

# Big 3 Automotive OEM Increases Profitability after partnering with STG to Re-engineer and modernize their Core IT systems



**SYSTEMS TECHNOLOGY GROUP, INC. (STG)** : CASE STUDY  
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**Customer Business Overview:**

This Big 3 Automotive OEM client is one of the world's largest Automotive OEM's with operations across the globe.

**Business Domain Description:**

This Big 3 Automotive OEM sells and services their own brand of extended warranties to cover new and used vehicles across their 2800 dealership base.

**Project Business Description:**

This Big 3 Automotive OEM generated approximately \$400 million in revenues from selling service contract extended warranties to North America customers. The Service Contracts business was supported by antiquated legacy mainframe systems.

As a result of increased sales and consumer interest in buying the OEM's vehicles, the OEM decided to re-write their information systems to support their growing service contract extended warranty business. The OEM decided to build a system that provides the flexibility and robustness to support their belief that they would sell service contracts worth \$1 Billion.

The initiative is a re-engineering of the existing Service Contracts business systems used by the Service Contracts division. The entire project comprises of four major Phases: Product Design (re-write of existing Plan-id System), Sales, and Administration (re-write of existing Sales and Administration System) and Conversion (Converting/Migrating existing legacy data and programs).

STG was awarded a fixed price outsourcing contract for providing end-to-end solution for this project. STG was responsible for all application development life cycle activities including requirements gathering, analysis, technical design, construction, testing and deployment.

**STG Solution Overview:**

STG conducted facilitated work sessions with the OEM's Business and IT groups to describe the goals, objectives and problems in business terms. These were then transformed into strategic statements which became the foundation for the business requirements.

STG's team of service contracts/insurance business analysts conducted several work sessions and defined the business requirements in a modular approach comprising four major modules namely Product Definition, Pricing, Sales & Administration.

STG implemented a fully integrated web solution in the Dealer Portal platform that seamlessly integrates with several backend systems and critical Dealer systems at the dealerships.

STG solution utilized an-open business solution architecture and as a result the Sales module could be extended to multiple sales channels which provided significant improvements in Revenue.

STG solution provided a data architecture that allowed this OEM to harvest critical business information from the system database for further analytics towards improving several business parameters such as option-mix and option pricing.

### **Technical Solution Overview: Overview**

STG was responsible for providing the Architecture Definition, Requirements Definition, Software Development, and Deployment for this project.

STG applied the STG PRIDE® J2EE/XML framework in conjunction with the RUP Process and the PRIDE® Project Management Framework. The project process included three major stages namely Requirements Definition, Architecture Definition and Data Model Definition. STG mapped the activities in the PRIDE® J2EE/XML framework to the stages mentioned above towards developing the project deliverables.

### **Architecture Definition:**

The application model proposed was a J2EE n-tier MVC based model leveraging current client's Architecture Standards and Framework. The application data will be stored in IBM DB2 databases on the Mainframe. Stored Procedures will be used for Data Access. The Presentation Layer, Business Layer and Data Access Layer will all be separated conforming to proper J2EE Standards and simultaneously satisfying the MVC Model Requirement.

### **Business Results:**

STG completed the project on time and provided a fully automated capability to this OEM's Service Contracts team. An internal assessment revealed the following critical business metrics:

- Effort expended in defining new products reduced significantly by a factor of 40% within the first year
- Time to market for new products/ options and packages reduced from more than a month to with 72 hours from concept-to-launch
- The year after the launch, the number of service contracts written increased by over100% due to the ability to offer more varieties of product offerings
- Revenue increased significantly by 40% in the year following the launch.