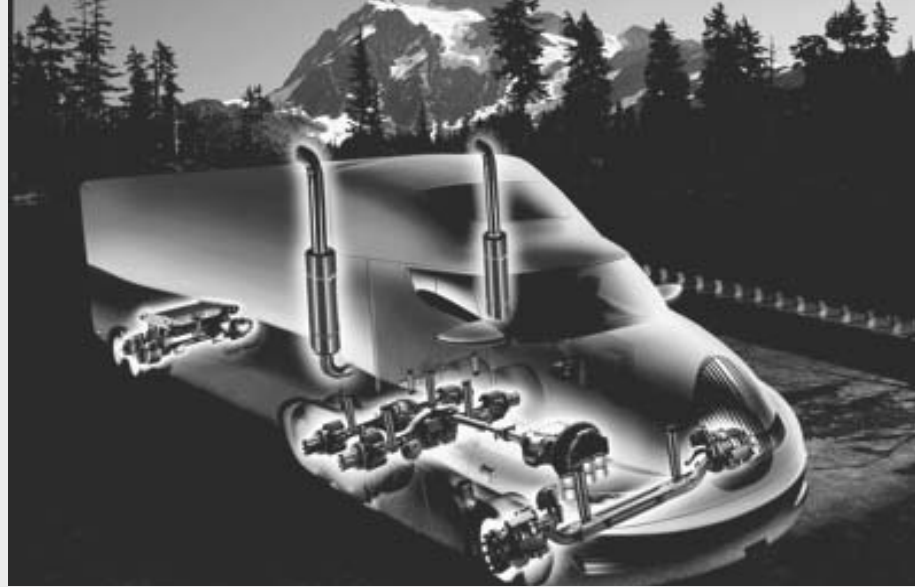


Entigo Warranty™ CASE STUDY



ARVINMERITOR CASE BACKGROUND

ArvinMeritor, a \$6.8 billion commercial vehicle parts manufacturer, was formed in July 2000 when Meritor acquired Arvin Industries. The company employs 33,000 people worldwide, and manufactures and sells components for commercial vehicles (e.g. axles, brakes, transmissions, and clutches) and light vehicles (e.g. doors, roofs, exhausts, and suspension systems). ArvinMeritor also offers light vehicle aftermarket products such as mufflers, filters (Purolator), and shock absorbers (Gabriel) and sells private-label aftermarket parts through retailers such as Pep Boys, Midas, AutoZone, and Meineke.

ArvinMeritor is the market leader in 11 out of the 20 categories in which they offer products. Ten of the largest automotive OEMs (e.g. GM, Ford, Volkswagen, Volvo) represented 65% of ArvinMeritor's sales in 2002 with DaimlerChrysler (and its Freightliner heavy truck subsidiary) accounting for about 16% of sales.

Historically, ArvinMeritor processed warranty claims through an internally developed mainframe warranty system. Claims were entered into the system via files passed electronically from larger customers through a web-form designed by ArvinMeritor, or by field service agents using a laptop warranty claim application. Freightliner represents 65% of ArvinMeritor's claim activity. In the case of the larger OEMs, such as Freightliner, these claims were processed first through the OEM's warranty system and then passed to ArvinMeritor for adjudication. The system's biggest problem was that failure information from dealers was too generic and took an average of 60 days to go from the OEM dealer to ArvinMeritor.

CHALLENGE

To improve the accuracy of the warranty data collected, ArvinMeritor decided to open a call center to collect warranty claim information. Dealers would call in claims (or in ArvinMeritor's nomenclature "cases") directly into the call center where a customer service representative would assist in diagnosing the product problem. Covered claims would then be paid directly to the dealer under ArvinMeritor's warranty or an authorization number would be given to the dealer for them to add to their OEM claim if under the OEM's warranty. The dealer would know immediately if the claim was supported. A key goal for the call center was to reduce the reporting cycle time from repair to ArvinMeritor notification.

ArvinMeritor

CHALLENGE

- Build customer loyalty by improving customer service for warranty claims and product problems.
- Improve product quality by using warranty data to identify, reduce, or eliminate product failures.

SOLUTION

- Implement Entigo Warranty solution to support web based claims processing and real-time reporting.

RESULTS

- Reduced reporting cycle time from repair to ArvinMeritor notification from 60 days to 1.
- Improved Dealer and OEM satisfaction

In order to support the call center, ArvinMeritor required a new warranty claims processing system. It was agreed that an off-the-shelf system would keep the development and implementation cycle short. Phase I of the project was to bring their largest commercial customer, Freightliner, on-line by the summer of 2002.

SOLUTION

ArvinMeritor chose Entigo Warranty, a solution that supports the entire warranty chain, to support the call center and warranty processing needs. ArvinMeritor implemented a full range of functions that manage warranty policies, product registrations, claims entry, claims adjudication, returns, recalls and campaigns. The information flow begins when OEMs electronically submit vehicle registration data to the Entigo system. As dealers call in cases, the call center personnel enter the information through a Web based interface, which allows them to diagnose problems on the spot and immediately notify the dealer if the claim is covered by the warranty. A complex symptom and diagnostics algorithm determines the true part failure of each claim and identifies potential replacement parts. The Entigo system tracks the amount requested by the dealer, the OEM, and the amount allowed by ArvinMeritor. Payments are then issued by check, credit or material exchange.

With the Entigo Warranty solution, ArvinMeritor achieved Phase I goals and implemented the solution in a production environment by the summer of 2002. All told, it took just 6 months to integrate and implement the Entigo Warranty solution. Entigo Warranty is built on a J2EE platform and supports open-standard application servers and databases. ArvinMeritor runs the system on a Windows 2000 operating system using a WebSphere application server interacting with an Oracle database. As of February 2003, the solution supported over 1000 dealer repair facilities with approximately 50 internal users.

RESULTS

ArvinMeritor has been extremely pleased with the Entigo Warranty solution and its impact on the call center's results. In fact, some project goals have been achieved quicker than expected. The reporting cycle time from repair to ArvinMeritor notification has been reduced from 60 days to 1 day. ArvinMeritor now has up to date information on product repairs as soon as they happen.

"The key point in any long term success is the cycle time improvement driving faster root cause analysis and remedy," says Joe Mejaly, Director of Customer Support Services at ArvinMeritor. "This dramatically reduces the population of

problem parts in the field that will need repairs and improves customer satisfaction by increasing the quality of our products."

The new warranty management process allows for proper repairs to be made the first time and eliminates follow-up problems down the road due to improper diagnosis and repair in the field. This allows ArvinMeritor to manage the

historical performance of the vehicle—and thus their product's performance on that vehicle. The system also allows them to look at VIN history and how their products perform in different applications and vocations within the commercial vehicle market.

Another positive result of the new call center strategy was a general improvement in dealer satisfaction. "Arvin Meritor's new call center has dramatically decreased the amount of time for payment of claims," said Lori Audette, from Western Star & Sterling of Vancouver, Inc. "Now with the call center we can phone in and know instantly whether the repair is under warranty and receive an authorization number on the spot. Over the phone we can walk through diagnostics to determine the type of repair that's necessary so we're sure that it's done correctly the first time. We can also determine if we need to save and send parts back to ArvinMeritor or if we can scrap the parts. All these improvements add up to savings for our dealership."

