



The Supply Chain Results Company™

Improving Factory Operations at Caterpillar Inc.

Continually working to provide its customers with a superior value package, Caterpillar implemented i2 solutions to automate its value chain processes. Using i2 solutions, Caterpillar has reduced costs, eliminated supply chain inefficiencies, and decreased inventory, and is providing more timely information to its customers.

As the business market continues to evolve and competition becomes more fierce, Caterpillar is working to provide the best value for its customers.

"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."

Why i2?

After assessing all the solutions in the market, Caterpillar chose i2 because of its position as a leader in value chain management.

"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 going to be the ones that are going to help us to provide that value."

i2 solutions for automotive and industrial businesses include the solutions, platform, and content that enable companies to transform and integrate their core business processes with their trading partners across the value chain.

Tailored for the unique needs of automotive and industrial manufacturers and suppliers, i2 solutions provide services such as increased order-to-promise reliability, reduced time-to-market, optimized product option mix availability, and improved manufacturing throughput efficiency and flexibility.



CATERPILLAR®

Challenges

- Improve planning productivity by automating daily operations
- Become the e-business leader in the industry
- Create the best value package for customers

Solutions

- Link front- and back-end processes
- Electronically automate practices
- Enable customer configuration

Results

- Reduced inventory
- Cut assembly cycle time
- Reduced assembly line re-sequencing

Company Description

Headquartered in Peoria, Ill., **Caterpillar Inc.** is the world's largest manufacturer of construction and mining equipment, diesel and natural gas engines, and industrial gas turbines. Caterpillar, a FORTUNE 100 company, has sales of \$20.18 billion. With 68,440 employees worldwide, the company's products are sold in nearly 200 countries.

i2's Contribution

Caterpillar is implementing several i2 solutions with an overall goal of improving operations, thereby providing the best value to customers.

Caterpillar found that i2 solutions can help improve all aspects of its business—both the front-end and back-end—providing a complete solution. In looking to improve front-end operations, Caterpillar is concentrating on configuration and pricing. The back-end implementation is focused on sequencing, demand planning, and automation.

Using i2 solutions, Caterpillar will link its customer-facing and factory system operations. The initial focus is on front-end operations, specifically configuration and pricing. By linking these operations, the company will provide the optimal value package for customers.

In addition, i2 solutions will enable Caterpillar to electronically automate information, enabling the company to access customer information and requests in minutes rather than days. i2 solutions will also enable Caterpillar to better adapt to changes in the market by having more accurate information sooner.

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—Mike Haase, Marketing Processes Division Manager, Caterpillar Inc.

Caterpillar's Results

i2 solutions have resulted in a reduction in product inventory, a reduction in assembly cycle time, and a reduction in assembly line re-sequencing.

“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, increasing the company's productivity. By operating as a high-velocity company, 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 having access to information faster and the ability to study forecast analysis, Caterpillar will be able to better manage its supply and demand operations.

“i2 solutions will allow 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.”



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