

Why Automotive Plants Are Moving Beyond Legacy Systems

In automotive manufacturing, performance hinges on uptime, throughput, inventory turns, on-time delivery and margins. But whether you're a Plant Manager or an IT Director, legacy systems threaten productivity.

From Tier 1 to Tier 3, automotive suppliers across the industry are still relying on outdated ERP platforms, homegrown databases and spreadsheets. In fact, a recent study found that "74% of manufacturing and engineering companies continue to rely on outdated legacy systems and spreadsheets."¹

These legacy systems impact plant performance, restricting decision-making, planning and responsiveness. Here's how to tell when it's time to modernize.



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Drag on Legacy Systems

You might be saying, “this is how we’ve always done it and it’s worked out okay.” Legacy systems and manual workarounds may work for a while, but over time their inefficiencies add up, impacting key functions across your operations.

1. Limited Visibility Impacts Availability to Promise (ATP)

Availability to Promise (ATP) depends on accurate, real-time visibility into:

- Current inventory (raw materials, WIP, finished goods)
- Production capacity
- Open orders and forecasts
- Supplier lead times

If this information needs to be reconciled from multiple sources, ATP becomes just an estimate, not a reliable commitment. Production data may sit in an MES or ERP, Inventory balances in a spreadsheet and forecasts somewhere else. Your siloed data introduces delays and risk.

Modern platforms, integrated to create a holistic system, unify this data. Your ATP calculations are automatically generated, allowing your sales and operations teams to confidently commit to delivery deadlines. This improves customer trust and prevents chaos caused by missed promises.

2. Weak Planning Hurts Inventory Turns (and Causes Stockouts)

Inventory management is a constant balancing act: too much ties up cash and space in your warehouse; too little and production grinds to a crawl.

- Legacy systems often rely on:
- Static reorder points
- Outdated lead time assumptions
- Manual forecast adjustments
- Spreadsheet-based planning outside the ERP

In the absence of real-time analytics, the result is reactive over- or under-ordering. This directly impacts inventory turns. The solution is to move to a modern planning platform which provides modeling that integrates demand signals, production capacity and supplier performance. It enables scenario-based planning, dynamic safety stock adjustments,

capacity-constrained MRP, and real-time exception management. With these enhanced planning tools, you can reduce excess inventory while protecting service levels.

3. Siloed Systems Undermine Cross-Functional Alignment

Disconnected tools and outdated systems hinder every area of the automotive plant. Production, quality, supply chain and finance all rely on shared data. Lack of alignment isn't just an inconvenience, a 2023 study found that "companies lose over 20% of development time to coordination failures and information silos."²

Common symptoms include:

- Maintenance schedules disconnected from production planning
- Quality data isolated from supplier performance tracking
- Production metrics unavailable to financial reporting in real time
- Manual reconciliation between MES and ERP

To overcome the disconnect, each department builds workarounds. Over time, these workarounds become the norm. It's like a house of cards, teetering and ready to collapse with the slightest jostle. IT teams struggle to manage it with point-to-point integrations, custom scripts and manual data transfers. But any change risks breaking something else. And all the while data quality suffers and critical decision-making is delayed.

Modern, integrated systems reduce this fragmentation. Production, inventory, procurement, and quality share a single source of truth, reducing data silos and costly errors. Real-time visibility across departments enables faster more informed decisions, accurate forecasting and tighter cost control and compliance. The result is an agile operation that can quickly respond to demand changes.





The Hidden Cost of Excel and Tribal Knowledge

If your company is still using Excel for production scheduling, inventory tracking, supplier performance dashboard, forecasting or reporting, you're not alone. According to a 2023 report by the Manufacturing Leadership Council, "Although analytics tools are on the rise, a majority of manufacturers still use spreadsheets to analyze manufacturing data."³

While Excel has its place, using it as a system of record introduces risk. The very nature of a manually updated process presents risk from human error, especially if key operational decisions rest on that data.

Another reality is that tribal knowledge is also relied on for key processes. Take the RA process, for instance. A recent survey from the Center for Automotive Research stated that "RFQ know-how is often undocumented, slowing responses and reducing quality when teams change."⁴

Some personnel rely on years of experience to "know" how to read the data, which machines run slow, or how to manually adjust schedules to keep the line moving. That knowledge is valuable, but it also creates vulnerability when those employees retire or move on. Performance drops, new hires struggle to replicate undocumented processes, and companies may even face corrective actions from compliance gaps.

Modern ERP and MES systems take the guesswork out of operational data management and decision making. They work on embedded rules that standardize data, making forecasting, traceability, procurement and product management more dependable.

How Legacy Systems Affect Strategic Decision Making

Even if the plant has moved on from spreadsheets and tribal knowledge, legacy systems may still stand in the way of long-term performance improvement and timely decision making.

Legacy ERP, MES or quality systems are often siloed—they're disconnected modules that don't communicate in real time. Different departments, such as production, quality, maintenance and finance, might have their own reporting database. That means reports from each department must be reconciled before leadership can get an accurate view of performance. When you're managing supplier performance changes, new product launches or OEM escalations, delays in OEE, scrap or PPM data effect your ability to respond.

“Financial reporting is often arduous and time-consuming, requiring countless spreadsheets, roll-ups and manual work that inevitably leads to inconsistencies, inaccuracies, and information gaps. The result? Management is constantly making decisions based on *mostly* accurate information about where the business was *then*—not where it is *now*.”⁵

—Autonews.com

Legacy systems also make it harder to see true cost drivers. Material variance, freight, overtime and scrap can all cut into already thin margins. If cost data isn't visible, strategic decision making—such as whether to automate, reshuffle labor teams or renegotiate pricing—is done without the whole picture, impacting the results.

Finally, antiquated systems don't support the speed and traceability that OEMs expect. Whether it's PPAC reporting, certificates of conformance, or bill of materials (BOM) and genealogy records, when outdated software can't deliver real-time analytics and data sharing, the result is managing through spreadsheets.



Warning Signs It's Time to Upgrade

So what are some clear signs that legacy systems are holding you back?

1. Planning Lives Outside the System

If your MRP results are exported into spreadsheets for manual cleanup before being finalized, your core system isn't doing its job.

2. ATP Is Overridden

If system-generated ATP dates are constantly changed because they "don't look right," your system lacks the needed real-time integration to align inventory with production and commitments.

3. Excess Inventory Coexists with Stockouts

Inventory distortion is common in plants running on outdated systems. Poor visibility results in unnecessary spend on carrying costs while losing revenue on unavailable product.

4. IT Spends More Time Maintaining Integrations Than Driving Innovation

Being in constant maintenance mode means there's no time for improvement.

5. Key Decisions Depend on Specific Individuals

If losing a planner or supervisor means operations would be disrupted, your processes are too dependent on tribal knowledge.

6. Reporting Is Slow and Manual

If monthly reports mean days of data consolidation, your systems aren't supporting effective management.



What Automotive Software Modernization Looks Like

If you're recognizing the warning signs, the next step is to imagine what modern systems would actually look like inside your plant. Instead of considering just swapping out legacy systems for new ones, think about creating an integrated foundation that connects planning, production, warehousing, quality and financial data in real time. Connected systems share data and support decision-making in a way that isolated tools —no matter how new—just can't.

ERP

At the core is a modern ERP system. Today's ERPs go beyond basic accounting and MRP functionality and allow everyone to work from a single source of truth. An ERP provides real time visibility into key data including raw materials, WIP and finished goods. Purchasing, supplier performance and cost data are all connected while built-in analytics help teams respond to demand changes.

MES

A modern Manufacturing Execution System (MES) delivers real-time intelligence from the plant floor. MES captures production data from machines and operators, provides accurate OEE and scrap reporting, digitizes work instructions and links quality data to lots and processes. Real-time visibility reduces reliance on tribal knowledge and strengthens traceability, audit readiness and OEM responsiveness.



The Upgrade Isn't Just About Technology

Upgrading core systems shouldn't be just about a technology upgrade. Whether you're a plant manager or an IT manager, think about the bigger picture. As an automotive supplier, your world is defined by tight production schedules, just-in-time delivery, and OEM expectations. New software won't fix broken processes. Whether it's an ERP, MES, PLM or other software, it needs to drive your business forward.

For Plant Managers, modernizing software systems means greater confidence in available-to-promise (ATP) commitments, optimized inventory turns without risking line stoppages, and clear visibility into bottlenecks across production. It also drives stronger alignment between operations, supply chain, and finance for faster, coordinated responses to disruptions.

There are benefits for IT managers, too. Modern platforms reduce technical debt, strengthen cybersecurity and replace patchworked integrations with maintainable connections. At the same time, they set a foundation for system architecture that can support new plants, programs, customer requirements, and future growth.

When it comes to making the business case digital transformation, the key is zeroing in on the impact new software will have on the business. Key metrics to evaluate include:

- Inventory turns improvement
- Reduction in stockouts and premium freight
- Improved on-time delivery performance
- Decreased manual planning hours
- Reduced IT maintenance costs

Quantifying your current pain points in terms of operational performance and financial return make the case much stronger:

- Quantify your current pain points
- Measure the hours spent reconciling data
- Calculate the cost of missed shipments or emergency freight
- Identify excess inventory tied up due to conservative planning

From Reactive to Proactive

Customer expectations, supply chain volatility, and competitive pressures aren't slowing down, and legacy systems limit your ability to respond. Plants that still rely on tribal knowledge, manual data entry and siloed systems could be holding your business back. If the warning signs sound familiar it's time to move on from reactive management to proactive operations powered by modern software solutions.

About Ultra Consultants

Ultra Consultants works with automotive manufacturers to drive business performance improvement across operations. Our team collaborates with executives and operations leaders to improve production processes, strengthen supply chain performance, and modernize legacy ERP and manufacturing systems. We help automotive companies increase visibility, reduce costs, and create operations ready for the future of manufacturing. To put our expertise to work for you, request a free discovery call at ultraconsultants.com.



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