

KAFUS Cuts Account Closing Time from Two Weeks to Three Days with Integrated System



KAFUS
Cheong Ju, Korea
www.kafus.co.kr

Industry:
Automotive

Annual Revenue:
US\$ 71.4 million

Employees:
250

Oracle Products & Services:

JD Edwards EnterpriseOne
Financial Management
Manufacturing
Supply Chain Management
Tools & Technology

“We implemented an integrated enterprise resource planning system to improve competitiveness and prepare for global expansion. Oracle’s JD Edwards EnterpriseOne system offered the flexibility and expandability to support our business goals, and will help us establish a leading position in the global automotive parts market.” – Hong Jong Kwon, IT Information and Planning Counselor, KAFUS

Founded in 1994, KAFUS develops and produces a range of automotive components, including fuel systems, sensors, actuators, and DC motors, for domestic and international vehicle manufacturers. The company’s customers include some of the world’s largest carmakers, such as Daewoo, General Motors, Holden, Opel, and Saab. It also supplies parts to motorcycle and industrial machine manufacturers.

The global automotive parts market is highly competitive, and KAFUS was finding it increasingly difficult to win contracts against larger, more established suppliers. To improve its global competitiveness, the company realized it had to adopt more efficient processes and implement a system that would give end-to-end control of the production and supply chain lifecycle.

In 2006, KAFUS implemented a range of JD Edwards EnterpriseOne modules from Oracle to build an integrated enterprise resource planning (ERP) system. As a result, the company improved productivity, cut account closing time, reduced inventory costs, and gained better control over manufacturing workflows.

Expanding into the Global Market

The Korean automotive parts industry comprises small manufacturers that lack the business and technical resources to compete effectively in the global market. Most of these companies rely on the domestic market for business. However, the recent entry of Chinese automotive parts manufacturers into the Korean market has put pressure on local producers to differentiate their services if they want to protect their market share.

Key Benefits:

- Cut account closing time from two weeks to three days
- Improved inventory turnover by 85%
- Increased efficiency by adopting best practice processes
- Enabled staff to track sales by customer and/or product
- Supported global expansion and enhanced competitiveness

In order to grow, KAFUS realized it needed to rely less on the crowded domestic sector for business and expand into the international market. Before it could do this, the company had to review its systems, which were not delivering the performance or detailed information required to support entry into overseas markets. Manual workflows also impeded efficiency and needed to be replaced with automated processes.

After reviewing a range of ERP solutions, KAFUS selected Oracle's JD Edwards EnterpriseOne suite to build a new business management system. The solution was selected for its flexibility, extensive functionality, and user-friendliness.

Enhanced Productivity and Information Sharing

KAFUS implemented JD Edwards EnterpriseOne in its accounting, purchasing, manufacturing, resources, and sales and marketing departments, integrating workflows and ensuring a smooth flow of information across the enterprise. The company also adopted the built-in best practice processes to improve efficiency.

Improved Financial Management

To ensure the accuracy of payments, KAFUS developed a notes generating system that enabled accounts staff to verify purchase orders before payments are made. The system also allowed them to generate daily and monthly reports based on payment summary sheets. In addition, the system included a debt management facility that staff can use to check loan contracts and the general ledger. The efficiencies delivered by the system enabled KAFUS to cut accounting closing time from two weeks to three days.

Greater Insight into Inventory

Improving inventory management was another priority. KAFUS developed a system to track inventory and ensure enough stock is on hand to meet sales orders. The system also allows the company to check the cost and level of usage of each component, so it can estimate the cost-effectiveness of individual items. By optimizing resource use, the company was able to improve turnover by 85%.

An improved order management system ensures orders can be quickly and accurately processed, enabling customers to receive their products in a timely manner.

The system automatically checks that the raw materials needed to produce the automotive part are available, further minimizing delays.

The JD Edwards system also allowed staff to run regular sales reports by customer and/or product. This ensured the company could track its performance and act quickly if a particular product is losing sales.

KAFUS plans to extend the use of the JD Edwards system to other business areas, including supply chain management and customer relationship management. It will continue to run its change management program, as it has been highly successful in encouraging staff to use the JD Edwards system.

Once the system has been bedded down in its Korean offices, KAFUS will extend the system to facilities in Czechoslovakia and Mexico.

Why Oracle?

KAFUS selected JD Edwards EnterpriseOne because the software offered features that met the requirements of automotive parts manufacturers; was appropriate for the company's size, and could scale to keep pace with growth. The Web-based solution also offered easy integration with KAFUS' production information system.

Implementation Process

KAFUS began the JD Edwards implementation in December 2006 and went live in September 2007.

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