

“We are eager to stand out as a world-class auto manufacturer, and choosing Manhattan Associates’ market-leading solutions has already proved to be a great choice.”

Mr. Song Shushan
Service Director of Foton Motor Inc. and Deputy General Manager of Foton Marketing Company



Headquarters: Beijing, China

Auto parts distribution centres:

Beijing, Shandong and Guangdong

Total capacity:

Over 1.08 million sq. ft. (over 100,000 sqm)

Manhattan solution: Manhattan SCALE™:

Supply Chain Architected for Logistics Execution

Foton Motor prepares for business growth with Manhattan Supply Chain Platform

Manhattan SCALE™ Enhances Warehouse Management Efficiency for Foton

Founded in 1996, Foton Motor Inc. (Motor) is the largest commercial vehicle manufacturer in China. With a market value of nearly 30 billion yuan (\$US 4.7 billion) and 40,000 employees, Beijing-headquartered Foton has sales branches across the country.

To support its manufacturing business and after-sales service, Foton invested more than 2,000 million yuan (\$US 320 million) in building an extensive network of auto parts distribution centres across the country. To date, the company has set up three provincial distribution centres in Beijing, Guangdong, and Shandong as well as another 60 regional distribution centres in other parts of China. Today, the auto parts distribution network comprises 700 exclusive auto parts retail outlets as well as franchises in more than 3,500 service stations.

Over the last few years, Foton has recorded impressive business growth and has become one of the top commercial vehicle manufacturers in the world. As a fast-growing vehicle manufacturer, Foton has an even more ambitious goal which is to extend its footprint into yet additional markets. As part of its ten-year strategy, the company aims to expand its operations to emerging markets including India, Russia, Brazil, Mexico and Indonesia. It also plans to achieve market breakthroughs in North America, European Union countries, Japan and South Korea.

Foton realised that to continue along its current growth trajectory, it was important to have the right IT systems in place to help the company streamline processes within its distribution centres. Back in 2005, Foton had developed its own IT system to replace a previously manual operation. However, the system was unable to deliver the required levels of inventory accuracy and operational efficiency. In addition, it lacked the functionality to support key processes such as product packaging and stock allocation. The inability of the old system to scale up to support Foton's business growth was also an issue. Given the company's ambitious expansion plans and the increasing requirement for timely and accurate distribution, Foton recognised the need to replace the outdated system with a proven IT systems platform that could provide a strategic advantage over its competitors.

Challenge:

Foton required a sophisticated warehouse management solution that could manage critical warehouse processes from receipt to dispatch and ensure a consistent level of order accuracy.

Solution:

Manhattan Associates was selected for its global reputation and vast domain expertise. With its robust and flexible functionality, [Manhattan SCALE](#) can integrate seamlessly with Foton's existing ERP system.

Results:

Improved operational efficiency and automation; streamlined warehouse management and higher productivity levels—all of which has prepared the company for business expansion.

“We needed an intelligent warehouse management system to play an integral role in our day-to-day operations. The solution needed to have strong inventory and order management capabilities to support our business expansion,” remarked Mr. Song Shushan, Service Director of Foton Motor Inc. and Deputy General Manager of Foton Marketing Company. The main challenges Foton faced were to support and optimise all aspects of operations within its distribution centres, which include product packaging, allocating products to storage and the entire picking, packing and shipping process. “The old system could not provide accurate and clear directions for resource and labour allocation and would result in an inefficient and labour-intensive process,” added Song.

Manhattan SCALE™ and Local Team Helped Foton Address Challenges

After careful evaluation of various warehouse management solutions available on the market, Foton selected [Manhattan SCALE: Supply Chain Architected for Logistics Execution](#) to play an integral role in managing its auto parts distribution centres. The advanced logistics platform is an ideal blend of features,

functionality and technology for organisations looking for a high-performing, affordable and low-risk supply chain solution. Built on Microsoft® technologies, Manhattan SCALE boasts a powerful set of supply chain solution components and sophisticated logistics support capabilities, including Trading Partner Management, Yard Management, Optimisation, Warehouse Management and Transportation Execution, which can quickly scale up or down to match market conditions.

In addition, Manhattan SCALE perfectly complements and seamlessly interfaces with Foton’s existing ERP system, protecting its existing IT investments. The ERP system receives all sales orders and checks for inventory information before passing the relevant data to Manhattan SCALE, which manages the whole order fulfilment process.

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“We wanted to make sure we had a best-of-breed IT systems infrastructure to support our business and address the challenges of inefficient warehouse management which had resulted from our incumbent IT system,” Song explained. “[Manhattan Associates](#) stands out not only because it is an internationally renowned supply chain solutions provider, but also because it has local experience with a dedicated local team to ensure a smooth deployment and transition.”

After in-depth analysis and assessment of Foton’s overall business, people management processes and technology standards for auto parts, the Manhattan Associates team helped Foton successfully deploy the new platform at its distribution centres in Beijing and Shandong.

The Manhattan team will continue to monitor the system’s performance and provide advice for sustainable optimised services after the implementation.





Foton Enjoys Key Business Benefits with Manhattan

Following the deployment, Foton is already seeing significant improvements in operational efficiency within its distribution centres. Some of the specific benefits already seen include improved operational efficiency and automation; streamlined warehouse management processes; and optimised labour allocation, all of which is providing a solid foundation on which Foton can expand its business.

Improved operational efficiency and automation

When allocating products to a specific location, Foton used to rely heavily on a few experienced employees who were familiar with the products and storage locations. This has changed with the implementation of [Manhattan SCALE](#). Now, any employee who is well trained with the new system can handle the job by simply following the system-directed instructions.

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Streamlined warehouse management

Manhattan SCALE automatically assigns products that need to be wrapped or packaged for shipment, directs products to be put away in the optimum pick location, and optimises the whole put-away, picking and packing operation to minimise travel time between tasks. Foton has seen instant improvements in a number of areas and has been able to process increased shipping volumes and achieve higher levels of inventory and order accuracy, as well as improved labour productivity.

Optimised labour deployment

Manhattan SCALE is able to track material flows across the warehouse operation from receipt and put-away to picking, packing and despatch. This provides a clear record of the time taken by each employee to perform a given task, which in turn, enables Foton to much better track labour allocation and monitor employee performance.

Manhattan SCALE can easily be configured to support a changed operational process flow. Its scalability is perfectly suited to the global expansion goals Foton is pursuing, and will allow the



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business to scale up or down quickly and easily to meet new business requirements without incurring additional costs.

“We are impressed with the improvements already seen from the initial deployment of Manhattan’s solutions. We have much better visibility of stock, labour allocation, and overall performance of the warehouse and its staff. Manhattan Associates’ consultants worked closely with our team and offered us timely support,” said Song. “We are eager to stand out as a world-class auto manufacturer, and choosing Manhattan Associates’ market-leading solutions has already proved to be a great choice.”

Building on the success of the deployment of [Manhattan SCALE](#) in its major distribution centres, Foton is planning to roll out the Manhattan technology to its regional distribution centres across China, and eventually to DCs in other markets across the world as the company expands.

