

## Gem Services Launches Online ERP System in Six Months with Help from Expert Consultants



GEM Services  
Shanghai, China  
www.gemservices.com

**Industry:**  
Industrial Manufacturing

**Oracle Products & Services:**

Oracle Financials  
Oracle Order Management  
Oracle Procurement  
Oracle Inventory Management  
Oracle Discrete Manufacturing

**Implementor:**  
Oracle Consulting

*“It was a very positive and beneficial experience to work with the Oracle Consulting team. Our technicians and the organization as a whole learned a lot from them and were very impressed by Oracle’s performance. They used every minute of every day to deliver the implementation on time.” – R.J. Kulle, President and CEO, GEM Services*

Founded in 1998, GEM Services is a rising star of the semiconductor packaging and testing industry. With its multinational background and experienced management team, the company has carved out a large market share. It provides complete back-end packaging and test production services to semiconductor power management design companies and other product manufacturers.

To further extend its reach, GEM Services knew it had to enhance internal control. Establishing robust management systems and strengthening its operational structure were critical. The company also realized a mature IT system was essential to boost efficiency, improve data accuracy, and enable in-depth reporting.

In late 2005, GEM Services selected a range of Oracle E-Business Suite applications to build an integrated enterprise resource planning (ERP) system. With the assistance of Oracle Consulting, the company was able to design, develop, deploy, and go live on the new system in less than six months.

### **Internal Control Demands Six-Month Deployment**

To ensure it could meet internal control requirements, GEM Services had to install and launch a new online ERP system within six months. The company was aiming to produce financial statements for the second quarter of 2006 using the new system.

For parts of the production and assembly industry, establishing an ERP system is a relatively simple task because their processes involve basic combinations of components and raw materials. This reduces customization and reengineering requirements, shortening the duration of an ERP implementation.

**Key Benefits:**

- Achieved system launch in under six months by employing an efficient deployment methodology and engaging Oracle experts to supervise the implementation
- Ensured easy integration with third-party systems, allowing the company to maximize investment
- Established a stable foundation for the future addition of other modules
- Improved efficiency by automating workflows and gaining tighter operational control

Semiconductor companies, on the other hand, must conduct extensive packaging and testing on components such as wafers. Some ERP packages do not accommodate these functions and require integration with third-party manufacturing execution systems, often extending the ERP implementation. GEM Services wanted to avoid this situation.

Moreover, installing an online ERP system from scratch and adjusting business processes usually takes a minimum of 12 months. GEM Services had to complete the deployment in half that time.

**Time-Efficient Methodology**

To accelerate the process of bringing the system online, Oracle Consulting developed a new methodology to simplify the steps involved and leverage decades of implementation experience.

In the past, the standard approach was to meet clients to understand their requirements, and then match these requirements with Oracle product functions. Once the differences between the two have been resolved, the system design is presented to the client. This process usually takes about three months.

The new methodology cuts deployment time by taking Oracle's global industry knowledge into account. Customers are presented with examples of successful implementations and the methodologies used, and in some cases, the system design. This ensures they benefit from best-practice deployment guidelines, and can progress to the implementation phase without spending inordinate amounts of time designing and developing a system infrastructure. In this way, service gaps can be minimized and problems resolved quickly.

GEM Services followed this methodology to ensure it could meet its six-month deadline. The strong relationship between the company and Oracle Consulting encouraged open communication, further expediting the implementation.

**A Phased Implementation**

While GEM Services was keen to refresh its entire technology environment, it heeded Oracle Consulting's advice to undertake a phased implementation based on cost, the availability of manpower, and the tight deadline.

The company decided to implement a core ERP platform and

integrate it with existing legacy systems, which could then be progressively replaced as the core system stabilized and the company was ready to install additional Oracle modules.

While the system was being installed, GEM Services began educating and training its staff on the Oracle software with help from Oracle Consulting. The new ERP system was successfully installed at GEM Services' Shanghai factory in under six months, with the financials, sales distribution, inventory, and order management modules in full use.

In June 2006, Oracle Consulting helped GEM Services integrate the Oracle system with its manufacturing execution system.

### **Lower Costs, Greater Efficiency**

GEM Services experienced dramatic improvements in efficiency almost immediately after it went live on Oracle. Automated workflows provided a clear audit trail and gave the company greater control over various business functions.

For example, previous paper-based procurement processes were poorly controlled and resulted in a large inventory of idle components, increasing costs. With the ERP system now setting and controlling the authorization process, excess inventory has been reduced. For this reason, GEM Services has included all production- and administration-related purchases into the ERP system. Even the procurement of toner cartridges for laser printers is processed through the system.

### **Future Plans**

GEM Electronics (Hefei) went live on the Oracle ERP system in July 2007. Branch offices in Hong Kong and the United States, as well as a holding company in the British Virgin Islands, are expected to go live on Oracle by the end of 2007.

Oracle Consulting will be actively involved in these implementations and will also oversee the installation of a material planning system in late 2007/early 2008.

### **Why Oracle?**

GEM Services had already decided to select an internationally renowned brand, and Oracle and another well-known ERP provider were the frontrunners.

Oracle's industry experience and track record convinced GEM Services to select the vendor. Oracle's deep roots in Taiwan's semiconductor industry and vast experience won the trust of GEM Services. Taiwan's leading semiconductor companies and other integrated circuit (IC) design companies, as well as GEM Services' IC design clients, all use Oracle E-Business Suite. In addition, the ability to engage Oracle Consulting to help deliver the implementation further assured GEM Services that the consultants could meet the tight deadlines imposed by senior management.

*GEM Services provides complete back-end packaging and test production services to semiconductor power management design companies and other product manufacturing companies.*