

## ESTec Boosts Productivity by Standardizing on a Global ERP Platform



ESTec Co.  
Seoul, Korea  
www.estec.co.kr

### Industry:

Industrial Manufacturing

### Annual Revenue:

US\$100 Million

### Employees:

350

### Oracle Products & Services:

Oracle Financials  
Oracle Order Management  
Oracle Inventory  
Oracle Purchasing  
Oracle Discrete Manufacturing

### Partner:



Nexerve  
www.nexerve.com

*“We needed an information technology system to support our expanding global operations and found the perfect solution in Oracle E-Business Suite. We improved efficiency, lowered inventory costs, and centralized business management.” – Seo Kwang Won, Vice-Chief Director, Computing Team, ESTec*

ESTec is one of Korea’s leading manufacturers of sound equipment. Founded in 1971, the company produces sound components for automobiles, cell phones, home audio systems, personal digital assistants (PDAs), televisions, and video and computer systems. Headquartered in Seoul, it has offices in Japan and the United States, as well as manufacturing facilities in China, Malaysia, and Vietnam.

To ensure it could support business growth and maintain tight control over increasingly complex processes, ESTec installed a global enterprise resource planning (ERP) system. The company selected a range of applications from Oracle E-Business Suite to manage financials, sales orders, inventory, procurement, and manufacturing. It also standardized its business processes in line with best-practice guidelines.

The Oracle platform gave ESTec tight control over its diverse operations, enabling it to grow its business while minimizing costs. The company improved communications with customers and suppliers, and ensured high levels of client satisfaction by producing and delivering products of world-class standard.

### Single Platform Improves Management Control

Using its existing disparate management systems proved untenable when ESTec expanded globally. Different data formats made it difficult for senior managers in Korea to gain an enterprise-wide view of the business, while inconsistent work practices hampered global collaboration.

The solution was to consolidate onto a single system and standardize accounting, marketing, purchasing, production, quality control, and development tasks across the organization. ESTec selected Oracle E-Business Suite as its new ERP platform and completed installation of the solution in February 2005.

**Key Benefits:**

- Boosted productivity by adopting standardized processes globally
- Cut month-end closing time from 13 days to seven
- Improved the accuracy of cost estimates from 87% to 98%
- Achieved 99% accuracy when calculating stock on hand
- Enabled costs to be managed in Korean won using a standard product costing system

The company experienced dramatic improvements in efficiency as a result of the Oracle system. Streamlining workflows and adopting best-practice processes brought significant efficiency improvements. For example, month-end closing is now completed in seven days, compared to 13 days in the past.

ESTec deployed a standard product costing system that increased the accuracy of estimates from 87% to 98%. Staff worldwide have access to current costing information and can manage costs in Korean won. Inventory control also improved; the company reported that it was 99% accurate when calculating the levels of stock at its production facilities.

**Future Plans**

ESTec is rolling out the Oracle ERP system to its office in Vietnam and plans to extend the system to China as well. This will allow the company to share information between head office and overseas production facilities, so it can maintain smooth operations and minimize costs.

Once the system has been bedded down in these locations, ESTec will look at adding more features to the core system to gain more benefits from its Oracle investment.

**Why Oracle?**

After a comprehensive evaluation of several solutions from local and international software vendors, ESTec chose Oracle E-Business Suite for its global brand and integrated suite of applications. ESTEC believed Oracle E-Business Suite would help simplify its global business operations by streamlining critical functional processes.

**Implementation Process**

ESTec engaged Oracle Partner Nexerve to implement the Oracle solution. As one of the leading systems integrators in Korea, the company had the skills and experience to ensure a smooth deployment, having installed similar large-scale ERP systems for other electronics companies. The project kicked off in July 2004 and was completed in February 2005.

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