

Darma Henwa Improves Equipment Tracking, Slashes Reporting Time with Automated System



Darma Henwa
Jakarta, Indonesia
www.ptdh.co.id

Industry:

Industrial Manufacturing

Annual Revenue:

US\$226 million

Employees:

1,263

Oracle Products & Services:

Oracle Database
JD Edwards EnterpriseOne
Financial Management
Order Management
Supply Chain Management
Human Capital Management

Oracle Partner:

PT BERCA Indonesia
www.berca-indonesia.com

“All the processes relating to details of equipment purchasing, repairs, what parts are being used, how well the repairs are being done, and the mean time before equipment failure is now completely automated.” – Dewa Putu Nugraha, Head of IT, Darma Henwa

Established in 1991, Darma Henwa is a leading mining contracting business in Indonesia, with expertise in heavy equipment, bulk earthworks, general mining, construction, civil engineering, and plant maintenance. Darma Henwa has won over US\$5 billion worth of contracts from local and international corporations including the Bengalon and Asam Asam mining projects.

It operates a head office in Jakarta, Indonesia and branch offices in the Indonesian provinces of Kalimantan Timur and Kalimantan Selatan. On September 26, 2007, the company was listed on the Indonesia Stock Exchange.

In 2006, Darma Henwa initiated a project to deploy several JD Edwards EnterpriseOne modules from Oracle to gain a better view of its supply chain, warehouse, and financials. Although the company could manage transactions at a financial level, it wanted to automate the process of managing equipment throughout its lifecycle. Equipment purchasing and payroll was also a fairly manual process with Microsoft Excel being used as a database.

A year later, Darma Henwa deployed additional JD Edwards EnterpriseOne modules to help automate the process of managing heavy equipment used in the mines, and streamline its payroll and human resources functions.

Sale Prompts Platform Migration

Darma Henwa inherited an old JD Edwards OneWorld enterprise resource planning system from Oracle in mid-2005 when its former owner, Australian mining company Henry Walker Eltin, sold 95% of the Indonesian operation to Zurich Asset International.

Key Benefits:

- Automated lifecycle management of heavy equipment
- Enabled faster HR management and reporting
- Facilitated quicker reporting for the Indonesia Stock Exchange
- Reduced time to process invoices from half an hour to a couple of minutes
- Increased database performance by over 100%
- Reduced time to complete voucher matching process from one day to five minutes

By 2006, the company had begun migrating from JD Edwards OneWorld to JD Edwards EnterpriseOne, moving key data from Australia across to its Jakarta office after the sale.

Initially, Darma Henwa deployed JD Edwards EnterpriseOne Financial Management, Order Management, Supply Management, and Supply Chain Execution Management modules to manage financial transactions. However, the company wanted to extend the capabilities of the system to better manage its capital assets and payroll.

“For example, all our heavy equipment purchasing was done manually using Microsoft Excel and when you asked two people the same question about something relating to our equipment, you would get two different answers,” said Dewa Putu Nugraha, head of IT at Darma Henwa.

The company was also using locally developed payroll software that wasn’t up to the task. “HR staff were staying back until 3 a.m. getting all the timesheet data out of Microsoft Excel and it even took up to 30 minutes for the accountants to post an invoice,” Nugraha said.

In September 2007, Darma Henwa engaged Oracle Certified Partner Berca Indonesia to deploy JD Edwards EnterpriseOne Capital Asset Management and JD Edwards EnterpriseOne Human Capital Management modules. All company data is held in Oracle Database 10g.

Automated Equipment Management

Darma Henwa is using JD Edwards EnterpriseOne Capital Asset Management to automate the process of managing heavy equipment. The module gives Darma Henwa a complete view of these assets from the time they are deployed until they are retired. This automated process also helps the company avoid equipment downtime.

“Heavy equipment is Darma Henwa’s major asset and all the processes relating to details of equipment purchasing, repairs, what parts are being used, how well the repairs are being done, and the mean time before equipment failure is now completely automated,” said Nugraha.

“Mining contractors can drill down and analyze all this information very easily. They can also record equipment

depreciation by the hour, which is useful because we can depreciate the assets by usage instead of in a lump sum.”

Faster HR Data and Financial Reports

The human resources and payroll process has also been automated with the rollout of JD Edwards EnterpriseOne Human Capital Management. Work orders and accounts payable data is automatically updated with time and employee information.

“We no longer have to sift through manually-produced purchase orders or spend too much time finding basic information about an individual employee. Information that previously took weeks or even a month to find is now available immediately,” said Nugraha.

“Payroll and HR staff are also able to go home earlier,” said Nugraha. “All this information is integrated and it only takes a couple of minutes to do an invoice now, compared to up to one hour previously. Our people are working smarter, not harder.

“Also, now that we are listed on the Indonesia Stock Exchange, there is a lot of reporting that has to be done. With all this company information at our fingertips, we are able to release reports to the market much earlier,” Nugraha added.

Performance Improvements with Oracle Database

Darma Henwa completed a migration from a Microsoft SQL Server to Oracle Database 10g running on two HP-UX Unix servers.

“The performance on Microsoft SQL Server was poor as we were running the database and JD Edwards applications on the same machine,” said Nugraha.

“With the JD Edwards applications running on one Unix server and the Oracle Database 10g on the other, we have seen performance improvements of over 100%.

“For example, the voucher matching process in the accounts payable module previously took up to one working day to complete, but now it takes no more than five minutes on Oracle Database 10g.”

Why Oracle?

Darma Henwa has always felt that the JD Edwards platform was more comprehensive and easier to customize than other offerings in the marketplace.

“A lot of data relating to our mining operation had to be entered into the JD Edwards system,” explained Nugraha. “We had to do a fair bit of customization to integrate all this information into the platform. This information included things like the activity card for each piece of equipment, how many hours it was used, and when it wasn’t used because the operator was on a meal break.

“I believe the JD Edwards platform is the only offering that allows for this type of customization to be done with information that is specific to our industry,” said Nugraha.

The JD Edwards platform is very suitable for a medium-sized mining operation like Darma Henwa.

“Currently, around 50 staff are accessing the system and there’s room to scale up as the business grows,” said Nugraha.

Implementation Process

In 2006, Darma Henwa replaced the JD Edwards OneWorld ERP platform with JD Edwards EnterpriseOne Financial Management, Order Management, Supply Management, and Supply Chain Execution Management modules.

The JD Edwards EnterpriseOne Capital Asset Management and Human Capital Management modules were deployed and fully operational by June 2008.

“Our partner Berca provided consulting services for the implementation. Berca is one of the top Oracle Certified Partners in Indonesia,” Nugraha said.

“The company ensured that all information relating to our mining operation could easily be placed into the JD Edwards platform.”

Darma Henwa will soon start investigating Oracle’s Hyperion business intelligence offerings now that the transaction foundation has been put in place.

“We want to be in a position where senior management can use business intelligence tools to do more predictive analysis on all our financial and operational information,” Nugraha said.

Advice from Darma Henwa

- Find a good partner with experience in JD Edwards implementations.
- Run the JD Edwards platform with the Oracle database on Unix for the best performance.

Darma Henwa is a leading mining contracting business in Indonesia, with expertise in heavy equipment, bulk earthworks, general mining, construction, civil engineering, and plant maintenance.