



## Providing Value to Customers at Caterpillar Inc.

Caterpillar Inc., sought to better determine customer demand by leveraging the Internet. Using the i2 Intelligent Selling Solution™ (ISS), Caterpillar created an online dealer storefront that is accessible to both dealers and end customers, and the company has expanded its sales coverage, reduced the cost of sale, and increased productivity.

Caterpillar's Building Constructions Product Division needed to predict and rapidly respond to customer demand. The company wanted to empower its dealer network to provide the highest levels of service to the end customer.

Company executives knew that the Internet was critical to their strategy. Caterpillar wanted to leverage the Internet to provide more visibility into customer buying habits. In doing so, it could save millions of dollars in inventory by building and configuring those products that customers demand, rather than stocking excess inventory.

The company wanted to promote specific product lines and associated work tools using a combination of traditional (dealer) and nontraditional (Internet) channels through Caterpillar's Dealer Storefront (DSF). The site needed to be accessible to dealers as well as end customers. Additionally, Caterpillar needed to distribute finished products, tools, and requested product configurations within customer-designated time frames.



## CATERPILLAR®

### Challenges

- Provide highest levels of customer service to end customer by empowering dealer network
- Gain more visibility into customer buying habits by leveraging the Internet
- Promote specific product lines and associated work tools using both traditional and non-traditional channels

### Solutions

- Offer intelligent configuration and pricing
- Acknowledge RFQs
- Enable online ordering

### Results

- Increased revenue and market share by identifying and targeting new sales channels
- Reduced configuration/quoting/ordering lead time
- Reduced dealer inventory by studying customer configuration trends

### Company Description

With sales of \$20.18 billion, **Caterpillar Inc.**, is the world's largest manufacturer of construction and mining equipment, diesel and natural gas engines, and industrial gas turbines.

*“Our vision for e-business is to be the leader in our industry, and we want to provide the ultimate value to our customers, to our dealers, and to our shareholders.”*

*The i2 solutions are an element of Caterpillar’s strategy that are going to help us provide that value.”*

—Mike Haase  
Marketing Processes Division Manager



“We need to constantly strive to come up with the best value package for our customers,” said Mike Haase, Caterpillar’s Marketing Processes Division Manager. “Those are the types of things that we have to look at on a daily basis.”

Caterpillar also wanted to transform from a build-to-stock manufacturer to an order-to-delivery manufacturer.

#### **Why i2?**

After assessing all the solutions in the market, Caterpillar chose i2 because of its capability to provide a holistic value chain management solution.

i2 ISS provided the functionality that Caterpillar was looking for.

“Our vision for e-business is to be the leader in our industry, and we want to provide the ultimate value to our customers, to our dealers, and to our shareholders,” Haase said. “The i2 solutions are an element of Caterpillar’s strategy that are going to help us provide that value.”

***“i2 solutions are allowing us to reduce our costs, to be more efficient, to take inventory out of our systems, and to provide information for customers in a more timely manner in a Web-enabled world,” Haase said. “Those are the things that are going to give us a competitive edge.”***

i2's focus is to offer a new breed of intelligent selling solution that couples its strengths in planning and optimization with transaction and fulfillment management to deliver significant value to its clients. The i2 ISS suite addresses the needs of the entire customer value cycle through an integrated solution set. It also integrates with the rest of the i2 solution footprint to provide the broadest solution in the market today.

### **i2's Contribution**

Caterpillar's dealers can now log on to their personalized DSF, configure and price a skid steer loader with matching work tools, and send a request for quotes, all with the click of a button.

A detailed buying adviser and quick selector guides customers through the configuration and pricing process. i2 ISS represents a monumental step toward the online order-to-delivery vision.

In the near future, Caterpillar will offer real-time order promising for true integration to factory operations, enabling the company to reduce inventory by only building products ordered by customers.

### **Caterpillar's Results**

i2 ISS has helped Caterpillar expand its sales coverage and reduce the cost of sale to dealers and end customers.

In this competitive market, Caterpillar is offering many product configurations and pricing options to customers designed to increase customer satisfaction and loyalty. Caterpillar dealers are now able to track customer ordering and product configuration trends.

“We provide value by improving the quality of our product, and we do that by reducing the time in our supply chain, by taking cost out of our systems, and by responding to our customers better,” Haase said. “Getting demand information faster is going to allow us to make decisions more quickly and intelligently.”

In addition, i2 solutions are adding speed and intelligent decision-making to Caterpillar's manufacturing operations, increasing the company's productivity. By operating as a high-velocity enterprise, Caterpillar will provide a higher-quality product to its customers.

By reducing operational time, the company will be able to make more intelligent business decisions. By faster access to better information and the ability to study customer demand, Caterpillar will be able to better manage its value chain operations.

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