

Oracle Customer:**National Steel and Agro Industries Ltd**

Indore, India
www.nsail.com

Industry:

Industrial Manufacturing

Annual Revenue:

US\$500 Million to US\$1 Billion

Employees:

400

Oracle Products & Services:

- Oracle E-Business Suite R12
- Oracle Financials
- Oracle Manufacturing
- Oracle Order Management
- Oracle Procurement
- My Oracle Support

Oracle Partner:**Dakshah**

www.dakshahebiz.com

Filix Consulting

www.filixconsulting.com

National Steel and Agro Industries Ltd Halves Time for Monthly Financial Reports, Cuts Inventory Costs by 5%

“Oracle E-Business Suite Release 12 enables us to create and distribute financial reports efficiently, respond more quickly to steel market price fluctuations to protect revenue and profitability, and to provide better service to customers.”
— **Pankaj Verma**, Vice President, IT, National Steel and Agro Industries Ltd

National Steel and Agro Industries Ltd (NSAIL) is an Indian manufacturer and exporter of flat steel products, such as cold rolled coil, galvanized corrugated sheets, color coil, and color profile sheets. The company is also involved in power generation and agriculture. NSAIL has 22 branches and warehouses throughout India and exports its products to the United States, Europe, United Arab Emirates, and Africa. The company is part of India’s Ruchi Group.

Between 2006 and 2010, NSAIL used an internally and heavily customized enterprise resource planning (ERP) application that made it difficult for the branch offices to create and share financial and steel manufacturing data. This hampered the company’s ability to produce monthly financial reports on time.

“We hoped to remove some of the customization to improve the system’s capabilities, but we quickly realized that the time and effort required to do this would be prohibitive,” said Pankaj Verma, vice president, IT, National Steel and Agro Industries Ltd.

“We needed to deploy a system that would enable our branches to share financial and sales data seamlessly and improve business processes to react more quickly to price fluctuations in the steel market.”

In June 2010, NSAIL engaged Oracle Partner Dakshah ebiz Consulting to deploy Oracle E-Business Suite Release 12 modules Oracle Financials, Oracle Manufacturing, Oracle Order Management, and Oracle Procurement. The company also used My Oracle Support to track service requests and gain access to Oracle experts for implementation issues. The company upgraded from Oracle E-Business Suite 11, which was deployed in 2006.

“Oracle E-Business Suite Release 12 enables us to create and distribute financial reports efficiently, respond better to steel market price fluctuations to protect revenue and profitability, and provide improved service to our customers,” said Verma.

Consolidated Financial Reports Completed Twice As Fast

Oracle Financials has streamlined NSAIL’s monthly financial reporting processes. The centralized system enables the company to quickly compile consolidated monthly financial reports, which provide details about the value of warehouse inventory, such as steel; the status of customer orders; and the revenue and profitability of each order.

“The system enables our accounts staff to create and distribute these monthly reports for the entire business during the first week of the month,” said Verma. “Previously, it took until the second week to complete these consolidated reports, and a large part of the task was manual.”

NSAIL sources steel and other metals from domestic suppliers and sellers in China, Africa, and Europe. According to Verma, faster access to financial data and more precise raw materials information enables the company to better react to price variations in the marketplace.

“We can identify what steel we need as raw material and where to get the best price and delivery,” said Verma. “We then use Oracle Procurement to place an order with suppliers overseas, and it is delivered within the stipulated time, depending on extraneous factors.

“Previously, if we wanted the lowest possible price for steel, we potentially had to wait up to three months to receive our order. Now, we have information that enables us to make better resourcing choices and protect our profitability.”

The Web-based system also provides XML reporting, which enables NSAIL’s accounting staff to instantly load financial data into Microsoft Excel spreadsheets. This allows users to view the information they need in their own unique reports.

Internal Audits Completed Faster

Oracle E-Business Suite Release 12 improves support for Indian taxation rules related to imports and exports, which eliminates the need for NSAIL to keep track of every regulation for compliance purposes.

“Accounts staff also uses the system to complete internal audits of our accounts in five to six days,” said Verma. “We are required by law to complete audits every quarter and the time it takes to complete these audits has come down by about 50%.

“In addition, our auditors can complete audits for the entire company from our head office in Indore. Previously, they had to travel for five or six days to approximately 20 locations in India, so we have saved time and reduced travel costs.

“Although the cost saving may not be substantial, our auditors can get all the answers from a single source, rather than having to gather information from each branch.”

Inventory and Manufacturing Costs Cut, Waste Reduced

Oracle E-Business Suite Release 12 also provides NSAIL with better visibility into finished goods inventory across the entire organization. Staff can view information about which products—such as galvanized corrugated sheets or color coil sheets—are selling best in each region to track profitability.

“This enables us to better plan which products to ship to various locations, improving the service to our customers because we can be certain that products will be available for timely delivery. Some of these capabilities are in process of implementation.” said Verma.

“Previously, it would take three to four days of manual work to get the right inventory data, which was much too long because prices in the steel market move very quickly. Being able to source steel products at the lowest price has had a positive impact on our revenue.”

Oracle Manufacturing helps improve the flow of material across the company’s production line, which assists in reducing inventory costs.

“We now have a single, line-manufacturing process, which allows us to determine the type and quantity of hot rolled steel that is available immediately and for subsequent production runs,” said Verma.

“Production staff can determine exact inventory requirements to reduce rework and waste. As a result, we have lowered our inventory levels by around 8% since November 2010, and cut inventory costs by around 5%. We are expecting to cut our inventory by another 3% next quarter.”

According to Verma, the system provides staff with the whole truth about the company’s manufacturing processes and inventory levels. “The system helps us identify our weak areas and point to where we need to improve our processes,” he said.

Support Tools Overcome Implementation Challenges

NSAIL took advantage of My Oracle Support, which enabled the company to access tools to keep the Oracle system running smoothly, communicate with industry peers and Oracle experts in real time, and log and track service requests quickly.

“My Oracle Support has definitely improved the access, amount, and efficiency of support,” said Verma. “As a result, we can create service requests and resolve problems almost twice as fast.”

NSAIL has also been able to use My Oracle Support to apply patches to fix system issues. “We recently resolved three system errors quickly by raising a service request to get the necessary patch,” said Verma.

“Without My Oracle Support’s advice, applying patches would be far more problematic. We would also have to customize the application ourselves to keep it running smoothly, something we didn’t want to do. It would have taken longer to do this customization ourselves, as complex code would have made way for simplified code, producing undesired results in certain areas of the application.”

According to Verma, My Oracle Support was particularly useful when the system went live. “We had some challenges around local taxation rules, which would have potentially delayed the implementation by at least one month,” said Verma. “Our major challenge was that certain accounting entries were not generated and others were incorrect while transferring stock to our branches for sale. My Oracle Support provided a patch that rectified the situation.

“We have peace of mind knowing that Oracle can provide a support team with the right skills for an urgent issue.”

NSAIL uploaded its configuration information to take advantage of My Oracle Support’s embedded configuration management capabilities. The company expects to immediately benefit from system health checks and product alerts, which will reduce its IT risks.

Challenges

- Upgrade a highly customized ERP system with an integrated suite that automates financial reporting and streamlines steel manufacturing and procurement processes
- React more quickly to price fluctuations in the steel market

Solutions

- Engaged Oracle Partner Dakshah ebiz Consulting to deploy Oracle E-Business Suite Release 12 to streamline financial reporting, manufacturing, and inventory management processes
- Created and distributed consolidated monthly financial reports for the entire business during the first week of the month, compared to taking until the second week of the month to complete the task
- Reduced the time it took to complete internal account audits by 50%, as the system provides improved support for Indian taxation rules related to imports and exports, eliminating the need to keep abreast of these regulations for compliance purposes
- Reduced travel requirements by removing the need for auditors to spend up to six days travelling to 20 branch offices across India to complete the audits
- Improved visibility of inventory data and eliminated three to four days of manual work to get the right inventory information
- Provided faster access to financial data and more exact information about the raw materials required to manufacture steel products, enabling the company to easily react to fluctuations in steel prices and protect revenue
- Protected profitability by enabling staff to more easily identify type of steel required and where to purchase it at the best price
- Improved customer service by allowing staff to easily view information about which products were selling best across each region to plan which products to ship to various locations
- Cut inventory levels by 8% and inventory costs by 5% by determining near-exact stock requirements and reducing waste
- Completed implementation within six months by using My Oracle Support to access Oracle support tools and experts. Created system service requests and resolved problems almost twice as fast using My Oracle Support

Why Oracle

NSAIL considered Oracle E-Business Suite Release 12 and competing solutions from SAP. According to Verma, the cost of software licenses and hardware required to support an SAP ERP system was prohibitive for the company. Much of NSAIL's IT staff also had extensive experience working with Oracle technologies.

Implementation Process

Oracle Partner Dakshah ebiz Consulting was engaged in mid-2010 to set up servers to support the system.

The company helped NSAIL load data and ensure it flowed correctly between each module. NSAIL was able to complete implementation within six months by using My Oracle Support to access Oracle support tools and experts.

In March 2011, NSAIL also engaged Oracle Partner Filix Consulting to help improve workflow invoice reconciliation processes. Filix Consulting was able to help NSAIL quickly resolve several problems related to reconciliation, and, in certain cases, intricate setups that caused problems.