

ILJIN Diamond Cuts Costs, Achieves Integrated Enterprisewide Management



ILJIN Diamond Ltd
Seoul, Korea
www.iljindiamond.co.kr

Industry:

Industrial Manufacturing

Annual Revenue:

US\$64.3 million

Employees:

300

Oracle Products & Services:

Oracle Financials
Oracle Assets
Oracle Cash Management
Oracle Manufacturing
Oracle Bill of Materials
Oracle Inventory Management
Oracle Work in Process
Oracle Supply Chain Management
Oracle Order Management
Oracle Purchasing

“A flexible enterprise resource planning system is essential if companies want to stay competitive. By implementing Oracle E-Business Suite, we have been able to standardize data collection, establish a sound accounting system, and improve inventory management. We are now well positioned to enter the Chinese and U.S. markets.” – Euisoung Joung, Top Project manager, Management Innovation Team, ILJIN Diamond

In 1987, ILJIN Diamond, together with the Korea Institute of Science and Technology, developed a process to manufacture synthetic diamonds. Today, ILJIN Diamond is a leading manufacturer of industrial tools that utilize synthetic diamonds as precision cutting instruments. The company is one of the world’s top three manufacturers of synthetic diamonds with a 17% share of the global market.

When President and CEO Yoon Young Lee joined ILJIN Diamond, he embarked on an initiative to reduce costs and maximize efficiency. This led to a US\$14.3 million improvement in profit levels in 2008.

The company’s strong performance is a result of better management and streamlined processes, facilitated by the implementation of Oracle E-Business Suite as its integrated enterprise resource planning (ERP) system. The Oracle system has enabled ILJIN Diamond to improve efficiency, enhance inventory management, perform accurate cost calculations, and undertake detailed profit and loss analysis.

Improving Business Agility

In 2007, ILJIN Diamond kicked off a project to streamline workflows and improve the way it responded to changes in the market. This required the company to adopt an integrated business management model, gain better control over costs, and make information available in real time to senior managers. The achievement of these aims would also enable ILJIN Diamond to better compete in markets such as China and the United States.

Key Benefits:

- Achieved integrated enterprisewide management
- Improved data quality and consistency
- Reduced inventory costs
- Enabled accurate cost calculation
- Cut reporting time and enabled detailed profit and cost analysis
- Supported entry into global markets

ILJIN Diamond took the opportunity to upgrade its information technology infrastructure as part of the business process improvement project. The company expanded its network lines, improving connection speeds from 2 Mbps to 5 Mbps; deployed a wireless LAN; implemented a barcode system; issued personal digital assistants to staff; and upgraded notebooks in all offices. Most significantly, ILJIN Diamond implemented Oracle E-Business Suite to replace a legacy system.

Achieving Integrated Management

The integrated Oracle system enabled ILJIN Diamond to better manage its enterprisewide resources and improve efficiency by integrating workflows. The company also reorganized its distributed item system and clearly defined the information it needed to process manufacturing orders. This minimized errors arising from inaccurate or incomplete information. Items can now be registered in three days.

Improved Data Quality

By standardizing data formats and consolidating information in a single database, ILJIN Diamond has improved the accuracy and consistency of business data. This gives senior managers confidence that they are making decisions based on accurate information.

Lower Inventory Costs

With real-time access to inventory information, ILJIN Diamond can now check the status of inbound and outbound stock and ensure there are enough raw materials on hand to meet production orders. Better inventory management has enabled the company to reduce inventory costs.

Accurate Cost Calculation

ILJIN Diamond has improved cost calculation by using the Oracle system to track standard sales prices, standard cost prices, business unit sales, and marketing costs. This enabled the company to establish consistent and competitive prices that its sales and marketing divisions can use across the world.

The Oracle system also helps ILJIN Diamond to compare and monitor standard and actual cost prices. The cost difference between the two is analyzed to see if a reduction can be made in the cost price.

Detailed Profit and Loss Analysis

In the past, ILJIN Diamond relied on manual data processing when producing month-end reports. Today, the company uses an Oracle Financials system to complete month-end account closing and undertake in-depth profit and loss analysis. This has enabled staff to pinpoint and resolve problems before they impact on the business. Speedier month-end closing has also ensured ILJIN Diamond can meet compliance requirements.

Future Plans

ILJIN Diamond will gradually extend the Oracle system to the purchasing, production, and sales and marketing departments to ensure they can generate reports and perform on-time monthly closing.

Why Oracle?

According to ILJIN Diamond, the company chose Oracle E-Business Suite because the software is ideally configured for mid-sized companies, offered built-in best practice guidelines for improving workflows, and its scalability ensured it would be able to support business growth.

Implementation Process

The Oracle project began in February 2008 and went live in September 2008. Oracle E-Business Suite modules were used to build an integrated access control, manufacturing execution, and executive information systems.

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