

DK Corporation Improves Productivity by 12%, Cuts Procurement Time by More than 50%



DK Corporation
Pohang, Korea
www.dkcsteel.com

Industry:
Industrial Manufacturing

Annual Revenue:
US\$490 million

Employees:
165

Oracle Products & Services:

Oracle Financials
Oracle Fixed Assets
Oracle Inventory
Oracle Order Management
Oracle Purchasing
Oracle Bill of Materials
Oracle Work in Process
Oracle Quality
Oracle Cost Management

“After implementing Oracle applications, we gained greater insight into our business. It is now easier to share and analyze information, which is particularly important as we have operations and customers around the world.” – Lee Myung Sik, General Manager, Information system team of DKC Corporation

Founded in 1990, DK Corporation is South Korea’s sole stainless steel plate manufacturer. The company’s products are used in the construction of desalination facilities, nuclear power plants, and liquefied natural gas and liquefied petroleum gas pipes. It has a 75% share of the domestic market and counts some of Korea’s largest enterprises as customers, including Doosan Heavy Industries, Hyundai Heavy Industries, and Samsung Heavy Industries. More than half of DKC’s annual sales are achieved from international markets such as Australia, China, Europe, Japan, and the United States.

In May 2004, DKC implemented a new Oracle enterprise resource planning system to support process innovation and transparent management. The company wanted to integrate information, improve efficiency, streamline procurement, and maintain tight financial control.

By reengineering business processes and automating workflows, DKC reported a 12% improvement in productivity, equivalent to an annual saving of 11,619 working hours. The company cut procurement time by 54% and financial data processing time by 14%. The company also improved information sharing and analysis by establishing a single, global business database.

Promoting Information Sharing

DKC experienced rapid success following its launch, and its operations soon grew to include four subsidiaries, including DKCS; Segi Co., Ltd (fertilizer production); DK Marine (shipping); and DK D&I (automatic process controller and steel drum manufacturer, and ferrous powdered metal distributor).

To improve access to data across the organization, DKC decided

Key Benefits:

- Achieved 12% improvement in productivity by streamlining and automating processes
- Eliminated the need to check and remove duplicate data, saving the HR/General Affairs department 33 working hours
- Enabled the Finance team to reduce annual working hours by 14%
- Reduced annual working hours related to procurement by 54%

to roll out a single, integrated business management platform and build a global database. The company selected a range of Oracle Financials and Oracle Supply Chain Management modules to manage accounting, human resources, inventory, logistics, manufacturing, procurement, and sales. DKC also linked the Oracle system to its import/export system and an e-trading application.

Implementation Process

The DKC project team comprised 27 people, from senior managers to consultants and technical staff. Meetings were held at regular intervals to discuss the status of the project and ensure deadlines and budgets were adhered to. The project kicked off in November 2003 and was completed in May 2004.

As part of the implementation, DKC reengineered workflows to reduce processing time for various tasks, such as purchasing, and automate as many functions as possible. The company wanted to link vertical processes such as sales, support, production, and finance, and ease horizontal communication between business units.

12% Improvement in Productivity

As a result of adopting the Oracle system and process innovation, DKC lifted productivity levels by 12%. The company reduced the required number of annual working hours by 11,619, from 100,564 to 88,945. This enabled DKC to release five staff members for more strategic work.

The reduction in working hours was spread across departments. For example, the HR/General Affairs group no longer had to check and remove duplicate data, saving the department 33 working hours. Similarly, real-time data collation, electronic payment, and automated transaction processing enabled the Finance team to reduce annual working hours by 14%.

DKC streamlined the procurement process and automated all manual documentation. Payments are now made electronically, providing DKC with a clear audit trail. Information about transactions can be accessed in real time, ensuring the company can monitor all purchases. Since implementing the Oracle system, DKC has achieved a 54% reduction in annual working hours related to the procurement process.

Why Oracle?

DKC evaluated ERP solutions based on their performance, flexibility, and scalability. The company was planning a number of customizations and required a solution with an open architecture that would enable easy integration. Oracle fulfilled this requirement and furthermore, offered best practice business guidelines that DKC could adopt as part of its process innovation.

Future Plans

DKC is planning to integrate and consolidate other systems with the central Oracle platform to gain further efficiency improvements. The company will begin a series of implementations at KDKC, its Chinese subsidiary, in the second half of 2008. It will also deploy a forgery prevention system and undertake enhancements to the customer relationship management system in December 2008.

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