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Ferrari North America

Ricoh Revs up Ferrari North America's Procurement Process
with a SharePoint-based Purchase Order Request Application

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– Scott Grissom
Chief Financial Officer
Ferrari North America
Englewood Cliffs, NJ

ABOUT THE CUSTOMER

In automotive circles, a Ferrari sports car is synonymous with excellence and exclusivity. Words like performance, innovation, technology and cutting-edge design all come to mind with this elite driving experience.

Whether on the road or the racetrack, a Ferrari is pure automotive art. From its iconic prancing horse logo to its legendary Formula 1® victories, Ferrari automobiles generate a "World of Dreams and Emotions."

While Ferrari automobiles are made in Italy, most of its cars are exported to other countries around the world. At least 30 percent of its cars are shipped to North America, which formed a subsidiary based in New Jersey to oversee importation, distribution and sales of new and pre-owned Ferrari automobiles in the United States, Canada and Mexico

Over the years, Ferrari North America has become a tour de force in the Ferrari family. High-profile motorsports events such as the American Le Mans and the Ferrari Challenge series have extended the Ferrari image of power, style and wealth in North America. The Ferrari Club of America has grown from just a handful of enthusiasts at its beginning to the largest Ferrari club today with 6,000 members.

CHALLENGE
- Slow, manual purchase order process
- New automation technology months down the road
- No visibility into purchase order request workflow

SOLUTION
- Custom application development
- Clear understanding of business challenges
- Interim automated purchase order request workflow
- Integration with Masterpiece® general ledger application

RESULTS
- Enthusiastic user acceptance, adoption
- High visibility with built-in dashboard
- Transparency to track purchase orders by event
- Solid partnership for custom application development

CHALLENGE

Ferrari employees drive toward excellence every day. There are showrooms and after-sales facilities to oversee. There are racing and car club events to schedule and plan down to the last detail. There are also vendors for these events—caterers, venues and hotels—that must be selected, managed and paid for.

However, the purchasing process at Ferrari North America was a little less than a well-oiled machine. In racing vernacular, the process added seconds to a pit stop—the difference between taking the checkered flag and second place. The issue was various operating groups within Ferrari North America were procuring products and services, but they lacked automated technology to issue, route and approve purchase orders.

"There was a big inefficiency in our purchasing process," said Scott Grissom, chief financial officer at Ferrari North America. "We ran a tight ship in our budgeting process, but we were new to automating the procurement function." A new system was coming from Italy that would automate the purchase order process, but that was expected to be months down the road. They needed a solution now.

"We didn't want to wait for a formal build-out of the new technology and we could no longer go without a purchase order process," Grissom said.

Ricoh had already made a name for itself at Ferrari North America as a provider of application support and SharePoint® expertise. They had successfully developed dynamic custom forms to streamline Ferrari North America's travel and vacation request process.

Previously, vacation and travel requests were processed using disjointed forms that were tied to the specific manager of an employee. Any time a new manager came on board or left the company, request approvals could get chaotic. As a result, Ferrari North America had amassed more than 200 travel and vacation request forms.

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Ricoh automated the travel and vacation request process, providing functionality that enabled each employee's manager to be automatically identified using Active Directory. Employees submitting the forms no longer had to identify their manager—the application made a smart decision for them. They created two separate dynamic forms to make processing even easier, then migrated all the forms to the new process.

Ferrari North America had also enlisted Ricoh to update their SharePoint version—upgrading the platform from 2007. With several successful engagements at Ferrari North America, Ricoh was viewed as the proven partner to design and automate a purchase order portal for the company.

"We wanted a complete purchasing module that allowed us to change the culture here," said Grissom. "Since it would be temporary, we wanted it to be developed simply, but still meet all of our immediate needs."

Case
Study

"From a development standpoint, Ricoh really understood the technology aspects of what we needed—dropdowns of all our suppliers, cost centers and key data. They also understood what we didn't need because we weren't going to be using this application for the next 10 years."

SOLUTION

To make the right recommendation, Ricoh first needed to fully understand Ferrari North America's business challenges to define how automation could be achieved through better purchase order request workflow. For example, what approval gates were needed? What dollar amount thresholds could be approved? The Ricoh team also needed to understand how to extract information or place information into another general ledger line of business application, Masterpiece.

Ricoh worked with Ferrari North America and representatives from Masterpiece to develop a clear picture of what needed to be done. They presented their solution to Ferrari North America—leveraging the company's existing SharePoint intranet portal to build an automated purchase order request workflow.

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With full buy-in from Ferrari North America, Ricoh proceeded to create the automated purchase order request workflow. They developed the custom application and conducted user acceptance testing. After successful user testing, the team went into full production of the application and finished with stabilization so the application could be maintained.

Once up and running Ferrari North America's new purchase order request workflow pulled suppliers and account data directly from Masterpiece so authorized employees could automatically generate purchase order requests. Through the application, the purchase orders were routed to a requestor's manager, the controller and Grissom for approval and then saved to the Masterpiece shared folder. Once a purchase order request was approved, the requestor received an email along with a unique purchase order number.

If a new supplier needed to be added, the application automatically routed a request to the requestor's manager and the controller for approval. If approved, it was then sent to accounts payable to create a new Masterpiece vendor ID, which was then imported daily to the portal so purchase orders could be generated. The requestor automatically received an email notification if the request was rejected. In turn, they were notified via email after an approved request received an ID number.

"The application worked really well and we saw the benefits from using it," said Grissom. "It gave us absolute accountability for our business groups in terms of what they were requesting and why. They were no longer bringing us manual purchase orders that were difficult to track."

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RESULTS

With its interim purchase order request workflow application developed by Ricoh in place, Ferrari North America was able to shift its culture toward greater accountability and streamlined procurement.

"I expected a little more push-back from our business groups with this change, but Ricoh built the application with an intuitive design and user acceptance was very good," said Grissom. "Within two months, everyone was very ingrained in the application."

Higher Visibility, Complete Transparency

Ferrari North America's purchase order request workflow application also provided a dashboard that Grissom visited several times a day to see all the orders that had been submitted, what was lingering and what needed to be approved. Before the application, he had to send purchase orders to the CEO or to Italy if a certain dollar level had been reached. Through the application, Grissom was able to simply send screen shots from the dashboard via email and convey information much more quickly and concisely.

"The dashboard really brought visibility and accountability to our procurement process," said Grissom. Running up to eight Ferrari Challenge events kept the Ferrari North America staff on its toes. Being able to create separate purchase orders by event—and specific requests for hotels, events, tracks, etc.—made its procurement processes much more transparent.

"It's a great way to provide a capsule of what it takes to do our races," said Grissom. "All the costs were broken down and we knew exactly what we were approving."

Solid Partnership for the Future

With several development projects now complete, Ricoh has become Ferrari North America's go-to partner for applications. Down the road, if the luxury sports car importer needs a solution implemented quickly and done right, they know who to call.

"If we need an add-on piece, we know we can get exactly what we need from Ricoh to make our company more efficient and shore up our processes," said Grissom. "If you're looking for a specialized module for some functionality that you've been missing, I'd recommend enlisting the expertise of Ricoh."

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