

Optimizing Asset Management Cuts Equipment Breakdowns by 40% and Extends Asset Life by 30% for Al Ghurair



Al Ghurair Group
Dubai, United Arab Emirates
www.alghurair-pvt.comcisco, CA

Industry:
Industrial Manufacturing

Employees:
500-1,999

Oracle Products & Services:

Oracle Database
Oracle Financials
Oracle Purchasing
Oracle Property Manager
Oracle Enterprise Asset
Management

“Oracle Enterprise Asset Management is key to our strategy for maximizing equipment capacity, increasing productivity, decreasing maintenance costs, and improving health and safety across all our manufacturing and real estate operations.”

– Majid Saif Al Ghurair, CEO, Al Ghurair Gro

In the 40 years since it was founded, the Dubai-based Al Ghurair Group has expanded into a wide range of business interests, including manufacturing in many industries and commercial property management. Among its many holdings is Burjuman Mall, the Middle East's premier shopping center. Al Ghurair's aggressive growth strategy has made it into one of the United Arab Emirates' leading enterprises. However, because each business was run as an autonomous unit, with each business managing its own data, the Al Ghurair Group faced the challenge of information islands. The group found itself with the business need to get a complete and real-time picture of its overall performance.

As Al Ghurair officials acknowledge, the lack of centrally available data slowed down information sharing and corporate decision-making. In addition, manual processes controlled key business functions, such as plant maintenance in certain units and maintaining accounting records in others. This resulted in over-reliance on individual employees and lack of standardization of procedures across the group. With its eye on the top and bottom lines, management determined to bring all of the businesses together onto a single system.

“Relying on paper-based, manually-driven processes and disparate sources of information was making it difficult to sustain business expansion cost-effectively,” said Fadi Atallah, chief financial officer of Al Ghurair Group. “We wanted to improve the management of our businesses, enhance flexibility, and become a leaner, more agile organization to improve the bottom line. As an asset-intensive group, we also had the goal of maximizing the

Key Benefits:

- Reduced monthly financial close from 45 days to six
- Gained ability to complete cash forecasts in minutes, not days
- Cut purchase order approval time from three days to a hours
- Lowered rate of equipment breakdowns by 40%
- Extended life of its assets by 30%
- Increased employee productivity by 30%
- Achieved ROI in 18 months
- Reduced downtime by 70%
- Lowered cost of ownership by 40%

value of our manufacturing and real estate assets by integrating their management on a single system.”

Al Ghurair centralized its business operations by implementing Oracle Database and four modules from Oracle E-Business Suite: Oracle Financials, Oracle Purchasing, Oracle Inventory, and Oracle Property Management. Later the group added Oracle Enterprise Asset Management (eAM), another E-Business Suite application, at Gulf Extrusions, its key manufacturing facility for aluminum products. At the same time, it migrated all its Oracle E-Business Suite applications from Windows NT to Linux.

Forecasts Completed in Minutes, Not Days

Oracle's workflow-driven E-Business Suite applications have automated and simplified an array of routine business processes for Al Ghurair. For example, Oracle Financials has integrated and Web-enabled financial management for Al Ghurair Group, ensuring an uninterrupted flow of data across the organization. “We now have transparency of costs and commitments groupwide, and can assess our working capital requirements on a weekly, monthly, or yearly basis,” Atallah said. “Monthly close times are down from 45 days to six in some business units. We can complete cash forecasts in minutes, a process that used to take four working days.”

In addition, Al Ghurair's Oracle system automatically routes purchase orders to managers for approval. The system's built-in workflow capability sends out email reminders if authorization is not received within a specified time frame. Thanks to this new capability, the average time to approve a purchase order has been cut from three days to just a few hours.

Similarly, managing leases for the company's real estate operations has been automated through Oracle Property Manager, which ensures that the company and its tenants fulfill their contractual obligations. “Workflow generates substantial savings in property management by ensuring that leases for our hundreds of retail outlets are renewed on time,” Atallah said. “It has played a key role in increasing staff efficiency.”

Boosting Equipment Capacity, Productivity, and Safety

In June 2003, Al Ghurair implemented Enterprise Asset Management (eAM) at its Gulf Extrusions manufacturing plant to manage servicing schedules for its millions of dollars worth of manufacturing equipment. Before Gulf Extrusions acquired eAM, plant managers carried out repairs only when a machine stopped working. Now Gulf Extrusions manages maintenance proactively using eAM. The change has reduced equipment breakdowns by 40% and extended the useful life of the plant's extrusion presses and other industrial machinery by an average of 30%.

“Moving from corrective to preventive maintenance significantly reduced equipment repair costs,” Al-Sibai said. “The reduction in equipment breakdowns has increased employee productivity at Gulf Extrusions by 30% and improved safety at the plant by reducing the number of accidents. Enterprise Asset Management also allows us to collect the maintenance costs and work history for each piece of equipment, which helps us make informed decisions about the value it delivers.”

Seamless Integration and an 18-Month Return on Investment

As another plus, Oracle eAM integrates seamlessly with all Al Ghurair's other E-Business Suite applications to ensure overall organizational efficiency. Information entered into eAM is automatically updated in Oracle Financials, Property Manager, and Purchasing, making it possible for all functional areas of the business to have an accurate snapshot of the business in real time.

Al Ghurair expects to achieve a full return on its investment in eAM within 18 months. The results have been so positive that Al Ghurair is implementing eAM at Burjuman Mall.

Linux Cuts Downtime by 70%, Lowers Costs

Al Ghurair changed the operating system supporting its Oracle E-Business Suite applications from Windows NT to Red Hat Linux to achieve higher availability and reduce cost of ownership. Because of the switch to an enterprise-class environment downtime has already been cut by 70% and performance improved. Al Ghurair expects its move to Linux to cut cost of ownership by 40% because of reduced licensing fees and to recoup the cost of the migration in just six months.

“We see strong support for the Linux platform from Oracle, and we see very close co-ordination between Oracle and Red Hat,” said Al-Sibai. “We know that they work very closely together and they have development teams that are almost working as one team, and we can see the result of in the finely-tuned kernel for database operations.”

“Oracle has enabled us to build and run an infrastructure that lowers our costs and increases our competitive advantage,” Atallah said. “It is a strategic tool in driving our strategy to provide high quality, creative solutions while continuously searching for better ways to serve our customers.”

Why Oracle?

Al Ghurair Group evaluated solutions from a variety of ERP vendors, but chose Oracle for the sophistication of its E-Business Suite applications, its strong presence in the Middle East, and its support for Linux.

“Oracle was the first to offer browser-based applications for enterprise wide deployment,” Atallah said. “And the functionality of the E-Business Suite remains unrivalled. We wanted a long-term strategic partner that could support us for the next 10 years and had applications that could scale in size and functionality to match our increasing requirements.”

In addition, no other company could match Oracle's progressive approach and commitment to Linux. “Running our internal Web server on Linux for two years convinced us it could provide the best reliability and scalability for our critical operations while lowering our total cost of ownership,” said Hatem Al-Sibai, chief information officer at Al Ghurair Group. “Oracle is the only major software company to offer first line, direct technical support for Red Hat Linux operating systems, which was another factor in our decision to go with Oracle.”