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Driving Standards

The auto industry is moving to a new standard for dataexchange in an effort to cut costs and simplify processes

By Laurie Sullivan, [InformationWeek](#)

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Wayne Williams, who sells \$60 million worth of Audis, BMWs, and other imported cars a year, believes there's a better and far cheaper way to conduct electronic business with automakers. The owner of Williams AutoWorld in Lansing, Mich., plans to implement collaborative-business systems based on the emerging Electronic Business XML standard that, in addition to simplifying electronic forms processing, promises to cut the dealership's data-communications costs in half.

As a first step, Williams AutoWorld this year will work with German automaker Volkswagen AG, which is forging ahead with plans to adopt ebXML, a standard developed by the United Nations for Internet-based business collaboration. General Motors Corp. isn't far behind. The two manufacturers see ebXML as the best choice to replace a costly process of document exchange that relies on conventional EDI, often in conjunction with satellite services. Executives from VW and GM are convinced the rest of the industry will join them soon. "As ebXML becomes standardized, it will become the de facto way everyone does business," says Tony Scott, chief technology officer at GM.

The ebXML standard, established in 2001, provides a comprehensive set of specifications for conducting secure, reliable data exchange over the Internet. "The biggest motivation for going to a Web-based process is to contain costs," says Williams, one of 1,000 dealers in the United States and Canada that VW hopes to pull into its ebXML network. Porsche, BMW, and DaimlerChrysler's Mercedes have said they'll be ready to go live with ebXML by this summer, according to Williams. When that happens, he estimates his \$12,000 data-communications bill--spent each month on point-to-point EDI and satellite services--could drop by as much as \$6,000.

VW is looking for savings, too. The automaker can cut \$1 million in annual EDI fees and software using Cyclone Commerce Inc.'s ebXML-compliant collaborative-commerce software to transmit documents, VW estimates. The company also plans to extend its ebXML network to repair shops and parts suppliers, and it expects the system to be better than EDI at supporting large, graphics-intensive files such as engineering specs. "We wanted to implement more-complex and larger systems that can handle data-intensive pictures, drawings, and transactions on a more-secure network," says Uwe Matulovic, VW's CIO of North America.

Support for ebXML is growing throughout the automobile industry. The Covisint online exchange and parts supplier Delphi Corp. are among those backing ebXML, and Ford Motor Co. has said it wants the industry to ensure compatibility between ebXML and other Web-services technologies.

The Automotive Industry Action Group, which automakers established to address supply-chain issues, is spearheading an ebXML project, called Inventory Visibility and Interoperability, for improving inventory views



Using ebXML could cut Williams' data-communications bills in half.

Photo of Wayne Williams by Bridget Barret

within supply chains. More than 30 technology companies are involved, including BCE Emergis, Covisint, IBM, Microsoft, QAD, SAP, Sterling Commerce, and SupplySolutions. The project will cost about \$40 million and could save \$255 million a year by reducing shipping and inventory costs, the group predicts.

Given all the activity, the auto industry is emerging as an early U.S. adopter of ebXML. "Assuming this becomes the standard for the industry, ebXML is going to save us a lot of headaches," Twila Hart-Humphrey, Delphi's director of product systems, said in an E-mail. "There are just too many ways to interface with our customers and suppliers, and it's getting harder and harder to cope." The Department of Defense recently signaled that it will widely adopt ebXML as well. Vendors of ebXML-compliant software include Fujitsu, IBM, Sun Microsystems, and Sybase.

But ebXML deployments won't happen overnight. An advanced type of Web service, ebXML requires learning new processes and imposing consistency among partners in implementation. Hart-Humphrey expects it to be "a challenge to fully integrate" ebXML with Delphi's existing systems. Gartner analyst Charles Abrams says ebXML is taking longer to develop than expected, in part because it's much more complicated than basic Web-services specifications.


Work remains to be done to align ebXML with other Web-services standards, which include Soap, WSDL, and UDDI. Ford and GM last week requested, and the Automotive Industry Action Group agreed, to form a working group to do just that.

While it hasn't introduced ebXML into its dealer network, GM is testing the spec in 14 areas, ranging from parts procurement to engineering. With 14,000 dealers and 6,000 parts suppliers, GM has the clout to influence the pace of ebXML's adoption. "This is an industry initiative, and I haven't seen any resistance by other carmakers," says GM CTO Scott. John Hardin, GM's chief architect for ebXML applications, says benefits include letting participants establish secure links over the Internet "without dictating the software each partner must buy and without much human touch."

That may sound too good to be true, and industrywide standards are never easy to implement. But the auto industry seems finally ready to tackle the complexities of a new standard in order to fully realize its benefits.

-- *With Charles Babcock*

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