

Absolute Understanding for IFS - Case Study 1

Scenario: Bioscience Manufacturing Company

Employees: 250

Location: UK

Background: Due to the impending retirement of the founder chairman, a new managing director has recently been appointed, and following a full review of the company's activities, suspects that the current ERP, a 2004 version of IFS Applications, is not giving the company the benefits that it should. He has found the mainly young, highly qualified employees to be very scornful of the system, the Finance, Inventory and Purchasing modules of which were implemented in 2005, following a period of substantial growth. The level of knowledge of how IFS works appears very low, and since most of the original project team has now retired or left the business, little development has been done on the system in the past 5 years, leading the tech-hungry workforce to develop a number of innovative but isolated processes and databases of their own. The IT team is pre-occupied with maintaining the company's aging infrastructure and keeping up with the demands of maintaining the peripheral databases and applications.

Before deciding whether to seek a replacement ERP, the MD appoints Absolute ERP to carry out a full Absolute Understanding health check on the existing system, to make recommendations on how it might be developed to better support the business.

The Pulse Audit:

The audit found that due to the speed of the original implementation, very little training had been given to the users. Subsequent staff turnover has further diluted the knowledge and widespread bad practices have developed. The major failing of the system however is the lack of any coverage of the complex manufacturing and testing activities. Material Planning was all based upon an Excel spreadsheet which was used as a basis for directly raising IFS purchase orders. Many of these orders were not received in IFS, but invoices were paid directly leaving an unmanageable GRNI problem for the finance department. The main production floor was managed mainly by Kanban, using a pull process introduced by the young and charismatic production manager, whilst the Test department ran using a job management system based upon an Access database developed by one of the test engineers, this ran on an unsupported version of Windows which the IT team had refused to allow onto the network. This system contained much of the product test data also.

The lack of integration between the purchasing, inventory and production systems leads to frequent stock errors, and despite instigating a full weekly stock check, production component shortages are common. As a result of all this, there is very little confidence in the financial accounts within the system, and these are also mainly completed in Excel.

For some years the company has had no expertise in report generation and most management information came from spreadsheets. This lack of training also meant that users were unaware of screen layout, screen navigation and query tools available. During the audit, the consultants were able to show many of the users how the system should work for them, and shared a number of tips and tricks to save the user time.

Over the years many essential system administration areas had also been neglected, leading to poor system performance. There was an inadequate backup and retention policy, and so few usable user security permission sets that most users were working with full access to all the screens and data.

The Project:

The audit clearly demonstrated that there was nothing fundamentally wrong with IFS, it just needed to be developed into a properly integrated system and deployed to all departments effectively. The Absolute ERP consultants recommended that before upgrading, the existing software should be re-implemented to ensure that the processes were well understood by all and the level of IFS-literacy was improved in all users. The Manufacturing Module and Quality Module were recommended to control the production and testing departments, overlaid on an extended Kanban system. MRP would be introduced following a full review of BOM and routing accuracy leading to upload to IFS. Strict procedures were introduced to manage PO receipt and SO issue, with a fence being placed around the central stores to prevent removal of parts without a transaction. Purchase authorisations were introduced to increase financial control, and part of this flow was automated with direct e-mail to the key suppliers. An extensive user training programme was built into the project plan, so that those users not involved in the process design, would be well aware of what was expected of them and how to complete that quickly in IFS.

The IT team were extensively trained to administer the Oracle database and IFS system security correctly, with appropriate permission sets and user profiles to speed the user's process. A robust backup strategy was implemented to ensure rapid data recovery from a system failure.

The Results:

Nine months after the completion of the audit, the new processes went live, still using IFS2004, but now running over Citrix on a brand new set of servers and storage, capable of supporting new versions of Oracle and IFS when needed. One year on from there the business is expanding, and despite the 50% increase in throughput, inventory has halved. The users are beginning to have confidence in the system and their ability to use it, and no new admin staff have been recruited to handle the increased business.

Absolute ERP consultants have been back to provide further training on advanced query writing and to ensure that a new starter introduction training is always available. The business is planning to introduce the Sales and Marketing, Human Resources and Payroll modules in the coming year, with an upgrade to IFS Applications 10 budgeted in the three year plan.

Even the IT Manager has stopped moaning... most of the time.

Absolute Understanding for IFS - Case Study 2

Scenario: Multi-national oil and gas Exploration Company

Employees: 3700

Locations: USA, UK, Australia, Thailand, Zimbabwe

Background:

One of the largest first-tier oil exploration suppliers, the company operates a fleet of marine vessels, and leases specialist tooling and equipment and maintains capital plant. It also provides on-site consulting support to several major Oil companies.

All activities are largely managed as individual projects, and the control of these projects is carried out using a variety of tools, including MS Project and Primavera. IFS Financials is used by most of the major locations, though some smaller sites use Sage and other small business software. As a result, the monthly accounting close can take 2-3 weeks to complete. Some sites in the UK have introduced the IFS Inventory and Purchasing modules, but the US and Australian businesses manage these functions using an in-house developed application. Previous attempts to unify the applications have been blocked by the fiercely independent country managers, who like their own current systems, and use the system failings to hide issues from the group executive.

The Global IT director has been tasked by the board to come up with a strategic plan to create a single ERP platform for the group, which can coordinate projects and produce rapid accounting consolidations. Unsure about the capabilities of IFS, he has contacted Absolute ERP to carry out a full review of the company business process and systems landscape as preparation for his plan.

The Pulse Audit:

The audits were carried out both on-site and by telephone. It was decided that visits to the US and Australian sites by Absolute ERP consultants was justified due to the previous lack of success in driving change in these businesses. It soon became clear that the in-house systems were very basic and were very unpopular with the staff, but the biggest barrier to these businesses adopting the common ERP was the high recharge levied by the Central IT for its use. This practice was changed at the suggestion of the Pulse team, to one where the standard system was provided free to the operating companies, and the costs met centrally. IT recharges for the non-standard systems were levied based on actual support time spent by IT. As a result of this, IFS implementations were able to start very quickly in all the major locations. As the version of IFS in use was Applications 8, it was recommended that this be upgraded to Applications 10 before expanding the deployment to new locations.

The Project:

As a result of the audit a steering committee was set up under the chairmanship of the Group CEO, made up of the General Managers and IT Managers for each of the operating locations. This group decided upon a core IFS Applications platform of Financials, Inventory, Purchasing, Projects and Maintenance modules. A project team was established, based in the UK of the most knowledgeable users from each site, whilst giving a good balance of functional coverage. This team set about, with support from Absolute ERP consultants, to agree on the common processes to be deployed within the whole business. This represented a significant challenge, due to the diversity of current approaches and local practices, and took the team nine months to achieve full agreement and successful piloting of all

the required functions. This achievement was made possible largely through the ability of the Absolute ERP consultants to customize screens and events within the system, with extra fields to provide some of the more useful facilities provided by the in-house developed systems.

Once testing was complete and the database transferred to an outsourced data centre, an eighteen month rollout was commenced, with the key users and a small team of consultants (some local – found and trained by Absolute ERP). This team successfully deployed the new system to all the company's locations world-wide, within the allocated budget and only two months over timescale.

The Results:

The use of a single database has accelerated all functions of the business. Teams in different countries are able to collaborate effectively on shared IFS projects, without losing access to their previous planning tools, and cost or timing issues are highly visible to all – enabling much faster corrective action. A clearer understanding of the cost base, with the resultant re-location of certain operations has realized cost savings of 20% on some projects.

The common processes and centralized accounting has enabled the production of the monthly accounts to be completed in 5 days, rather than the previous fifteen. The time saved in the Finance department has been used to carry out detailed analysis of inventory and cash management in the businesses, and this coupled with much tighter controls on debtors and creditors has enabled working capital to be reduced by over 40% - a cash return of twice the total project cost!

Absolute Understanding for IFS - Case Study 3

Scenario: Conglomerate Asset Management and Service Provision Group

Employees: 15000

Locations: Mainly UK and Ireland

Background:

The company operates a fleet of maintenance operatives in self-drive vehicles, and supplies contract cleaning and security services to local and national government and also large commercial enterprises.

It Purchases, stocks and supplies maintenance and cleaning consumables.

The company has grown significantly in recent years through the acquisition of a number of well-known branded service organisations, each with its own well established ERP system. These include Oracle Applications, Microsoft Navision, IFS Applications and Baan One-world. The group board believe that having this wide variety of systems may be restricting their ability to achieve the cost savings and operating synergies underpinning their 5-year strategic business plan, and indeed profits in the past two years have been below forecast.

Since IFS is used in the most divisions (3), and these seem to have the most advanced and successful implementations, the group CIO has approached Absolute ERP to examine the existing implementations around the group and make recommendations on which system should be adopted as the group standard for roll-out to the other divisions.

The Pulse Audit:

The unique approach used by the 'Absolute Understanding' audit created a very rapid groundswell of awareness of the need to change. The structured questioning and open interview process was received well by the staff who appreciated the opportunity to vent their frustrations with the current systems, processes and organisation. Clear action plans became apparent quickly due to the regular and frank communication between the consultants and management at all levels, allowing many of the ideas for improvements to come from the staff and management rather than at the suggestion of the consultants, who merely provided the platform and the vision of what functionality was available to them.

One of the biggest frustrations from the workforce was the lack of information available in the field regarding the availability and cost of spare parts and consumable items, and the length of time that these took to arrive in the field. It was apparent that this was also becoming a problem for the customers, who were starting to look elsewhere for support and supply. Whilst the IFS divisions appeared to be using the system professionally, the system was only available in their offices and depots, restricting the speed with which information could be entered and retrieved. Some of the users were lacking navigation skills and several interviews became impromptu training sessions on creating queries, using Zoom and Context menus and screen customization. The ability of the Absolute ERP consultants to take time to do this increased the trust and value that the users had for the process, increasing their openness and the depth of their responses.

In the non-IFS sites the picture was similar, though one of the Navision sites had attempted to provide their field staff with tablet PCs to access the system via a VPN. This was quite a recent development and was still enduring some teething troubles such as incomplete transactions and lack of 3G coverage at some customer locations.

The group board were persuaded to accept the teams recommendations largely because they made sense and were broadly supported by the users and employees involved.

Within the group finance department, a project had been running for nearly two years to implement a Data Warehouse and Business Intelligence system, but this had so far been struggling with variable data accuracy and with aligning basic data such as customers, suppliers and part numbers. A challenge not reduced by the need for the staff to spend much of each month producing the consolidated accounts in a mixture of Excel spreadsheets and Hyperion.

The Project:

The 3 IFS sites were all on different versions, the most recent being Apps 8. All were hosted in different locations on unconnected databases. It was decided to upgrade all three into a new remotely hosted database running Applications 10 with Enterprise Explorer. The project to achieve this was completed in 6 months using an internal team of 4 experienced users on each site and 3 Absolute ERP consultants with technical support from IFS.

In parallel with this the Group board created a centralised purchasing function to coordinate all the materials used by the other sites. From the start this was managed via IFS inter-site planning and distribution orders to allow rapid information flow and efficient automated transactions.

The three upgraded operating companies have all embarked on rolling out touchscreen mobile devices to allow their operators to report directly into the IFS Work Orders and Time Management modules. This has significantly reduced administration in the billing and payroll departments, and halved the average time to invoice a client following a visit. The group is now also implementing Sales and Marketing and Contract Management Modules to improve the new business development pipeline.

The Results:

In the first year, the centralized purchasing arrangement saved the group over £2M in direct cost savings and reduced administration. Many of the people released by this change have been moved into a migration team, which is progressing through the other companies in the group, bringing them into the centralized IFS Applications 10 database.

Once the rollout is completed, the group expects to save over £5M per annum by the new centralized approach, and is planning to launch new products and services based upon the newly integrated capabilities of the combined group, enabling them to tender for larger scale contracts than ever before.