

# Ingersoll Rand Cuts Product Costs by 11%, Boosts Productivity by 16% with Global ERP



Ingersoll Rand  
Montvale, NJ  
www.ingersollrand.com

**Industry:**  
Industrial Manufacturing

**Annual Revenue:**  
US\$8.8 billion

**Employees:**  
64,000

**Oracle Products & Services:**

Oracle Supply Chain Planning  
Oracle Flow Manufacturing  
Oracle Financials  
Oracle Human Resources  
Oracle Sourcing  
Oracle Transportation  
Management  
Oracle Human Resources  
Siebel Sales  
Siebel Order Management  
Siebel Service

**Oracle Partner**

Deloitte Consulting  
www.deloitte.com

*“On the manufacturing and financial sides, we needed a very robust platform. We wanted something with a strong track record, and Oracle does really well in that regard for us.”*

*– Tony Hodgetts, Chief Information Officer Europe & EDP Program Director, Ingersoll Rand*

Ingersoll Rand is known for its wide range of leading commercial brands, from Club Car golf cars to Trane air conditioning systems and services.

The company’s operations extend across the world. It has 31 manufacturing and assembly plants in Europe, 29 in the United States, 14 in Asia, 6 in Latin America, and 1 in Canada. It also maintains offices, warehouses, and repair centers to serve customers in some 200 countries.

Its operational diversity presented Ingersoll Rand with a challenge. It needed to streamline its business operations, optimize efficiency across the enterprise, and offer responsive service to customers and partners. It wanted significant improvements in market facing metrics and in supply chain performance.

With around one third of all sectors in the company using Oracle E-Business Suite—one of the largest Oracle footprints in the world—Ingersoll Rand decided to migrate all sectors in its five business divisions to Oracle over three years, to support a business transformation program underpinned by common processes. That task required conversion of more than 120 legacy systems.

With 40 Oracle implementation projects still to be completed, Ingersoll Rand has already reduced direct product costs by 11% for the enterprise overall, using Oracle Financials to deliver accurate and transparent common data with flexible reporting.

Labor productivity has improved by 16%, due to leaner and faster business processes. Using common Oracle systems has made Ingersoll Rand staff more flexible too. The company can quickly and easily move individuals around the enterprise to meet short-term staffing demands.

**Key Benefits:**

- Decreased direct product costs by 11%
- Increased labor productivity by 16%
- Increased inventory turns by four times
- Decreased order processing time by 90% and decreased implementation time by 40%
- Ensured minimal business disruption
- Streamlined three customer centers to one

**Building a Global Supply Chain**

Greater supply chain efficiency was critical to the transformation program. This included improving service levels, increasing capacity utilization, and reducing overall costs through tighter collaboration with logistic partners.

Oracle's supply chain applications support lean manufacturing methods and principles, pulling products through the supply chain based on customer demand, and ensuring cost effective operations throughout the organization.

As a result, a four-times improvement in inventory turns has reduced holding costs. Ingersoll Rand has streamlined its supply chain and improved collaboration with distributors. Oracle manufacturing applications have also contributed to entry efficiency in the company's plants. Detailed customer information is required when each order is entered on the system, and the company says the 20 minutes taken in accurate order entry saves five hours of recovering later from the effects of errors.

Following Oracle implementations, Ingersoll Rand plants have reported improvements in material flow, better visibility of sales and backlog, and more integration through elimination of operating silos.

**Creating a Single Customer Face**

A key aim of the transformation program was to create a single interface to international customers. Ingersoll Rand established a shared services center in Dublin through which it channelled all non-US business. It removed the costs of two other centers that merged with the Dublin operation.

Oracle enabled the center to provide a cost-effective hub for US\$2 billion in annual business outside the US. It centralized sales order management, warranty administration, credit management, supply chain management, and inventory management. It also provided financial, technology, employee, commercial and corporate shared services, and a data warehouse.

**Enterprise Deployment Program**

Ingersoll Rand introduced an Enterprise Deployment Program (EDP) as a blueprint for all its Oracle implementations. Before EDP, the company had to complete discovery and design phases for every implementation. Now, discovery (the process of

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Tony Hodgetts  
Chief Information Officer  
Europe & EDP  
Program Director  
Ingersoll Rand

evaluating what Ingersoll Rand already has, and determining what the best fit with Oracle might be) and design (stipulating how that implementation will be accomplished) have already been completed, virtually eliminating these steps in every subsequent implementation.

With its framework of configurations, settings, set-ups, approaches, and tools, EDP made major reductions in implementation times, costs, and the effect of disruption to the business.

“We believe we can deploy the platform in about 24 weeks, versus what was closer to 40 to 50 weeks,” said Tony Hodgetts, Chief Information Officer Europe and EDP Program Director, Ingersoll Rand. “We can reduce the implementation time at large locations by six to eight months, and with roughly 40 implementations companywide, that represents a significant saving.”

With one third of the company already using Oracle before creation of the EDP, Ingersoll Rand suspected it would need to make serious modifications to existing Oracle deployments. Despite the diverse and changing requirements across the enterprise, however, past investment in Oracle modules was well protected. The company needed to make only minor changes to existing implementations.

### **One Ingersoll Rand**

The goal of EDP is business transformation, not technology implementation. EDP is not just an ERP implementation, it is the ability to create one Ingersoll Rand and transform business performance. Taking the best practice processes from across the organization, EPD provides a standard model, which the company can roll out across every business unit.

The standard EDP model enables rapid implementation and ensures process consistency throughout Ingersoll Rand. At the core of EDP there are three driving principles: a technology infrastructure, cross sector collaboration, and process improvement.

**“Oracle’s acquisition strategy matched what we were looking to buy as best of breed, so it has really come together.”**

Tony Hodgetts  
Chief Information Officer  
Europe & EDP,  
Program Director  
Ingersoll Rand

### **Why Oracle?**

Ingersoll Rand chose Oracle E-Business Suite for its comprehensive functionality, quality of information, easy integration, and cost-effective support to the business.

“Oracle’s strategy for developing its product is right in line with how we plan to run our business,” said Tony Hodgetts, Chief Information Officer Europe and EDP Program Director. “Its modules have evolved. We know they work well from our experience, and we know they work well with each other.”

Oracle acquired companies to broaden its footprint and capability, further helping to match Ingersoll Rand’s needs, and providing the company with best of breed capability within the integrated Oracle product family. One example of this is Oracle’s acquired transportation management module, formerly GLog, which now provides best in class logistics capability to Ingersoll Rand.

### **Advice from Ingersoll Rand**

- Ensure that your enterprise management system is flexible to support new types of business acquired, can be implemented quickly and cost-effectively, and enables users to be productive in using it anywhere in the enterprise.
- Select a partner that understands your unique business profile, and can be creative in finding solutions to your business issues.

*Ingersoll Rand is a global diversified firm providing products, services, and solutions to enhance the quality and comfort of air in homes and buildings, transport and protect food and perishables, secure homes and commercial properties, and increase industrial productivity and efficiency. Driven by a 100-year-old tradition of technological innovation, we enable our customers to create progress and a positive impact in their world.*