internet, Renault was a pioneer in the field of eBusiness with the creation in 1995 of an electronic data interchange (EDI) system, followed in 1996 by an extranet with dealerships (Renault.net) and with suppliers (ENX). The New Distribution Project logistics system has also been a key project for ‘built to order’ cars.

“We found ourselves standing at the gateway to the new millennium with much of the technical expertise required to build eBusiness solutions.

EXECUTIVE SUMMARY

Background

The Renault brand has been a major contributor to automobile growth around the world thanks to its enduring talent for design, conceptual, and engineering innovation. Renault and Nissan formed an alliance in 1999 and today the partnership represents one of the five largest automobile manufacturers in the world with over five million vehicles produced in 2002.

Challenge

Renault needed to create and implement a successful e-transformation programme throughout a complex and diverse global business.

Solution

Renault realised the importance of employee acceptance and executive buy-in at the highest level, and created an integrated and cross-functional eBusiness structure. It comprises four project departments – to answer to the group executive committee – to develop Internet-related activities in the B2C, B2B, B2E and e-vehicle domains. Functional activity is co-ordinated by the eBusiness programme department, which reports directly to the chairman. Strong partnership between these bodies and the IT department is a key factor in the company’s success. Through this dynamic structure, close collaboration at all stages between developers and ultimate users is assured for all e-transformation programmes.

Results

Projects in the B2B, B2C and B2E segments have resulted in multiple applications that have made a significant business contribution. These include the following.

- An employee portal currently accessible by 60,000 employees, yielding savings from pooled infrastructure and rationalised publication processes.
- Sourcing supply chain and procurement systems to provide standardisation and solutions that will result in more efficient auto manufacturer/supplier relations.
- Generating web-based consumer leads to dealers, with highest possible conversion rates (up to 30 per cent, depending on country) for qualified sales leads from the Renault web site.
- eLearning systems offering language and business training.

“The challenge was to rapidly introduce them throughout the organisation and address all areas of the business from employees and customers to suppliers and other partners, in a global context,” says Jean-Paul Mériaux, Vice President, eBusiness, Renault Automobile Division.

The company reacted rapidly to the challenge with its decision in 2000 to implement an enterprise-wide transformation to eBusiness. “Our ambition at the start was to set the pace in the industry worldwide in terms of both functionality and return on investment,” continues Jean-Paul Mériaux. “This meant that we needed partners who understood our business and had the vision to see the wider opportunities that Renault could derive from the e-transformation process. Cisco played a valuable role in achieving this.”

Dynamic structure

From the start Renault was looking to transform its business processes, both internally towards the company’s employees, and externally towards dealers and consumers on the one hand, and suppliers on the other. The company recruited the best in the field to participate in the eBusiness team and to drive forward change effectively.

KEY FACTS

The Renault Group Automobile Division designs, develops and markets passenger cars and light commercial vehicles under the Renault, Samsung and Dacia brands. Renault has been the leading brand in Western Europe for four consecutive years.

Relevant 2002 figures are:

- 132,000 employees worldwide
- total income €36.4 billion
- more than 2.4 million vehicles sold worldwide
- market share of 11.3% in Western Europe and 4.2% worldwide.

In 2002 Renault held a 44% equity stake in Nissan, and Nissan 15% in Renault. Together they form the world's fourth largest vehicle alliance. The Renault-Nissan Alliance signalled the start of an international growth strategy focusing in particular on emerging markets.

“Successful e-transformation is ultimately about making sure that customers always receive the service and products they expect at the right price,” Jean-Paul Mériaux continues. “and the only way to make that work is to ensure acceptance and adoption of eBusiness throughout the organisation.”

In order to meet these challenges Renault created an integrated and cross-functional eBusiness structure, comprising four project departments whose role is to develop Internet-related activities in the four eBusiness domains (B2C, B2B, B2E and e-vehicle). These project departments answer to the group executive committee. Functional activity is co-ordinated by the eBusiness programme department, which reports directly to the chairman. Through this dynamic structure, close collaboration at all stages between developers and ultimate users is ensured for all e-transformation programmes.

Managing change and changing management

“Change management is about much more than merely introducing a new way of working. Involvement and support are also vital from the very top,” Jean-Paul Mériaux adds.

“We presented to our CEO our detailed programme together with the business benefits we believed we would achieve. His immediately enthusiastic support for the project served as a catalyst down through the organisation by setting an example of how to embrace new opportunities.”

Perhaps one of the most spectacular innovations was the reverse coaching programme at Renault, which was held over a period of six months in 2002. “We set up a Renault management programme of 25 managers and selected young people from within the organisation who had been with us for around five years and knew the business reasonably well,” Jean-Paul Mériaux relates. “We gave them a rapid and intensive course in eBusiness concepts and tools and then allocated each of them to a senior manager as his or her personal coach.” This programme is currently being expanded through management committees and over 100 people are involved.

Managers were introduced to new ways of working in a ‘hands-on’ environment, enabling them to become acquainted with new techniques and a new business culture, and to redefine their expectations and ambitions.

“This was certainly an eye-opener for senior executives and a unique opportunity for them to work with and learn from somebody younger than themselves,” Jean-Paul Mériaux comments. “But it was no less of a revelation for their coaches. What we were doing in effect was to ensure an exceptionally high degree of integration within our business by encouraging a mutual understanding of each other’s expectations and needs. The result was something of a shift in Renault business culture, a highly rewarding experience for everyone involved.”

Four avenues to e-transformation

The aim of Renault’s eBusiness strategy is to enhance performance across the board by addressing four main constituencies:

- employees
- dealers
- customers
- suppliers.

Common to all of these areas is the requirement of return on investment within one year. Each project is based on a business case detailing the nature and content of the project, the expected benefits, and a set of key performance indicators that can be monitored on a regular basis.

“Our IT people spend a lot of their time out in the organisation working together with the people and departments using the various solutions,” Jean-Paul Mériaux explains. “We draw up a detailed progress report on each project every six months and if it does not deliver the expected return on investment, for example in the first year for B2E activities, we stop it in order to make room for something else that will deliver the performance we are looking for.”

Business-to-Employee – building expertise within the organisation

The promise of enhanced performance held out by eBusiness depends completely on the ability of employees to leverage the full potential of the various solutions. In addition to designing solutions that provide relevant functionality, this means a thorough introduction to the new way of working through training.

The main aim of B2E is to give each employee the most effective means of tailoring their job and career to their expectations. The basic idea is to enable personalised configuration of each workstation with relevant applications, to enable collaborative working through real-time information sharing, and to provide access to information and knowledge.

CISCO AS A STRATEGIC PARTNER

Cisco had been collaborating with Renault as an eBusiness advisor for over two years, contributing its international experience in e-transformation from a variety of industries.

Benchmarking studies place Cisco among the major players in helping companies understand eBusiness practices and the issues at stake. It has lent assistance to Renault throughout the e-transformation project – from helping to conduct executive e-transformation workshops to building credibility through the provision and use of live value-added software tools and Internet-enabled processes.

Sébastien de-Longeaux, Director B2E, says: “Cisco personnel have worked together with our own people as part of a tightly integrated team, providing extremely helpful input and support throughout the development and implementation process.”

In the early stages of the project Renault made six visits to Cisco in order to hear and see first-hand the purpose and advantages of e-transformation together with the demands it would make on Renault’s organisation. In total some 150 Renault managers were involved in these visits.

Cisco’s people have made the effort to understand Renault’s business and its needs, including establishing relevant industry benchmarks and key performance indicators that would enable Renault to secure the necessary return on investment. Their vision and dynamic input have provided Renault with a wealth of new ideas and opportunities.

Jean-Paul Mériaux, Vice President, eBusiness, Renault Automobile Division, comments: “In order to achieve maximum benefit from eBusiness, the entire organisation has to learn to collaborate in a new way. Cisco provided support and advice during Renault’s e-transformation in order to help us target business benefits and return on investment. In this area, Cisco can be considered as one of the best examples of successful e-transformation.”

Says Sébastien de-Longeaux, B2E Director: “We started out in 2000 with a static portal providing basic access to the corporate intranet. In June 2001 this was upgraded to become a general employee portal initially for 3,000 users in France. This number increased to 30,000 in March 2003, and the portal is scheduled to be available to 60,000 employees by October 2003. The final aim is to open this service up to all 85,000 users in the Automobile Division by the end of 2004.”

In addition to being able to access HR information and functions, and other applications relevant to their daily activities, employees can also take part in an English language eLearning course designed to promote a more international orientation within the organisation. Self-study eLearning programmes are also supplemented by online tutoring, which some 1,000 people currently receive.

“The employee portal and the services it provides make a significant contribution to company performance by facilitating business processes and access to information, and by enabling cost-efficient building of employee competencies,” Sébastien de-Longeaux continues. “HR workflows have been dramatically enhanced to the satisfaction of both management and employees, and communication has become easier and more personalised between business units.”

Other B2E programmes provide training on the euro, workplace health and safety, and in IT and desktop-related matters such as the corporate intranet and the Internet. A further tool, which has already proved its value, is an enterprise-wide foreign language dictionary to ensure consistency in terminology throughout the global organisation.

Renault estimates that the B2E initiatives will result in savings of several hundred euros per employee, a figure that factors up into huge savings for a major corporation such as Renault.

Business-to-Consumer – shortening the odds for dealers

Car manufacturers have a single, all-important channel to market – their dealer network. While Renault had already established in 1997 an information service on the Internet for dealers, there was a wish to implement a true eBusiness solution that would forge much stronger links between the company and its dealerships around the world.

“Our e-commerce capabilities really revved up in 2001 when we launched a new generation of websites targeting our end customers,” says Thierry Moreau, Director B2C. “Accessible via a link from our main website, this site enables end customers to browse the range of models, ask questions, and even configure their own individualised car. From there, they can contact a dealer direct either online or by email.”

The Renault dealer network realised the value of the new website from the very start. In return for a commitment to reply to customer enquiries within 24 hours, they had the prospect of receiving valuable and highly qualified leads. “Not only did this promote contacts between end-customers and dealers, it also shortened the sales cycle for dealers, thus freeing up resources for additional sales,” explains Thierry Moreau.

The sites, which attract nearly 40,000 visitors each day, are currently available for users in France, Germany, Spain, the UK, and Brazil. The service will be extended to other countries in six different languages in 2003.

“This solution is unprecedented in terms of return on investment,” says Thierry Moreau. “Out of 100 contacts, and depending on the country, 20 per cent to 30 per cent are converted into a Renault sale. The fact that people are required to log in means that we limit the number of contacts to those seriously intending to make a purchase. The rich functionality of the site, together with efficient follow-up on the part of the dealer, makes a very persuasive package.”

A sales force monitors the effectiveness of dealers in following up leads, and also provides training and support for this new sales tool.

Business-to-Business – enhancing the supply chain

Renault's B2B strategy currently revolves around defining a standardised auto manufacturer/supplier relationship, and identifying new tools to enhance its efficiency. A global online exchange, COVISINT, has been evaluated and provides certain of these tools, such as online auctions. Other solutions are under examination using ENX, the European auto manufacturers' network.

Future avenues of progress for auto manufacturers are based on the following major objectives:

- reductions in procurement costs and faster sourcing through online auctions, calls for tender and catalogue creation
- enhanced supply chain management, in particular in packaging, transport and storage
- and access to a number of quality management tools.

The combination of cost reductions, process and investment optimisation, and reductions in development and delivery times is expected to deliver significant savings for Renault and its suppliers.

These objectives apply to Renault as well as to Renault-Nissan via the new RNPO (Renault Nissan Purchasing Organisation).

A new B2B initiative in the pipeline is RENAULT p@rts, a spare parts and accessories site for dealers and repair shops that is scheduled to go online in 2003. This site will help repair shops to source spare parts more rapidly and ensure that their customers enjoy the quality and security of genuine Renault parts. The benefits for Renault will be increased sales of genuine parts and more reliable forecasting and planning.

Pole position

With 34 eBusiness projects currently in hand and 10 more major projects due for implementation in the near future, Renault is positioned among the front-runners in the automobile industry. With a comprehensive set of services that enhance efficiency internally and externally, and make a direct and extremely cost-effective contribution to the sales drive, Renault has succeeded in an e-transformation process whose results can be read in black along the bottom line.

“Obviously we are not going to stop here,” says Jean-Paul Mériaux. “We are constantly looking for new opportunities. Some offer immediate promise of success such as improvements to existing projects and the introduction of supplier services. Some have a more long-term perspective such as the e-vehicle project comprising online services in the vehicles themselves supported by onboard routers over a wireless network.

“We have established benchmarks and best practices that have put us up among the best. Renault's e-transformation programme has made a huge contribution in helping to change the mindset of a traditional car manufacturer into a fast-moving global player of the 21st century.

“Having assimilated and implemented our first e-projects, we are now entering an ‘industrialisation’ phase for the company's eBusiness programme. This represents a new challenge, with the promise of significant potential in terms of savings, added value and simplified working methods.”



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