

## Original Equipment Supplier Association brings collaboration to a competitive industry.

### Overview

#### Business challenge

Given current cost structures and margin squeeze, along with the need to find new areas for growth, automotive suppliers have begun to view collaboration as critical to their survival. However, suppliers have found it difficult to collaborate and build trust with each other and with other external partners. IBM and OESA had jointly discussed ways to bring both supplier organizations and original equipment manufacturers (OEMs) together to collaboratively explore new business models for the industry, and decided to host a “Jam,” or online forum, session.

#### Solution

IBM Global Business Services and OESA brought together 2000 participants from 150 primarily supplier companies for a 77 hour virtual discussion of key industry issues to develop specific, actionable strategies for change. If implemented, these changes will reshape the industry and change the business model among both suppliers and their OEM customers. This will ultimately lead to greater collaboration, focus on industry innovation and a more prosperous industry for suppliers and OEMs alike.

#### Benefits

- Generated five change concepts for further action: “Breaking the U.S. OEM-supplier deadlock,” “Convergence of the virtual world with product development,” “Supplier-to-supplier ‘coopetition,’” “Cross-tier collaboration among suppliers at all levels,” “Re-brand and re-image the industry to engage the next generation workforce.”

#### Industry

- Automotive

### Challenge

The automotive supplier industry has recognized the need to develop a more collaborative culture among its members in order to increase profits, reduce costs and better serve their original equipment manufacturer (OEM) customers. Because of current cost structures and margin squeeze, suppliers have begun to view collaboration as critical to their survival. However, collaboration has not historically been prized or cultivated, and suppliers have found it difficult to collaborate and build trust with each other and with other external partners. Additionally, intellectual property protection issues, cultural and political differences and regulatory disparities between globally diverse suppliers have been significant obstacles to effective collaboration.

IBM and OESA had jointly discussed ways to encourage the collaboration necessary to overcome these industry issues, and bring both supplier organizations and original equipment manufacturers (OEMs) together to build new business models for the industry. Some additional goals of the Association were to develop more standardization for economies of scale in the industry, more participation from “adjuncts” like government and academia to develop approaches to issues like environmental protection, and to take advantage of the virtual world to better understand the needs and wants of consumers. IBM and OESA began discussions about IBM’s Jam Consulting Solution which is designed to help organizations drive innovation by initiating dynamic new forms of collaboration among employees, stakeholders, customers, partners and others. The new IBM Jam Consulting Service is available globally.

OESA, whose mission it is to represent the supplier segment interests and serve as a change agent for addressing the challenges and opportunities the industry faces, became a key partner in helping to shape the Jam and drive participation activities to its member firms.

### Solution

The Automotive Supplier Jam was held from March 7-10, 2007. The Jam was an on-line, collaborative event that enabled more than 2000 participants from 150 organizations, 17 countries and with over 1500 ideas to identify and discuss solutions to common industry challenges and opportunities. The Automotive Supplier Jam explored several salient topics, with each forum hosted by well-known industry experts and other leaders.





Four Jam themes covered 24 different discussion forums on a wide range of pressing industry issues:

- Driving Growth – Addressing top-line revenue growth opportunities
- Profitable Prosperity – improving bottom line return and profitability
- Collaborating for More – Tackling the intricate array of relationships within the supplier value network and how to get more out of those relationships
- Eyes on the Future – Focused on a number of future-based topics including industry reconfiguration and societal impacts (e.g. safety, traffic congestion, emissions).

OESA will drive these change concepts through several peer group councils to provide constructive feedback, take the lead and put “meat on the bones,” develop roadmaps and action plans with dates. IBM will be a partner in these discussions and continue to bring new ideas and solutions to addressing each of these change concepts.

### Benefits

- Generated five change concepts for further action: Breaking the U.S. OEM-supplier deadlock, convergence of the virtual world with product development, supplier-to-supplier “coopetition,” cross-tier collaboration among suppliers at all levels, re-brand and re-image the industry to engage the next generation workforce
- Catalyst for reshaping the supplier industry by proactively spurring industry collaboration and development of thought leadership
- Collaboration on an industry change agenda that is being adopted and owned by business leaders in the sector
- Actionable focused themes and concepts for change that industry leaders can work to implement.

### Why it matters

In an industry generally seen as competitive, driven by the pursuit of profit at any cost, and lacking in innovation and attention to issues such as environmental protection or energy conservation, the need for dramatic change is great. The recent “Automotive Supplier Jam” – led by IBM Global Business Services and the Original Equipment Suppliers Association (OESA) – brought together thousands of participants from hundreds of supplier companies in a virtual discussion of key industry issues to develop specific, actionable strategies for change. If implemented, these changes will reshape the industry and change the business model among both suppliers and their OEM customers. This will ultimately lead to greater collaboration, focus on industry innovation and a more prosperous industry for suppliers and OEMs alike.

*“Using the results of the Jam, OESA can now drive these change concepts through several peer group councils to develop roadmaps and action plans with dates. We welcome IBM as a partner in these discussions, as it continues to bring new ideas and solutions to this new, collaborative model for the industry.”*

—Neil De Koker, president & CEO, Original Equipment Suppliers Association

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