



EDI 862 Launch

September 22, 2005

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EDI 862 Launch

Supplier Training & FAQ

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Introduction:

- International Truck and Engine Corporation has recognized the need to augment our Business Process relative to administration of Shipment Authorizations.
- The addition of the EDI 862 transaction will facilitate:
 - Improved frequency of Delivery Windows
 - Leveled Inventory Management
 - Improved Responsiveness to changes within the Lineset period



Introduction cont'd

- The use of this transaction set will facilitate Lean Manufacturing and Just-In-Time (JIT) inventory management by providing International with a mechanism to issue precise shipping schedule requirements on a more frequent basis.



Introduction cont'd

- The EDI 862 shipping authorization is Plant specific providing the ability for each International Truck Plant to generate shipment authorizations independently.



Introduction cont'd:

- Supplier Selection is a function of usage volumes and desired delivery frequencies.
- Suppliers will be notified in writing of our expectations and launch plans.
- Plants previously incapable of transmitting this type of data include all locations except Chatham.
- There will be minor functional changes incorporated into the “Legacy” plants’ 862’s.



Legacy Plants

- Currently, only one International Plant is considered to be “Legacy”
 - Chatham Assembly Plant (020)
- Minor changes will be implemented, affecting the data output from the Legacy systems.



Plants Utilizing BaaN

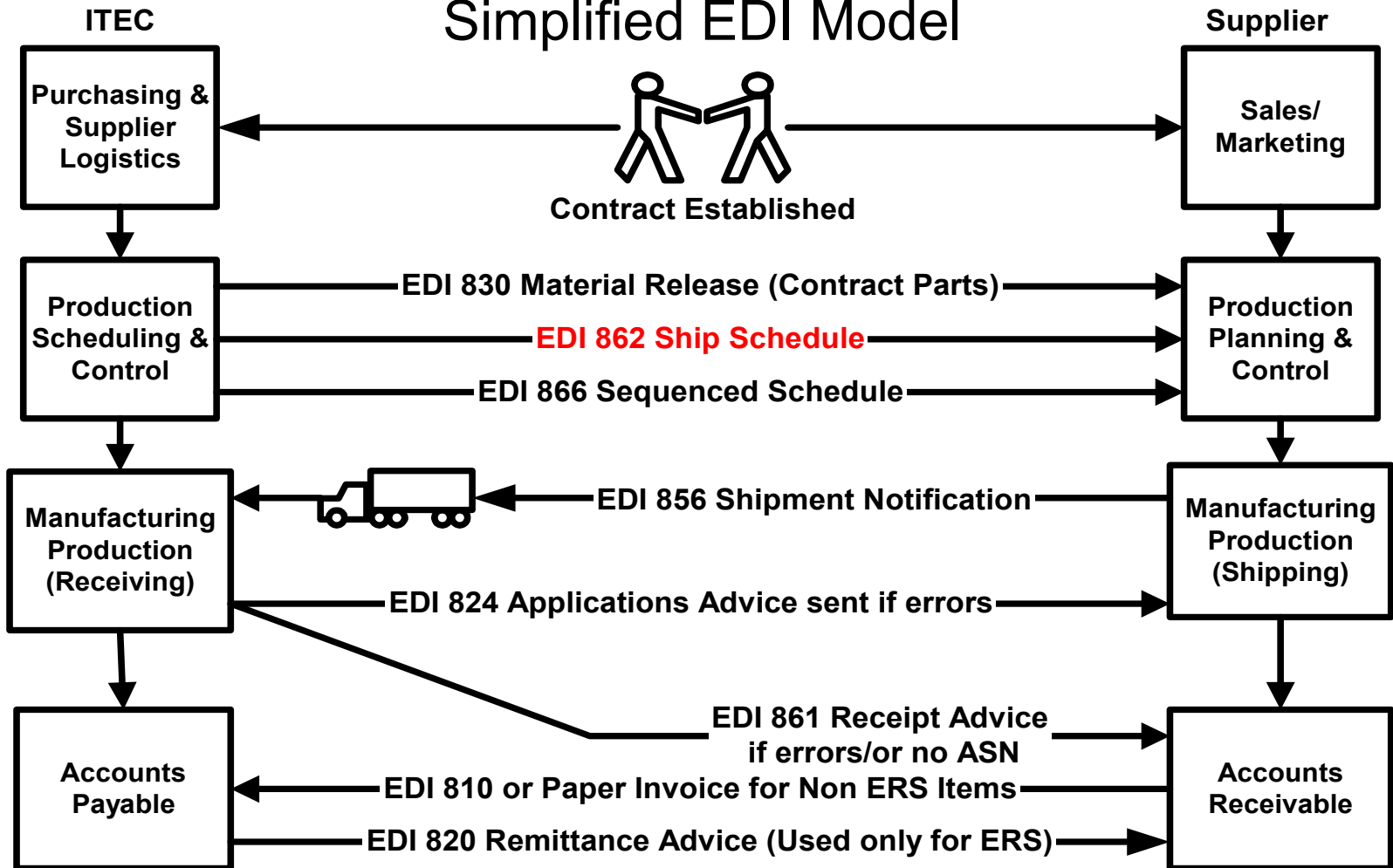
- With this launch the following Truck Plants will be capable of transmitting 862 data:
 - Springfield Assembly Plant (002)
 - Conway Bus Plant (009)
 - Blue Diamond Truck (011)
 - Tulsa Bus Plant (014)
 - Chatham Assembly Plant (020)
 - Garland Assembly Plant (062)
 - Escobedo Camiones (065)



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Simplified EDI Model





Transaction Responsiveness:

- **EDI transactions are sent to a Supplier**
 - International monitors timing relative to receipt of Supplier's 997 FA.
 - Suppliers are expected to functionally acknowledge within the following time limits:
 - **824 1 working day**
 - **830 2 working days**
 - **861 1 working day**
 - **862 1 working day**
 - **864 1 working day**
 - **866 1 working day**



Data Integrity

- **EDI Accuracy**

- It is the Supplier's accountability to transmit data in the same format it was received within the Shipment Authorizations, I.e.:
 - Part Number
 - UOM
 - 7-Digit Supplier Code
- Failure to provide accurate data content in EDI transactions could potentially result in delayed payment...



Planned Effective Date:

- International Truck and Engine Corp. has targeted **September 19th. 2005** to begin transmitting Daily Shipment Authorizations to Selected Suppliers from ALL Truck Manufacturing Locations.
- International will be transmitting the same version (2040) of the Transaction that we are currently using with our Legacy Plants.



862 – Transaction Scope

- Delivery Based
- This Transaction Is Used To Communicate Daily Requirements based on Point Of Application.
- MRP will be refreshed in nightly batch after which,
 - The 862 will be processed and transmitted nightly
- Ship authorization visibility is limited to 5 weeks.
- All output reflects only daily aggregated bundles.



Transaction Scope cont'd

- The 862 will be used as a delivery based shipment authorization, incrementing parts requirements in daily aggregates.
 - It's possible that forecasted quantities could be incorporated into the daily requirement amount.
- Initially, ALL parts on contract that generate requirements output will be transmitted in the 862 for Selected Suppliers.



Transaction Scope cont'd

- While the 862-transaction set supersedes certain shipping and delivery information transmitted in a previous planning schedule transaction, it does not replace the 830-transaction set.
- Because the functional intent of an 862 is based on precise requirements delivery, it is not merely a daily 830 Planning release.



Out of Scope

- Suppliers shipping parts once per week will continue to receive 830 Materials Releases only.
- ABR and/or sequenced parts will continue to be shipped against 866 Sequence Shipment Authorizations only.



EDI 862 Vs. EDI 830

- International Truck and Engine utilizes the EDI 862 transaction to convey precise delivery based shipping schedule requirements (gross-to-net calculations applied) to select suppliers.
- As such, it is intended to supplement the planning schedule transaction set EDI 830 for parts delivery purposes.



EDI 862 Vs. EDI 830 cont'd

- The EDI 830 Materials Release will be utilized for **Planning** Only where a more precise Shipment Authorization (862 or 866) is transmitted. The Materials Release includes:
 - Slotted Orders & Collateral Requirements
 - Production Forecast Applied
 - EDI 830 Provides Visibility Of 12 Weeks And 3 Months
- The EDI 862 Shipment Authorization Supports **Daily** MRP Output:
 - It's conceivable that Production Forecast may be applied
 - The Chatham Plant will continue to restrict forecast, reflecting actual order demand until they migrate to BaaN later this year.
 - The Horizon is limited to 5 weeks of daily bundles.



Supplier Selection

- As previously mentioned, Supplier Selection is a function of Usage Volumes and Delivery Frequencies
- International Truck & Engine Supply Chain Managers will be accountable for identification of potential Supplier candidates
- International Truck & Engine Logistics Provider will provide shipment/volume information to assist in validating the selection process
- Selected Suppliers will be notified in writing by Supply Chain EDI



Launch Timetable

- Final testing of our applications is currently being conducted by our IT Department.
- We have tested the output of our Translator Mapping.
- Our Pilot Test Date has been set for a September timeframe.
- Mass notification to selected Suppliers will occur immediately after a successful Pilot.
- We have **targeted** September 19th 2005 as our cutover date for Production Status of this transaction.



Launch Timetable cont'd

1. ITEC will select Suppliers based on usage volumes and delivery frequencies.
2. Selected Suppliers will be notified in writing, well in advance of the cutover date.
3. ITEC expects that selected Suppliers will have their Translation software and integrated applications in place prior to the cutover date of September 19, 2005



Launch Timetable con't

4. If your Company requires testing of the 862 Transaction:
 - Download the necessary Documentation (Business Process Guides and Implementation Guidelines from International's website).
 - Notify your EDIC, allowing sufficient time to complete the testing prior to the cutover date.



Launch Timetable con'td

5. Suppliers currently receiving and processing 862 Data will be considered candidates for testing.
6. The Transaction Version of the 862 has not changed, therefore, any Supplier processing it in the current environment will be able to run it after the cutover.



The Business Process

- Suppliers must access their VAN mailboxes on a daily basis.
- Suppliers must retrieve and process the Delivery Based 862 Shipment Authorizations.
- The requirements output reflects Point of Application.
- Suppliers must calculate the applicable in-transit timing to ensure delivery to the respective Plant's Point of Application to prevent shortages of material.



The Business Process cont'd

- ITEC has designed our systems applications to be set up at the part number level for 862 Shipment Authorizations.
- However, **ALL** parts on your contract will initially be set up.
- Any parts generating MRP 830 Materials Release output should also generate 862 delivery schedules...



Business Process con'd

- **NEW** parts added to contract, due to Source Changes, PBA's or New Business must be carefully monitored.
 - These parts must be individually added to the 862 Profile within ITEC applications.
 - They will be included in your 830 Materials Release automatically.
- If you recognize a synchronicity issue between the documents, please contact your EDIC immediately.



Changes affecting Legacy Plants

- 862 Output will be limited to a 5 week horizon
 - The flexibility to select a variable horizon up to 6 months will be eliminated
- Suppliers will be expected to receive the transaction daily
 - The flexibility to “select” days of the week will be eliminated
- Suppliers selected to receive 862 data must use it as their Shipment Authorization
 - International will not transmit data for information purposes only...
 - International’s Logistics Provider will schedule pick up windows based on this information.



Testing Process

- If your Company has been selected to receive 862 Shipment Authorizations, and you've never previously processed this Transaction:
- Download the Business Process Guide and the Implementation Guideline from International's website.
- Contact your Translation Software Provider to ensure that you can process this data.
- Contact our EDI Operations Personnel to arrange a Testing Date.



Documentation

- Business Process Guides and Implementation Guidelines are available on International Truck and Engines website www.internationalsupplier.com



Contact Personnel

Name	Position/Accountability	Phone	Email Address
Andrew R. Sorensen	EDI Manager; Truck Mfg.	630-753-6829	andrew.sorensen@nav-international.com
Susan A. Ewing	EDIC; Springfield & Chatham Assembly, CAS, PEC	937-342-5157	susan.ewing@nav-international.com
Brad MacDougall	EDIC; Blue Diamond & Escobedo Camiones	519-358-4651	brad.macdougall@nav.international.com
Jim Mosshammer	EDIC; Conway & Tulsa Bus, Garland Assembly	937-342-5113	jim.mosshammer@nav-international.com



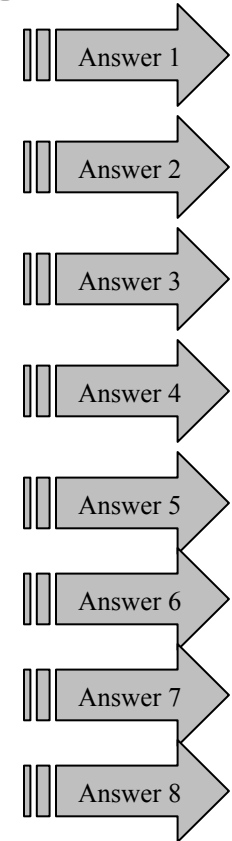
Common Acronyms

- ABR – Attribute Based Release
- EDI – Electronic Data Interchange
- EDIC – EDI Coordinator
- ITEC – International Truck & Engine Corp.
- PEC – Product Evaluation Center



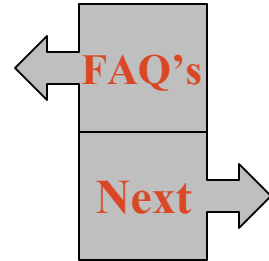
Frequently Asked Questions

1. If daily requirement does not match container quantity, how will shipment be scheduled?
2. Can forecasted amounts in the daily requirement be eliminated?
3. Why is the 862 horizon fixed to 5 weeks and can it be made variable?
4. Why can we no longer receive 862 data for information purposes only?
5. Do I need both 830 and 862 transactions?
6. If my company has been selected to receive 862's, but cannot meet the date, who should I contact?
7. What constitutes the Point of Application?
8. Some parts on my contract are not applicable for 862 Shipment Authorizations. Why must I ship them in this environment?





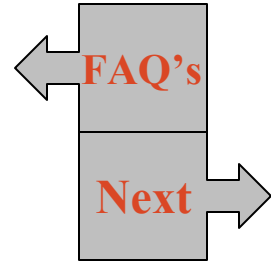
If daily requirement does not match container/Standard Pack quantity, how will shipment be scheduled?



- The intent of a Daily Shipment Authorization is ineffectual if we increase our shipping and handling costs.
- The Supplier should ship the agreed-upon container or Standard Pack quantity.
- The gross-to-net calculations will take the inventory into account after it has been received.
- The next point of need will then be calculated based on usage of the part.



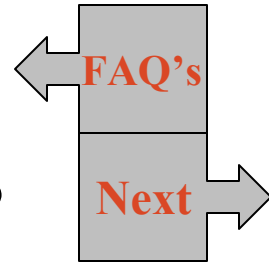
Can forecasted amounts in the daily requirement be eliminated?



- During soft market conditions, it is possible that forecasted quantities will be applied within the lineset period.
- The ERP systems applications that generate 862 data include both actual order demand and forecast.
- The benefit to this process is that the 830 Materials Release Planning document can be reconciled to the 862 Shipment Authorization.



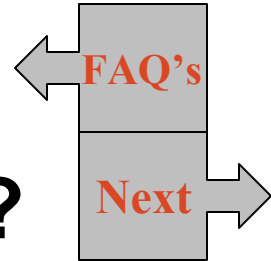
Why is the 862 horizon fixed to 5 weeks and can it be made variable?



- The intent of this transaction is to provide Suppliers a Shipment Authorization with precise delivery based parts requirements.
- Any requirements visibility beyond this window are not applicable to planning shipments and International Truck & Engine recommend use of the 830.



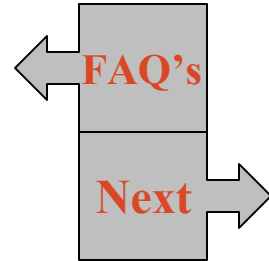
Why can we no longer receive 862 data for information purposes only?



- The intent of this transaction is to provide Suppliers a Shipment Authorization with precise delivery based parts requirements.
- International's Logistics Provider will be using our 862 data to schedule pick-up windows with Suppliers.



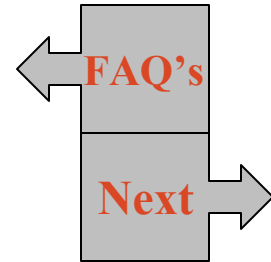
Do I need both 830 and 862 transactions?



- All Suppliers to International Truck and Engine will be expected to receive and process 830 Materials Releases for Planning purposes.
- This will facilitate sufficient visibility and lead time of parts requirements to ensure a smooth flow of material.
- The 862 will provide Selected Suppliers with their Shipment Authorizations to facilitate shipment/receipt leveling and inventory management.



If my company has been selected to receive 862's, but cannot meet the date, who should I contact?

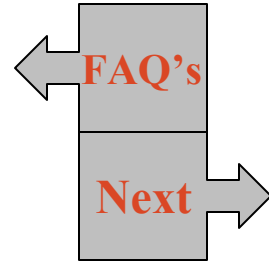


- This transaction is considered to be a very basic and common business document within the industry.
- It is routinely included in the offering of basic translation software packages.
- However, ITEC recognizes the need for integration of this transaction which may cause delay in meeting the target date.
- It is our expectation that your Company will take whatever measures are necessary to meet the planned launch date.
- Please see the Contacts Page in this document to notify your EDIC of any delayed implementation.

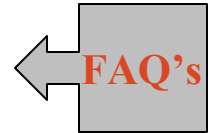




What constitutes the Point of Application?



- Many ITEC manufacturing processes require sub-assembly departments/areas prior to main line assembly.
- Typically, parts are assembled into modules prior to being affixed to the truck/bus chassis.
- Parts are required to be available to facilitate this sub-assembly process on the dates specified in the 862 data.



Some parts on my contract are not applicable for 862 Shipment Authorizations. Why must I ship them in this environment?

- International will launch the 862 Business Process by transmitting **all parts** on contract to Selected Suppliers.
- International will continue to analyze the requirements volumes and load frequencies with the assistance of our Logistics Provider during this analysis period.
- If and when it is deemed mutually beneficial to all impacted parties, we could filter those inapplicable parts.
- Suppliers will be notified of any changes to the business process.