

How Alstom Reduced RFQs to Zero Using aPriori



Company Details

Industry

Transportation Manufacturing

Number of Employees

75,000

Revenue

€8.785 billion

Website

<https://www.alstom.com/>

aPriori Products

aP Pro

The Zero RFQ initiative has dramatically accelerated Alstom's sourcing process by automating supplier selection. By collaborating with suppliers to configure aPriori's digital factories to reflect each supplier's cost structure, Alstom benefits from near-instant quotes without sacrificing accuracy.

What is Zero RFQ?

Zero RFQ is an initiative Alstom started where instead of sending RFQs to suppliers for quotes, they nurture the relationship with the supplier, and use aPriori's highly-accurate cost modeling systems, to instead send a PO directly. The accuracy of aPriori's product costing and the strong relationship with the supplier enables them to skip the RFQ step altogether and send a PO.

Understanding Alstom's Product Costing Problem

Within the Rolling Stock Division, the largest in the company, Alstom's Design to Cost Department is charged with both evaluating new projects and developing cost models to facilitate more effective supplier negotiation.

"Alstom's Design to Cost Department costs electrical parts, climate controls, interiors, batteries, motors, brakes – **everything in the Alstom train is cost by this team.**"

The group works with different branches of the company spread across the entire globe. They needed a tool that could generate manufacturing cost models for a diverse variety of train car components.

The Problem

Generate Time-Sensitive Manufacturing Cost Models for a High Volume of Diverse Components

The Solution

Alstom Uses aPriori Digital Manufacturing Simulation to Model Manufacturing Costs for 20,000+ Parts Per Year Cost Models for Carrier Designs



“With over 280 customers, we sell trains all over the world. **Our Design to Cost Department is responsible for innovation and a global vision** in the market for negotiation.”

The problem? A single rail car requires thousands of distinct parts, and Alstom’s global operations offer many different car designs. The right tool would need to offer detailed manufacturing cost models that could cover the shell of the rail car and everything inside. “aPriori helps the Alstom team to negotiate, to innovate, and to support different initiatives.”

The Problem with Traditional RFQ Processes

Every new RFQ introduced a risk for delay, as suppliers could take up to three weeks to return a quote. Rushed RFQ processes limited Alstom’s flexibility in garnering multiple quotes for maximized savings. In the past, with RFQs going out at the last minute, Alstom could not afford to wait for every bid to come back. This time crunch often forced them to simply accept the first bid returned. The Design to Cost team faced the challenge on how to support an urgent timeline while ensuring the most cost-effective option possible.

The Solution: aPriori

Alstom’s team selected aPriori as the technology capable of modeling manufacturing costs for the huge variety of components that go into our rolling stock products.

The digital manufacturing simulation technology offered by aPriori is an essential capability for a team charged with generating a high volume of manufacturing cost models across a number of sub-systems. aPriori has proven to be the technology solution Alstom needed.

In this 2-minute video, Sebastien Girardot, one of Alstom’s key aPriori users, **shares why aPriori was chosen for Alstom’s Zero RFQ process.**



“Sometimes it’s **not possible to wait for all the offers to come in.** The team needs to order parts. There’s no time for negotiation or to check the results given by the suppliers.”



What is Digital Manufacturing Simulation Software?

Digital manufacturing simulation software enables design to cost teams to simulate the manufacturing process and develop a product cost quote in mere minutes (sometimes even seconds). Savvy digital manufacturing software will also allow you to customize your CAD model for real-time product costing.

Alstom uses aPriori for both simple parts and extremely complex assemblies like complete rail car body shells.

How to Save Time and Resources with aPriori

In many cases, Alstom needs to source simple components at the last minute, leading to a scramble to find savings and source the part without delaying product development.

Alstom frequently sends 100-200 small parts for costing. And the bigger problem is that these parts are often identified and designed very late in the process.

With aPriori, Alstom is able to save time and efforts from both internal resources and supplier resources.

Alstom has been using aPriori since 2013 with global users in France, India, the US, and South Africa. Since their initial implementation of aPriori, the Design to Cost team has used it to generate manufacturing cost models for hundreds of thousands of parts. In fact, during a recent 12-month period, aPriori handled around 26,000 different parts.

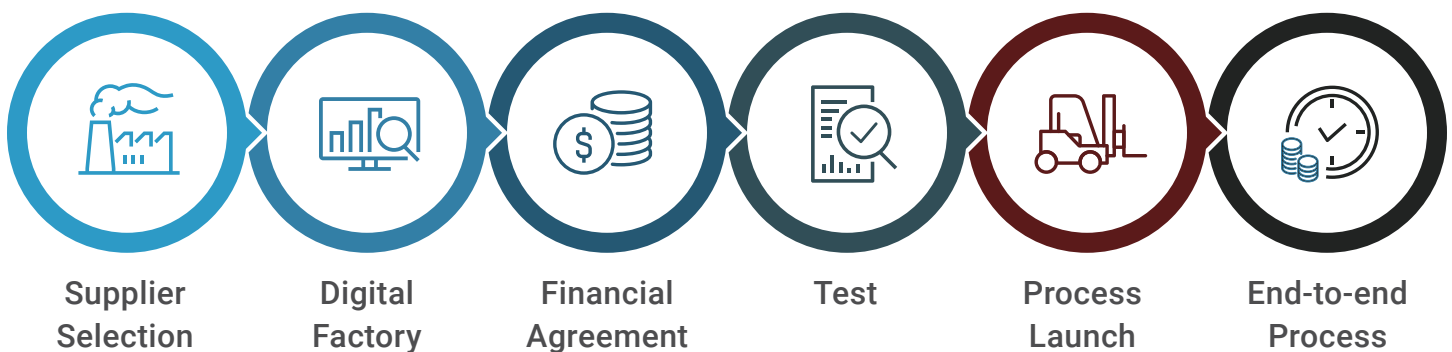
Tips for Achieving Zero RFQs with aPriori

The Zero RFQ initiative has dramatically accelerated Alstom's sourcing process by automating supplier selection. It significantly reduces the purchase process lead-time while also directly enabling better cost efficiency. With aPriori, the Alstom team can now compare simulated quotes from a variety of suppliers without imposing a delay.

How can you achieve Zero RFQ with your suppliers? Alstom has some advice.

Determine which suppliers you want to work with to share your goals for Zero RFQ and follow these steps:

Zero RFQ Implementation Process



Want to learn more about this process? **Hear directly from Alstom along with one of their suppliers as they describe how they achieved Zero RFQ** together with aPriori:



“Alstom’s team estimates that the Zero RFQ process is driving a **40% savings on recurring costs.**”

By collaborating with suppliers to configure [aPriori’s digital factories](#) to reflect each supplier’s cost structure, Alstom benefits from near instant quotes without sacrificing accuracy. As a bonus, Alstom’s suppliers collaborating in the Zero RFQ process report significant improvements for them through efficiency savings in resources on responding to RFQs, stronger relationships, and enhanced win forecasting.

What’s next?

Alstom is rolling out aPriori to additional users across its global operations. In addition to a high volume of manufacturing modeling work, this expanding team continues integrate new suppliers with Zero RFQ capabilities.

WANT TO LEARN MORE?

[CLICK HERE](#) to learn more about how aPriori is helping Alstom achieve Zero RFQ capabilities.

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