

China Eastern Airlines Manages Growth Intelligently with Centralized E-Business Solution



China Eastern Airlines Group
Shanghai, China
www.ce-air.com

Industry:

Travel & Transportation

Employees:

More than 10,000

Oracle Products & Services:

Oracle Database
Oracle Financials
Oracle Procurement
Oracle Financials and Sales
Analyzers
Oracle Human Resources

Key Benefits:

- Establishment of Web-based management information infrastructure
- Centralized financial management and resources planning Never include a benefit here that is not addressed in the text
- Enhanced decision-making support
- Reduction of manual business processes
- Improved operational efficiency and reduced IT maintenance costs

“Oracle E-Business Suite has made great breakthroughs in functionality and performance, and fully meets the requirements of our airline, especially in terms of system reliability. In addition, Oracle's strength and history of technical innovation provides an important guarantee for our future.” – Li Fenghua, Vice President, China Eastern Airlines Group

China's civil aviation industry is flying high these days. According to analysts, the country's airlines are growing at about 9.3% per year—practically twice as fast as the worldwide average. Such growth offers huge opportunities for companies like China Eastern Airlines Group (CEA), one of the country's top three domestic airlines. But CEA will have to work hard for new business, in part because China's entry into the World Trade Organization has begun opening up China's aviation industry to tough international competition.

To prepare for the new competitive landscape, CEA began upgrading its information systems, installing an early version of Oracle E-Business Suite. CEA was among the first Chinese companies to adopt a modern enterprise resource planning (ERP) system, and managers viewed it as an important first step toward being able to function in a global market environment.

CEA's explosive growth since, combined with the company's decision to upgrade its financial management systems further, quickly tested the limits of the original ERP implementation and prompted the airline to upgrade its Oracle E-Business Suite applications. With the new system, CEA is taking advantage of Oracle's powerful new financial management tools and has centralized the overall financial management and resource planning across CEA Group.

Centralized Financial Management

CEA was the first Chinese airline to upgrade to E-Business Suite 11i, launching the new system two months after China began restructuring its civil aviation industry. The upgrade allowed CEA to put its core financial, production, and payroll systems onto a

central integrated platform, which CEA said is helping it reduce costs, improve services and boost profits.

With enterprise-wide integration, CEA does a better job of controlling budgets, a task that had been nearly impossible to do when each unit maintained separate financial systems. And CEA is now able to centrally manage the funds for the company's various branches scattered across the country, enabling savings through economies of scale.

Another important improvement has been in the area of financial reporting. Management can now use the system to keep shareholders and investors better informed with regard to corporate performance.

Coordinated Business Strategies

The ERP system allows CEA's corporate departments and branch offices to access the system instantly over the internet. Moreover, since each part of the business is now connected to the central system, CEA gains an overall view of operations, and managers can take advantage of analysis tools to make smarter decisions and develop better strategies.

In addition, by establishing standard management systems, CEA's business units and branches will be able to face market challenges with coordinated actions. Oracle E-Business Suite also supports multiple currencies and languages, and meets domestic as well as international accounting rules—all of which will provide a solid platform to support CEA's global business plans.

Lower IT Costs, Higher Productivity

Because the various business systems are now integrated and built around a unified data model, users only need to enter information once and it becomes instantly available to other users across the company. In this way, manual data-entry is kept to a minimum, effectively reducing labor costs.

The system helps CEA control IT costs as well, because all of its subsidiaries use just one ERP system and all the maintenance work is done by a central group of IT administrators at CEA's Shanghai headquarters. Hardware, technical support, and IT maintenance costs have been reduced accordingly.

Why Oracle?

After evaluating the alternatives, CEA chose Oracle E-Business Suite and Oracle Database for a variety of reasons. For one, it fully met CEA's current application requirements as well as its plans for future development. CEA's original ERP system was based on Oracle, so the Group had a good idea of the software's strengths and had developed good working relations with Oracle.

"Oracle E-Business Suite has made great breakthroughs in functionality and performance, and fully meets the requirements of our airlines, especially in terms of system reliability," said Mr. Li Fenghua, vice president of China Eastern Airlines Group. "In addition, Oracle's strength and history of technical innovation provides an important guarantee for our future."

In the future, CEA plans to build on its new Oracle IT infrastructure, and integrate it with new systems for electronic ticketing and customer management.

Implementation Process

Guided by Oracle EasiPath Migration Methodology, CEA successfully completed the upgrade in about five months. The company attributed the fast rollout to the active support of top management in each department, the setting of clear objectives and roles at each phase of the project, and the timely adjustment of resources. The implementation team included CEA business and IT managers, and Oracle consultants. According to CEA, the system works with high reliability, speed and efficiency.

China Eastern Airlines Group is one of China's largest airlines group with operations in eastern and northern China and more than 40 sales offices across the country. In addition to its main airlines business, the Group is involved in general aviation, import and export trade, food, tourism, real estate, and media. With the acquisition of China Northwestern Airlines and Yunnan Airlines, China Eastern Airlines is ready to enter a new era of fast development and expansion.