

Introduction

Dealer Management Systems have developed in a challenging environment. The title implies that the purpose of the system is for dealers to manage their businesses. The reality is far more complex.

Car retailing has a number of peculiarities that require quite complicated functionality, for example the concept of multiple owners of the main product sold and the reselling, often more than once, of that product.

The main suppliers to the dealer take an unusual interest in the DMS, often to the point of interference, and, for communications, logistics, payment and a myriad of other matters require their own rather than a common interface.

There are other suppliers, who require their own systems to be resident on desks of dealer group staff. These too are often stand-alone rather than an integrated solution.

There are an increasing number of data sources that are essential for the effective running of the business.

The transactions to be managed are large, pass through a number of phases before completion and are more than usually open to interference.

Thus it is small surprise that the systems that have developed have been rich in features, but cumbersome to use, insular and incomplete.



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*By Piers Trennear-Thomas, Industry Analyst,
Independent*

The requirements of today are even more challenging. Richness of feature continues to be demanded, communications increase in frequency and in need for bandwidth, the importance of transaction control does not diminish. Most importantly, the number and variety of staff relying on the DMS has grown considerably.

Coping with demand

Can these increasing demands be catered for by linear development? It is more likely that a step change is required. In fact there are two step changes involved. One in design and one in attitude. The design needs to be focussed on the customer and the attitude of all concerned needs to be one of co-operation.

The design must major on the customer, and co-operation must deliver integration – all the “systems” the dealer needs (and the element of choice that that implies) in one place.



The DMS must cope with the real world of customers. Transactions in auto retailing are not instantaneous, they develop over time. They involve the gathering of information and a “conversation”.

Legal Regulations

If that were not requirement enough, a number of these conversations are “regulated”. The system must therefore be both flexible and capable of prescription. Flexible enough to capture sufficient details about the hugely varying circumstances defining peoples’ wants. Prescriptive enough to capture what the law requires to evidence appropriate conduct.

These conversations contain data essential for management of the business, not least of which is the car people want. Are we holding stock people want to buy? Or are we successful in selling only because we are successful in shifting stock that is not first choice. Many DMS only retain information on what we sell, not what people enquire about.

Just because a person touches our business once and then seems to disappear, do we wish never to speak to them again? To find out why they left? Or under what circumstances they might return? Many DMS retain information only on enquiries that have become orders.

Supermarkets can analyse their business using till receipts (but, significantly it was only when internet shopping took off, that stores discovered how few orders could actually be fulfilled from what was on the shelves). Department stores can use CCTV to analyse the flow patterns of a multitude of visitors. Auto retailing is about one to one marketing. Footfall in a car showroom is meaningless without the conversation that develops with it.

This requires database architecture that is flexible and capacious. Success will be measured by how quickly and easily a large quantity of data can be gathered, maintained, added to and inter-relationships and trends drawn from it. Success will also be measured by how personal and immediate this process can be made to be.

Build “Lasting Customer Relationships”

This information must then be the basis for a continuing conversation that binds dealership and customer together. Massive mechanical mining exercises are of little use compared with the building and maintaining of effective relationships. A good database of a few thousand is infinitely superior to a poor database of tens of thousands.

This leads neatly on to process. The processes that facilitate the commencement and then enhance the richness of the continuation of the conversation are critical. They will also be to varying degrees personal, if not to an individual, then to a dealership or dealer group. So the DMS that stands behind these processes needs to be flexible. The architecture must support rather than prescribe the dealers processes. Steps can be taken in any order, added or removed, made voluntary or mandatory.

By the same token, reporting should be flexible. It ought to be possible to design reports for the issue of the moment, save them for subsequent use or not as required. Reports should enable management by exception, easily incorporate trends, comparison with other parts of the business and data from the outside world, without requiring half the IT resource of the business and intervention from the DMS provider to design and build.

Most businesses today are either multi-franchise, multi-location, or both. The DMS needs to be real time and transparent across both brand and geography, for transaction processing and reporting. That needs band-width and, increasingly, lots of it. It also requires processing power, data management, document management, disaster recovery and a host of other things that involve investment in hardware, people, time and specialist skills.

It makes less and less sense to;

- Make the increasing capital commitment this represents
- Expose the business to the increasing speed of obsolescence
- Find, train and maintain in house the expertise that is equivalent to a dealer becoming an IT house



It is also difficult to see how a software house can keep up with the fast and frequent release schedules that more and more demanding customers require.

This means that the application provider must take on that responsibility. The more clients accept this form of delivery, the more economies of scale kick in. Add in the fact that this mode of delivery cuts out the need to install updates individually on every customers' hardware and it is difficult to see how any other formula will compete.

Gone are the days when good ideas can be stored up and launched with a fanfare annually. Needs are evolving rapidly. Software must evolve as fast as customers require and that can only be practical with hosted solutions.

Finally, the issue of integration. If all car manufacturers used common conventions, it would be far easier for DMS vendors to offer the required features and seamlessness of data transfer across the board. This would benefit dealers, car manufacturers and most importantly, customers. In the meantime, DMS vendors should be offering dealers the advantage of integrating as many of the systems of their choice as is technically possible.

This includes;

- product provision, for example F&I
- data, such as model and price details
- provenance checking
- specialist systems, for example point of sale applications

Conclusion

There are many stand alone applications that benefit dealers and customers but have the drawback of requiring re-keying of data into the DMS. Far from preventing integration of such systems DMS vendors should offer not only equivalent quality – and therefore the convenience of a one-stop-shop, but also choice.

That is how products develop to fit market needs and become fit for purpose.



Ebbon-Dacs Ltd
Faringdon Road
Cumnor
Oxford
OX2 9QY

Telephone: +44 (0)1865 866810
Facsimile: +44 (0)1865 866117

www.ebbon-dacs.com