

Essilor Harmonizes Financial and Logistic Flows to Support Global Strategy



Essilor
Paris, Créteil, France
www.essilor.com

Industry:

Life Sciences

Annual Revenue:

US\$4.2 billion

Employees:

29,288

Oracle Products & Services:

Oracle E-Business Suite
Oracle Financials
Oracle Order Management
Oracle iProcurement:
Oracle Supply Chain Planning
Oracle Manufacturing

Implementor:

Oracle Consulting

Key Benefits:

- Single standardized accounting regulations common to all subsidiaries
- Integration and piloting of 90% of logistic flows
- Pertinent analysis of financial data
- Maintain a constant stock to sales ratio
- Shortened planning cycles from monthly to weekly

“Oracle E-Business Suite enabled us to strengthen our international development!” – Didier Lambert, Head of Information Systems

Operating in more than 150 countries and earning 80% of its revenue outside France, Essilor, the leader in ophthalmic optical products, has been boosting global growth by combining acquisitions (including Gentex Optics, the American leader with over 31 prescription laboratories around the world) with its multi-network distribution strategy.

In 2006, Essilor produced over 200 million lenses in its 16 manufacturing plants, offering the largest range of products on the market. As part of an effort to standardize its financial and industrial procedures (production, procurement, logistics) and optimize the management of its global business flows, Essilor opted to completely renovate its information systems in Europe.

Single Financial Reporting Framework Common to All Subsidiaries

The first phase of the project started by consolidating the accounting systems of Essilor’s European subsidiaries on Oracle E-Business Suite. Among the main objectives: obtain a unified financial view of all European subsidiaries, establish a financial reporting framework common to all sites, and automate all information flows. Oracle Financials—a key component of Oracle E-Business Suite—relies on two separate databases: one for France and the other for Europe.

By centralizing data, harmonizing accounting norms and automating tasks, Essilor’s financial teams are able to generate reports, analyze results, and monitor budgets across business units. The current migration to version 11i of the Oracle suite will enable compliance with international financial regulations (IAS/IFRS) and reduce the time needed to close accounts.

“Oracle E-Business Suite allowed us to integrate all the subsidiaries’ financial data and to pilot 90% of our intercontinental logistic flows. That is how it has kept pace with our strategy of external growth.”

Didier Lambert
Head of Essilor
Information Systems

Cutting-Edge Logistics for Optimal Service

In 2006, the number of lenses manufactured by the group exceeded 200 million. Essilor’s logistics teams manage the largest range of products on the market. One of the key challenges for the team is manufacturing personalised products to order from semi-finished stocks. Today, Essilor’s entire logistics operation is ensured by Oracle E-Business Suite—from commercial and stock management to bills of materials to distribution and production planning.

The implementation of Oracle Manufacturing has facilitated Essilor’s transition from monthly to weekly production planning. As a result, Essilor has improved how it reacts to the market and now maintains a constant stock-to-sales ratio. At the same time, the group has more than tripled the number references over 10 years. Serving as a critical unifying factor within the group, the manufacturing project helped standardized production management across countries, formalized exchanges between plants, distribution centers and continental stocks, and facilitated communication between logistics managers.

The company improved its global supply chain by implementing logistics procedures based on product type. All financial data relating to logistic flows are automatically loaded into Oracle Financials, helping Essilor maintain consistently optimal service and supply levels.

Another strategic component of Essilor’s supply chain is the procurement of lens and non-lens products. Essilor chose to deploy Oracle iProcurement at 25 subsidiaries and approximately 80 prescription laboratories. The goal is to enable the subsidiaries to purchase articles, in a consistent way, for an internal distribution structure (OSC) and thereby improve the structure’s level of service. All purchase requests, upon approval, are automatically converted into purchase orders, allowing the stock manager to better plan and restock. Essilor was able to deploy iProcurement cost effectively at its subsidiaries, without restricting its functionality, and take advantage of the system’s total integration with the company’s commercial and financial management solution.

Why Oracle?

Essilor was among the first companies in France to implement Oracle Manufacturing. The company's complex production-management environment required a solution that matched its different manufacturing processes, as well as the varying professional and commercial needs of the group. Initially implemented for the company's GPAO function, Essilor later deployed E-Business Suite applications to manage its commercial and DRP (Distribution Resource Planning) functions, covering the group's entire logistic flows.

Satisfied with its production and logistics solutions, Essilor deployed the Oracle Financials module after determining that it could meet the requirements of Essilor's E-Fast project, specifically the ability to meet financial regulations common to all the countries. Finally, in 2006, the company completed deployment of the iProcurement solution.

Implementation Process

The Oracle Manufacturing implementation began with a complete review of Essilor's logistic processes. Initially implemented at a pilot site in France, it was then deployed in Thailand, France, and then the United States. Today, the company uses Oracle E-Business Suite 11i to manage more than 85% of its global logistic flows. Oracle Financials has also been deployed stage by stage by Oracle Consulting at 13 European sites and in five languages, starting in Germany, Finland, Norway, Portugal, and Sweden.

In accordance with the planning, once these subsidiaries went live in production, Essilor and Oracle teams completed the solution's deployment at the 10 remaining European sites (Austria, Denmark, Spain, Holland, Italy, the United Kingdom, Switzerland, and Belgium). Oracle Education organized training sessions at each site. In 2006 Essilor launched a project to rationalize its product catalog using Oracle E-Business Suite in an effort to contain the growth of new references at less than 10% annually.