Automotive | Italy

Fintyre rolls to profitability on a transformed supply chain

Client profile

Fintyre Group is an Italian leader in tire distribution, specializing in replacement tires of various brands and applications, accounting for one-fifth of replacement tire sales in the market.

> “NTT DATA helped us turn data into intelligence so that we could transform our supply chain and quickly return to profitability.”

Wissam Shihadeh, Chief Operating Officer, Fintyre S.P.A.

Summary

Facing an intense restructuring process, Fintyre S.p.A. — a replacement tire distributor in Italy — turned to NTT DATA for assistance. NTT DATA’s supply chain consultants partnered with Fintyre to design data analytics tools that enabled the company to manage financial challenges and optimize inventory, pricing and distribution.

With its transformed supply chain, the company exited receivership in a fraction of the usual time, turning a negative loss into a EUR 12 million profit in only four years.

Outcomes

14 warehouses optimized for product mix and distribution

- 75% same-day delivery rate
- Improves EBITDA from a heavy loss to more than a EUR 12 million gain in four years
- Exits receivership in a fifth of the typical time required
- Achieves bias-free forecasting for the last two years
- Nearly doubles inventory turnover rate in three years

Business need

Leveraging technology to optimize the guest experience

Fintyre sought to transform its supply chain operations to regain profitability and exit insolvency. The company focused on optimizing inventory, pricing and distribution to improve cash flow and the purchasing experience of its 20,000 customers.

In a margin-sensitive business, data insights played a crucial role in helping Fintyre better understand customer demand across Italy, steering towards a return to profitability.

Solution

Building a platform to support strategic decision making

NTT DATA's supply chain consulting practice provided Fintyre with an end-to-end data analytics solution, enabling company leadership to make strategic decisions across its entire supply chain.

Fintyre and NTT DATA created strategies to transform product mix, pricing, inventory and distribution. The team developed data collection and aggregation processes that distill into an easy-to-use Microsoft Excel add-in, guiding Fintyre with real time, market-driven intelligence.

An optimized product mix steers the way

"One of the pillars of our business strategy is offering a wide variety of tires to multiple markets, including agriculture, manufacturing, motorcycles and trucks," says Wissam Shihadeh, Fintyre's chief operating officer. "We must also accommodate Italy's regional diversity and seasonality. This includes delivering snow tires to our mountain towns in the winter and all-weather tires to Sicily year-round."

To optimize tire inventories and sales performance, the company needs to know precisely which products are in demand and which are most profitable. Supply chain analysis tools provide real-time inventory, product margin and competitor pricing data for its 25,000 products. This information helps Fintyre optimize its product mix based on shifting market demand and consolidate its product portfolio while improving the customer experience.

Dynamic pricing pumps up profitability

Working with NTT DATA, Fintyre implemented dynamic pricing strategies to adjust pricing on its ecommerce website seamlessly in response to demand and market scenario pricing changes. This improved profit margins and enabled the organization to prosper in a commodified-based industry.

Outcomes

Distribution efficiency elevates the customer experience

Fintyre's improved analysis tools guided it toward strategically repositioning its distribution centers, guaranteeing optimal product placement, timing and delivery for its 20,000 customers. With its new 14-warehouse network, the company significantly increased its operational efficiency, providing same-day delivery for 75% of its customers, a notable improvement from the previous 55%.

The warehouse repositioning also enables the company to offer a more extensive assortment of products through a new premium fulfillment process. That higher-service tier generates additional income and improves the customer experience.

Transformation paves the way for precision forecasting

With its new analysis tools, Fintyre can now forecast — within a -5/+5% margin of error — for important metrics like cash, inventory, product availability, net financial position and other key performance indicators.

"The biggest benefit from our partnership with NTT DATA is our improved visibility into the business," says Shihadeh. "Our improved forecasting accuracy was a major factor in accelerating our return to profitability and generating trust with our shareholders."

Continued partnership for ongoing success

NTT DATA consultants continue to support Fintyre with insights, training and strategies that contribute to its continuing transformation.

"We are so enthusiastic about our partnership because in 2020, every day, we were facing a very tough challenge," says Shihadeh. "Today, we are a transformed company. We are debt-free and profitable, and we're now, again, a leader in the Italian tire distribution market."

