

## METALIS Cuts Losses, Increases Profits with Price, Stock and Credit Controls



METALIS Alumínio do Brasil S/A  
Barueri, Brazil  
www.metalis.com.br

### Industry:

Retail & Distribution

### Annual Revenue:

US\$2 million to \$100 million

### Employees:

Fewer than 500

### Oracle Products & Services:

Oracle Financials  
Oracle Purchasing  
Oracle Sales  
Oracle Receivables  
Oracle Inventory

### Oracle Partner:

Walar IT Business  
www.walar.com.br

### Key Benefits:

- Achieved control over pricing and discounts
- Enable greater information security
- Reduced financial losses
- Enabled faster credit analysis
- Improved sales force effectiveness
- Enhanced customer service
- Improved customer loyalty
- Increased earnings

*“With Oracle, we feel very secure. I recovered what I invested and since I travel frequently, I can remotely control all operations in Brazil.” – Abdul Latif Mourad, President, METALIS Alumínio do Brasil S/A*

As mid-size company, METALIS remains a long way from matching the revenue of leading international aluminum companies. But with its recent introduction of globally integrated business processes, this São Paulo-based metal sheets distributor is leading the way in terms of operating efficiency. Leveraging Oracle E-Business Suite applications, METALIS is building competitive advantages with better price, reserves and credit controls, which is helping the company reduce losses and boost earnings, and yielding solid investment returns.

The substitution of outmoded systems with Oracle was more than necessary. “We had three different systems and they constantly, and suddenly, broke down,” said Abdul Latif Mourad, president of METALIS. Working with 2,500 items to serve 8,000 clients and having to depend on a system under those conditions was certainly a chaotic situation. At the beginning, METALIS was worried about the cost of the Oracle solution. But motivated by the possibility of a quick implementation, the company approved the change. “For us, the time factor was decisive,” pointed out Cristina Andreatta Vargas, Financial Manager.

Six months later, the atmosphere in METALIS was totally different. The solution had integrated all stock, prices and credit systems, and METALIS—a company that previously lacked any type of controls—was now using online banking data to analyze commercial credits that it grants to clients. The president himself can review these analyses over the internet, thousands of kilometers from headquarters. “With Oracle, we feel very secure,” said Mourad. “I recovered all of my investment and since I travel a lot, I can remotely control all my operations in Brazil, even when I’m in Europe or the Middle East.”

### Improved Price and Stock Controls Avoid Damages

Before implementing Oracle E-Business Suite, every METALIS sales representative had to define the retail prices of the aluminum items that were resold to customers. In this market, prices are negotiated in kilograms and sold in tons, and a one-cent discount makes a huge difference in monthly profits. Without firm controls over pricing, the São Paulo distribution branch was showing much less profit than it should have. “I did not have suitable control conditions and always ended up giving discounts,” concluded Mourad.

Using Oracle’s purchasing, sales and costing applications, METALIS established minimum prices and discount margins for each product. Every department receives the same information, and shares the same global view of the business. Furthermore, the system blocks any purchase order with prices below the defined minimum.

The company also gained better control over stock management, with the system generating reports on the availability of every product in METALIS’ warehouses. Based on these reports, monthly purchases are accurately calculated, eliminating leftover stock. “I no longer make inappropriate purchases,” said Mourad.

### Integrated System Accelerated Credit Approval

Analyzing over 150 daily customer credit requests was another problem METALIS faced. With the previous system, each analysis took about five minutes and required opening up to five computer screens. “The sales reps approved the orders out of laziness or lack of time,” explained Mourad. “I lost a lot of money because of that. Now, with detailed reports available on one screen, we can analyze requests immediately.”

In addition to speed, Oracle’s sales application integrates online credit analysis from Serasa, a Brazilian financial monitoring system. The new capability was made possible by integrating the Credit Master solution developed by Walar. Now, when any METALIS customer has a financial problem, Credit Master activates an alert, which is included in the client’s statement and factored into the next credit analysis.

### Improved Sales Force and Client Approval

With this new analysis, sales reps now rely on common data to negotiate with customers, instead of setting discounts in isolation. “The Oracle program educated the sales department,” said Mourad. “Sales reps now project the quality of our service, defend prices with consistent arguments, all of which contribute to profit margins.”

The financial manager at METALIS, Cristina Andreatta Vargas, said that customers approve of this new service. “They noticed that our response time is now much faster and this is one of the reasons for the increase in the number of orders.”

The solution implemented by METALIS works over the internet and connects the company’s six branches: São Paulo (Tamboré and Campinas), Rio de Janeiro, Curitiba, Porto Alegre and Recife. “Now,” added Vargas, “I can rapidly find out if I am able to place an order for the companies in the group; calculating price differences within the hour according to logistics and taxes. The system is simply great.”

### The Future is Now

The initial results of the Oracle E-Business Suite solution were so encouraging that METALIS expanded their operations to the northeast of Brazil. Indeed the system has become the “compass” for the company. Already METALIS has forecasted an increase in sales by 20,000 tons a month until 2008.

### Why Oracle?

After managers decided METALIS could no longer continue with the old system, they studied the options available in the market, including Brazil’s Microsiga, and even the possibility of a new in-house development project. “For us, having the Oracle technology seemed like a dream, which happily enough, became an efficient reality,” stated Vargas.

### Why Walar?

Walar was chosen by METALIS to implement the Oracle E-Business Suite for two reasons: trust and competence. The trust came from a recommendation by Alcoa, METALIS' main supplier, which had already used Walar's services. "When we were planning the transition," Vargas said, "Alcoa's computing team suggested we seek Walar, which was already working with them."

Walar's competence is the result of 10 years experience in different sectors that range from mining to air transportation, hospitality, education, commerce and building management, among others.