



## Michelin navigates change

### ABOUT MICHELIN

Michelin Group is active on all continents, from China to Brazil and from The United States of America to Germany and Russia. Michelin manufactures and sells tires for all kinds of vehicles. It is also famous for its Red and Green travel guides that rewards restaurants for their cooking, for its road maps and related online services, and for its emblem, the Bibendum.

### WHAT MICHELIN NEEDED

Michelin needed to transform its IT applications performance. It was costly to have and maintain a mixed bag of applications in different locations. New, standardized applications across the company would:

- drive down costs
- make processes work better
- help Michelin grow and compete.

Michelin is well-known for exploring new, better ways to do things. This task was no exception. The idea of a fresh sourcing model was born. Named co-management, it rejected the classic buyer-supplier pattern. Instead, partners would work shoulder to shoulder with Michelin.

Partners would commit to the same goals Michelin had set for itself. They would have to bring the right skills and delivery model. Logica was a natural fit. Like Michelin, commitment, openness and innovation were at the heart of Logica's businesses and processes.

The balance tipped in Logica's favour for two reasons. We were the only company that could help Michelin without calling on other

companies for support. We were able to offer all the necessary skills, like consultancy, design and building and supporting software.

### THE CHALLENGE

The co-management method was untried. Michelin was used to introducing new or substantially improved products and services to solve customer problems or to set itself apart from the competition. This was the first time the spotlight was trained on process innovation.

Co-management meant that Logica and Michelin would share risks and rewards. These would be determined by results on key process indicators like project performance, entity performance, supplier cooperation and group performance.

### OUR ANSWER

Together the teams studied grass root level business requirements in supply chain management, corporate finance, customer relationship management and order to cash. How could we reduce costs? What could be done to improve application development, maintenance and support?

We drew up a plan to:

- deliver the project with the best mix of onshore, nearshore and offshore elements
- carry out end-user testing before rolling-out new services
- acquaint users at Michelin with the new system
- ease change into the organization by making information and tools readily available.

“We want our suppliers to jointly create a ‘polar star’ for us.”

Head of business solutions,  
Michelin.

The three-year application services contract for Michelin was the largest such project **awarded in Europe in 2008**. It builds on our close, long-standing relationship with the international tire maker.

## A SUCCESS STORY

The co-management approach is working well. On a day-to-day basis the team works together to accomplish common goals. Problems are resolved through open communication.

With an eye on bigger savings, more services are being moved offshore to our centres in Bangalore and Chennai through 2009-10.

Michelin's systems perform better now. What's more, the new systems are helping the company respond to changing business needs. Savings from standardized operating costs are being invested in core business and on promoting environmentally friendly solutions.

Michelin's head of business solutions is sure this is the way ahead. "At Michelin, we seek to collaborate with our suppliers, and relationships are built on trust and behaviour. Trust is built up over time and is about experience."

For Michelin, this partnership with Logica has:

- improved overall productivity: applications management costs less, performs better and reduces time to respond to changing business needs
- increased innovation capabilities: teams access and share know-how on the latest technologies
- boost confidence: the company is now ready to explore ways to improve other processes.

## WHY WORK WITH LOGICA?

We have a flexible, collaborative culture. Our innovative, practical solutions are tailored to client needs. Our local teams stay close to our clients, while working with Logica's global delivery network in low cost locations like India and Morocco. We help you lower your costs, beat the language barrier and avoid cultural misunderstandings.



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Logica is a business and technology service company, employing 39,000 people. It provides business consulting, systems integration and outsourcing to clients around the world, including many of Europe's largest businesses. Logica creates value for clients by successfully integrating people, business and technology. It is committed to long term collaboration, applying insight to create innovative answers to clients' business needs. Logica is listed on both the London Stock Exchange and Euronext (Amsterdam) (LSE: LOG; Euronext: LOG). More information is available at [www.logica.com](http://www.logica.com)

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