

# Hanjin Shipping Improves Business Intelligence, Competitiveness with Integrated Platform



Hanjin Shipping  
Seoul, Korea  
www.hanjin.com

## Industry:

Travel & Transportation

## Annual Revenue:

US\$6 billion

## Employees:

3,800

## Oracle Products & Services:

Oracle Financials  
Oracle Order Management  
Oracle iReceivables  
Oracle Treasury  
Oracle Procurement  
Oracle Internet Expenses  
Oracle Profitability Manager  
Oracle iSupplier Portal  
Oracle Human Resources  
Oracle Payroll  
Oracle Advanced Benefits  
Oracle HR Intelligence  
Oracle Self-Service HR  
Oracle Time and Labor  
Oracle iRecruitment  
Oracle iLearning  
Siebel Sales  
Siebel Business Analytics  
Oracle Master Data Management  
Hyperion Financial Management  
Hyperion Planning  
Hyperion Capital Asset Planning  
Hyperion Strategic Finance  
Oracle SOA Suite  
Oracle Consulting

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Since its foundation in 1977, Hanjin Shipping has grown into a global transportation and logistics company ranked in the world’s top ten. The company operates 200 vessels, including container ships, specialized gas tankers, and bulk carriers. Its vessels sail to 80 ports in 35 countries and ship more than 100 million tons of cargo a year to over 6,000 destinations. The Seoul-based enterprise has a number of subsidiaries, including Keoyang Shipping, Senator Lines (based in Germany), and CyberLogitec, an IT services company.

In 2005, Hanjin Shipping launched a Process Innovation project that involved implementing a new enterprise resource planning (ERP) system, a customer relationship management (CRM) system, an enterprise asset integration system, and a master data management (MDM) system. The company selected Oracle applications to build these systems, based on the software’s performance, reliability, scalability, and ease of integration.

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## Global Operations Demand a Global Solution

Ninety percent of Hanjin Shipping’s business comes from trade with three countries. The company’s sales network includes 200

**Key Benefits:**

- Improved business management by upgrading to a new ERP system and reengineering processes
- Gained an integrated view of operations by consolidating data in a single repository
- Moved from monthly to daily batch reporting, ensuring managers have access to up-to-date data to support decision making
- Reduced procurement costs by standardizing purchasing processes and implementing a global e-sourcing system
- Improved HR management by adopting a single HR platform and introducing self-service features
- Allowed staff to build a complete client history and gain a better understanding of customer requirements
- Enabled the development of detailed sales plans and marketing campaigns
- Encouraged collaboration between different divisions
- Supported medium- and long-term strategic planning and performance evaluation

international branch offices and 30 corporations under the control of three regional entities. It has a logistics site at Long Beach, the biggest port in the United States, 11 terminals in Korea and abroad, and six inland logistics bases in China and Malaysia. In 2009, Hanjin Shipping will open a 660,000 square meter facility at the Busan New Port Container Terminal.

The company had spent the past three years constructing a new information technology infrastructure and refining workflows as part of a Process Innovation project. The project was designed to improve responsiveness to business changes by increasing system flexibility, and boost management through the adoption of best practice guidelines.

A Process Innovation team was assembled in October 2004 and spent five months mapping the new system and processes from March 2005. Hanjin Shipping wanted to move to a customer-centered management model to ensure it could improve service and increase satisfaction. Its new systems were expressly designed to support this objective.

From August 2006, Hanjin Shipping began rolling out the new infrastructure, beginning with the Siebel CRM system and followed by the Oracle ERP platform (incorporating finance, HR, and procurement modules), a master data management system, and a Hyperion-based business planning and evaluation system. These solutions were tightly integrated to ensure Hanjin Shipping had a comprehensive view of its global operations.

**Building a Complete Customer Profile**

In the 30 years since its foundation, Hanjin Shipping has accumulated enormous amounts of business and customer data. The company was keen to use this data to develop comprehensive customer profiles, uncover sales opportunities, and find ways to improve service offerings. It also wanted to streamline internal processes to encourage different business units to work together.

Hanjin Shipping implemented Siebel Sales and Siebel Business Analytics to build a new CRM system. The company also took the opportunity to reengineer information management processes.

The Oracle Siebel CRM system delivers integrated customer information in real time, enabling users to develop accurate customer profiles. Staff use this information to develop detailed sales offers and targeted marketing campaigns. In addition, the

ability to access an accurate and complete client history has helped customer service staff provide timely, well-informed responses to queries.

The CRM system has also encouraged collaboration between different divisions. Staff are more willing to share information as they can now see how it benefits their colleagues.

“The Siebel CRM system from Oracle delivered reliable customer information that supported in-depth analysis,” said Dongook Lee, general manager, Hanjin Shipping. “In addition, sales and service processes have been tightly integrated, enhancing collaboration between business units.”

### **Tight Management Control**

Hanjin Shipping’s 10-year-old customized ERP system lacked the functionality and flexibility to keep pace with the increasingly complex nature of the organization’s operations. The business was struggling to manage its dispersed workforce, control rising procurement costs, and meet global regulatory requirements.

In January 2007, Hanjin Shipping went live on a new business management system based on Oracle E-Business Suite. The company adopted best practice guidelines when reengineering business processes related to financial, procurement, and human resources management. The Oracle solution was integrated with the company’s customer relationship management, sales, and logistics systems, with all business data collected and stored in a single database. This gave Hanjin Shipping a complete view of its operations and equipped staff with the knowledge they needed to plan, execute, and evaluate complex initiatives.

### **From Monthly to Daily Batch Reporting**

Hanjin Shipping now operates a standardized accounting and financial management system. This ensures the company can process and audit information in a timely manner, since it no longer has to consolidate data from different areas of the business into a common format.

As a result, Hanjin Shipping moved from monthly to daily batch reporting. Data from the field can be sent to the finance team in just three hours. Senior managers can review sales and shipping data from the previous day’s activities within 24 hours. The up-to-date information supports informed decision-making and ensures any problems can be immediately addressed.

### **Standardized Procurement Processes**

Hanjin Shipping standardized procurement processes and implemented a global e-sourcing system. This ensured the company was able to source products from a list of preferred suppliers and benefit from competitive pricing. Procurement costs were reduced as a result of smarter purchasing decisions.

### **Managing a Global Workforce**

As part of its adoption of Oracle E-Business Suite, Hanjin Shipping developed a new HR management system, which incorporated payroll, training, recruitment, and self-service features. The new system replaced a number of disparate applications, integrating information into a single database and enabling HR managers to view a complete history of individual staff members from across the world.

Employees can also view their compensation, training, and evaluation information by logging in to 'myHR'. They can also use the self-service features to find out basic HR information, such as the number of vacation days they have accrued. This has freed HR staff to focus on initiatives aimed at attracting and retaining skilled employees, and devising training programs.

### **A Single Source of Information**

Hanjin Shipping already had processes in place to collect and store information, but wanted a more reliable way to ensure data accuracy and cleanliness. Business information was stored in disparate systems so when the company consolidated data for reporting, the results were inconsistent. The consolidation process itself was largely manual, which was time-consuming and took staff away from higher-value activities.

As part of its Process Innovation project, Hanjin Shipping decided to build a MDM system. The company selected Oracle Customer Hub and Oracle Product Information Management Data Hub to build the system. To ensure the MDM system delivered the detailed information its business required, Hanjin Shipping reorganized customer and vendor codes, reengineered the logistics and shipping management systems, and reviewed the chart of accounts.

The company also standardized data collection and management methods, restructured the flow of data between business systems,

and deployed a data ‘Dictionary’ to help staff maintain the new data standards.

The MDM system and streamlined data management processes enabled Hanjin Shipping to improve data integrity and gain a better understanding of customer and vendor relationships. Summary reports produced by the system helps senior managers make better-informed business decisions.

To ensure data is accurate and up-to-date, Hanjin Shipping deployed a three-level data cleansing system using Oracle Data Quality Management. The Oracle solution checks data at the point of entry, before it is stored in the MDM system, and during the confirmation stage. The checks ensure information is entered according to predefined codes and categories, which enable data to be used across the company.

### **Supporting Strategic Planning**

A number of changes in the shipping industry have emphasized the need for Hanjin Shipping to undertake strategic planning. The company needs to consider fluctuations in foreign exchange, increases in the price of oil and raw materials, and rising vessel manufacturing costs when developing medium- and long-term business plans. It also needs to adhere to new shipping regulations mandated by China and the European Union.

To support informed planning, Hanjin Shipping implemented a range of applications from Hyperion, including Financial Management, Planning, Capital Asset Planning, and Strategic Finance. This will enable the company to review its strategy and evaluate performance regularly, so it can respond quickly to any changes in the market.

“The Oracle Hyperion system assists long-term business planning and evaluation, ensuring we can seize opportunities, minimize risks, and optimize our operations worldwide,” said Oh Gwang-su, manager of the business planning team at Hanjin Shipping.

### **Achieving System Standardization**

Hanjin Shipping used Oracle SOA Suite to seamlessly integrate 12 databases and 25 systems. The solution accommodated 350 complex interfaces and 1.5 million processes with ease. Its open architecture also ensures any future changes can be made with minimum effort.

### Why Oracle?

Hanjin Shipping allowed different areas of the business to select the solution they considered the best for their role. This would ensure the company used industry-leading products. It selected Oracle for the ERP and master data management systems, Siebel for CRM activities, and Hyperion for business planning. Oracle's subsequent acquisition of Siebel and Hyperion was warmly received by Hanjin Shipping, as it ensured seamless integration and continuous support.

Hanjin Shipping selected Oracle Siebel CRM based on the software's reputation as the industry's leading CRM solution. The company was especially impressed with the range of analysis functions, which offered a multitude of ways to examine the same set of data. Staff also singled out the easy-to-use interface, which could be applied to the customer support, sales, and marketing functions. In addition, Oracle offered a range of resources for developers, ensuring they could install and maintain the system with ease.

Oracle E-Business Suite's open architecture convinced Hanjin Shipping that the software could be easily integrated with third party systems where necessary. The software's robustness and reliability guaranteed greater flexibility than other solutions.

Oracle also offered global technical support, a critical requirement for Hanjin Shipping. Oracle could also ensure that the company complied with global regulations by including built-in checkpoints into the new system. In addition, Oracle's clear development roadmap assured Hanjin Shipping further enhancements in the long term.

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