

BUSINESS GUIDE

# Cloud ERP Helps Automotive Suppliers Fuel Growth



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*A cloud ERP system tailored to their specific operations can help automotive parts makers and distributors manage operations growth amidst supply chain interruptions that are snarling auto production worldwide.*

Beset by pandemic-driven supply chain disruptions, transportation bottlenecks, low freight capacity and a persistent labor shortage, automotive parts manufacturers and distributors are having a difficult time balancing demand with supply.

Demand for automobiles, components and parts is increasing. Concurrently, upstream supply chains are moving slower than ever as companies scramble to get the raw materials that they need to be able to produce their goods.

These and other forces directly impact the auto parts companies and manufacturers that sell original equipment manufacturer (OEM) replacement parts. Operating in a highly

fragmented industry where most organizations have up to \$10 million in annual revenues, these companies handle the production, distribution, and/or assembly of the parts, components and other items that go into a completed vehicle.

To run their businesses, most of these companies rely on on-premises systems like Sage 100, Shopify for ecommerce management, Fishbowl for inventory management and ShipStation for freight management. With anywhere from 10-20 years' worth of data stored in separate applications, these companies have no centralized database to work from, nor do they have a clear picture of end-to-end organizational performance.

This guide examines the pain points that this fragmented technology approach is creating for automotive parts manufacturers and distributors, and explains how NetSuite combined with industry-specific enhancements helps companies eliminate these roadblocks, cut costs and save time.

## Overcoming Challenges and Grabbing Opportunities

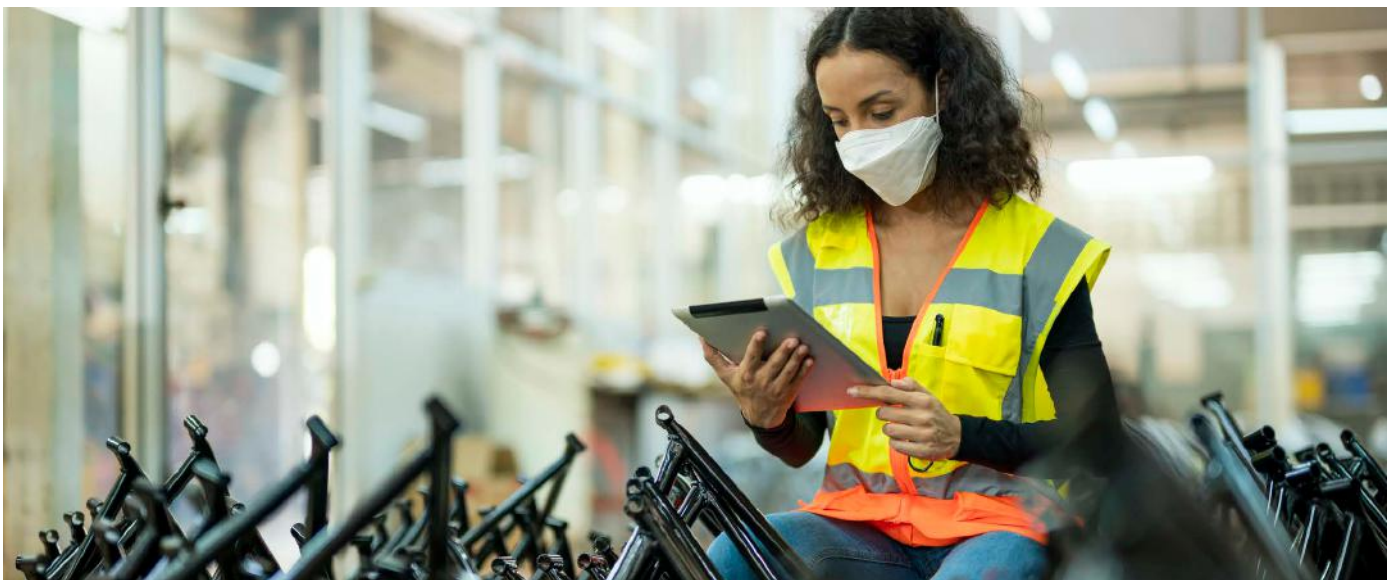
Like many other industries, the auto parts manufacturing and distribution sector has experienced significant upheaval over the last few years. Focused mainly on after-sales auto parts, the market historically relied on a distribution channel comprising a manufacturer, wholesale distributor and/or auto parts retailer. With ecommerce opening up new channels, and with end customers buying more products online, multiple distribution channels have come into play.

For example, [an online seller may take an order for parts](#) and send that order to a wholesale distributor who drop-ships to a customer. This and other new sales channels have created additional complexities for companies that try to use a combination of on-premises systems, add-on applications such as Shopify and Fishbowl, and Excel spreadsheets to run their businesses. One of the key pain points is poor inventory management—a sore spot that worsened during the COVID-19 pandemic and became even more prevalent in 2021 thanks to the scarcity of many raw materials, parts and components.

“A lot of auto parts makers and distributors are either stocking out or keeping too much inventory on hand right now,” said TJ Tyrrell, Partner and Principal Consultant at Limebox, a NetSuite Alliance Partner. “Because holding inventory is expensive, they’re also doing more drop-shipping of orders directly to end customers.”

Other challenges include poor visibility into incoming orders, which trickles down to end customers who have grown accustomed to fast shipping and online portals that tell them when orders will arrive. For the company that’s running on-premises solutions and disparate systems, getting that data collected, aggregated and shared in a timely manner is nearly impossible.

“If finance is using QuickBooks, the inventory manager is using Fishbowl and the company’s central ERP is Sage 100, there’s not much overlap of information across these systems,” said Tyrrell, “despite the fact that some of them may integrate with one another.” The company that’s using Shopify or Magento to run its online operations and that’s also selling on Amazon Marketplace faces even steeper challenges.



“With no single database to work from for pricing and other high-level component information, these companies miss out on robust sales reporting,” said Cash Shurley, Partner and Principal Consultant at Limebox, “and never really know if they’re making a profit or not.”

Procurement, a critical part of any manufacturing or distribution business, also suffers under the strain of disjointed systems and poor operational visibility. For example, with the average vehicle needing 1,400 different semiconductor chips—a number that’s growing as the industry makes more “connected” vehicles—the chip shortage is wreaking havoc on the automotive industry. In fact, the dearth is expected to cost the global automotive industry [\\$110 billion in revenue](#) in 2021.

To help automotive parts organizations navigate these complexities, Limebox partnered with a supply chain vendor management solution provider that works to ensure reliable delivery promises and updates.

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When integrated with NetSuite, the solution helps companies improve visibility into their active purchase orders, get updated delivery statuses and gain a better understanding of their upstream supply chains.

It also sends alerts when vendors need to be contacted, pinpoints specific inventory locations and adds new layers of visibility to the procurement process.

## A Valuable Toolkit for the Automotive Parts Industry

A suite of features that enhance NetSuite in specific areas useful to the industry, Limebox Tools helps automotive parts companies optimize their ERP investments and integrate additional applications into their overall business processes. For example, Limebox built a direct integration with ShipStation, which companies use to import, manage and ship product. Limebox has also partnered with other logistics-focused software vendors to provide its clients with a broad range of options (i.e. to manage fulfillment costs but offload the actual shipping costs to the end customer).

Limebox also helps companies enhance NetSuite’s Returns Merchandise Authorization (RMA) functionality to meet their specific needs. For the company whose end customer wants to exchange an incorrect parts order for the right products, for instance, Limebox automates that multi-step process and makes it easier for the distributor to manage.

Offered as two distinct bundles, Limebox’s ShipStation and RMA management capabilities are then complemented by Limebox Tools. “We created some custom portlets that allow companies to put just about any IFrame into a portlet,” Tyrrell explained, “plus some custom workflow actions and reporting tools that support administrators.”

## Solving Pressing Problems

Having completed several successful NetSuite implementations for automotive parts companies, Limebox has the experience to help other organizations get the most out of their ERP investments. By eliminating their data silos, disparate systems and spreadsheets, these companies can efficiently navigate their current supply chain challenges while also planning for future scale and success.

“Every single auto part requires a fitment list. We solve this by using NetSuite as a sustainable, long-term, automated solution to the problem.” TJ Tyrrell, Partner and Principal Consultant, Limebox

“We pride ourselves in understanding our customers’ needs and have accumulated that knowledge through working with automotive manufacturers and suppliers,” said Shurley.

The Limebox team also has a deep understanding of requirements like fitment. In the automotive space, fitment data refers to the compatibility between the vehicle and the parts, and is generally based on the car’s year, make, model, trim and engine.

If a specific part only fits five car models that were produced within a 5-year window, for example, companies need an efficient way to save, share and refer back to that data. Most organizations manage this and other fitment data manually with Excel spreadsheets. That data then has to be uploaded to the various online marketplaces (e.g. Amazon, Shopify, eBay) where the products are sold.

Limebox helps automotive suppliers address fitment by bringing those specifications into NetSuite, which extracts that information and then sends it to the proper marketplace for use by the end customer.

### The Perfect Fit

With an average implementation time frame of 90-120 days, Limebox works to give its automotive customers a turnkey solution as quickly and efficiently as possible. Once in place, the system simplifies and centralizes business processes, saves hours once spent on manual data entry and improves visibility of stock, orders and the end-to-end supply chain.

“Once everyone has access to the data that they need, they can work more effectively,” said Tyrrell.

“They’re no longer repeating work, hunting around for data or guessing at when orders will arrive.” Staff members also know that when they submit a PO for approval it will be routed to the right person, versus having to print out a piece of paper and physically deliver it to that person.

“With NetSuite and our customizations in place, automotive manufacturers and suppliers also see improved communications and transparency within their organizations,” Shurley explained. By layering RMA management into NetSuite, for instance, Limebox helps companies manage a complex process that would normally require the manual creation of an RMA and then a new, separate order for the replacement parts.

“NetSuite can handle the RMA in a single record,” said Shurley. “This saves a lot of time for frontline customer service personnel.” It also helps companies better manage the financial aspects of RMAs, which should be allocated to their own expense categories. That way, CFOs and financial managers can easily tell exactly how much money the company is losing on returned merchandise.

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These are some of the ways that Limebox has enhanced NetSuite to make the ERP a perfect fit for the automotive parts industry. Through good controls and simplified processes, it helps its customers gain better control over their margins, improve profitability, save time and compete more effectively.



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