

Aviall Services, Inc. is the world's largest independent distributor of new aviation parts and a leading provider of inventory information services.

Hitachi Consulting worked with Aviall Services, Inc. to develop a practical solution for their unique needs—one that would transform the company from a traditional distributor to a full-scale logistics and solutions business.



C Case Study: Aviall Services, Inc.

Business Challenge

In 1999, Aviall Services, Inc. faced declining sales, high customer support costs and significant customer attrition. They processed quotes and orders manually, taking up to five days to generate large quotes. Inefficiency, lack of integration and limited functionality of Aviall's customer- and supplier-facing IT systems were to blame. Aviall was losing customers, market share and orders when they hired Joe Lacik to serve as Vice President of Information Services.

The Solution

Fulfilling the vision of incoming Chairman and CEO Paul Fulchino, Lacik created a unique IT plan to help transform Aviall from a traditional distributor into a full-scale logistics and solutions business.

Lacik turned to Hitachi Consulting for their deep distribution and business process experience. His goal to unite Aviall's 100 remote and 250 internal sales people led to development of a customer relationship management (CRM) system that would allow users to manage accounts, suppliers, contacts, activities, opportunities, fleets and warranties, in real-time.

When completed, the CRM system also provided one-click access to an online product catalog, credit card authorization and package tracking capabilities with all major carriers.

Next, Lacik set out to integrate Aviall's supply chain. The plan called for integration of several enterprise software applications, including Siebel Sales and Call Center, Lawson ERP, Catalyst inventory control and warehouse management software, and BroadVision Online Purchasing. Drawing on resources from a variety of disciplines across both the Aviall and Hitachi Consulting organizations, the team worked collaboratively to develop and roll out the integrated solution.

Business Benefits

The end result was a Web site that allowed Aviall's customers and suppliers to gain operational efficiencies through online collaboration. Customers can now access real-time price and availability information and place their orders online—resulting in a significant cost reduction for Aviall from \$7 per telephone order to \$0.39 per online transaction.

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Aviall employees spent less time taking orders via telephone and more time nurturing customer relationships, ultimately resulting in more revenue. Additionally, the ability to process large multi-line orders for customers in seconds has created a competitive advantage for Aviall that no one in the industry has been able to match.

Aviall is also building better relationships with its suppliers by providing them visibility to customer orders so they can begin to plan production around real-time demand. They are better able to differentiate themselves from their competition now, something that helped Aviall win exclusive contracts with Rolls Royce and Honeywell valued at more than \$160 million annually.

Lacik, who was named to the *ComputerWorld* Premier 100 IT Leaders list, cited other results from the project:

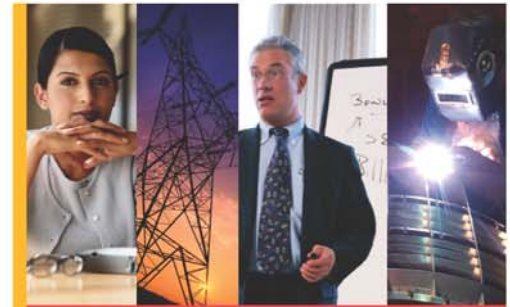
- Revenues increased 59 percent from in 2002
- Net earnings from continuing operations grew \$23.2 million, a 670 percent increase in 2002
- Acquired more than 3,000 new customers
- Lowered total cost of ownership, with the first year savings estimated at \$1.375 million

- Improved business process with 80 percent reduction in steps
- Order accuracy and the ability to provide same-day service on orders worldwide is at 99 percent
- Customer satisfaction increased 30 percent, according to an independent marketing survey, and customer retention is up
- 3,500 documented sales calls per month
- Improved business alignment and sales *team* atmosphere

In summary, Hitachi Consulting helped Aviall realign their business processes into a collaborative, cost-efficient model. As a result, Aviall was recently named to Gartner Group's Excellence in CRM list.

"Hitachi Consulting facilitated our business' transformation from a distributor to a full-service provider, enabling us to sign exclusive contracts with many new, larger customers. As a result, our revenues, margin, and stock price increased significantly."

Joe Lacik
Vice President of Information Services
Aviall Services, Inc.



About Hitachi Consulting

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies across many industries. We leverage decades of business process, vertical industry, and leading-edge technology experience to understand each company's unique business needs. From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes nearly 30 percent of the Fortune 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge to our clients throughout each engagement. For more information, call 877.664.0010 or visit www.hitachiconsulting.com

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