

Panasonic AVC Networks Improves Efficiency and Reduces Costs by Centralizing on ERP Platform



Panasonic AVC Networks
Singapore Pte Ltd
Singapore
www.panasonic.com.sg

Industry:

High Technology

Annual Revenue:

US\$657 million

Employees:

3,700

Oracle Products & Services:

Oracle Financials
Oracle Inventory
Oracle Purchasing
Oracle Order Management
Oracle Discrete Manufacturing
Oracle Advanced Supply Chain
Planning

Implementor:

Oracle Consulting

“We believe IT can be a powerful enabler to change our business model. Oracle consultants understood our processes and had the technical and business expertise to help us reengineer our operations.” – Tadao Ishimi, IT Director, Panasonic AVC Networks Singapore Pte Ltd

Panasonic is one of the world’s best-known and highly regarded electronics companies. The Japanese enterprise has operations in nine Asia-Pacific countries, where 75 companies employing around 82,000 people contribute more than a quarter of the company’s global sales revenue.

Panasonic has a multitude of business domains, of which the audio-visual division is the largest. Panasonic AVC Networks, based in Singapore, is responsible for developing and manufacturing products such as DVD players, video recorders, audio equipment, and plasma televisions. The company oversees two factories in Singapore and one in Malaysia.

In 2006, Panasonic AVC Networks decided to consolidate the systems used by its Singaporean and Malaysian facilities in an effort to improve efficiency, lower costs, and boost competitiveness. The company turned to Oracle Consulting to review its organizational structure, streamline workflows, and centralize its manufacturing operations on a single instance of Oracle E-Business Suite.

“It’s not easy to find consultants who are knowledgeable about complex manufacturing, but Oracle Consulting surpassed our expectations,” said Tadao Ishimi, IT director at Panasonic AVC Networks Singapore. “The team had good business and technical knowledge, and an excellent understanding of the specific requirements of our industry and business.”

Streamlining Operations to Improve Competitiveness

In recent years, Panasonic AVC Networks has worked hard to defend its market share from traditional competitors, as well as newer electronics companies. In a bid to strengthen its position, the company decided to restructure its manufacturing operations.

Key Benefits:

- Reduced costs and simplified maintenance by standardizing on a single Oracle platform
- Ensured smooth transition by engaging Oracle consultants to reengineer business processes and design a new business management system
- Gained access to consultants who understood the complex manufacturing industry and who could bring their experience to the project
- Maximized investment by building a strong relationship with the vendor, which ensures access to global resources and expertise

The Singaporean and Malaysian factories had started off using similar systems but over the years had added modifications to support different business processes and regulatory requirements. This resulted in greater system complexity, expensive support costs, and data inconsistencies. As competition intensified, Panasonic AVC Networks knew it had to find a way to cut fixed costs and increase profit margins, streamline procurement, speed production time, and maintain quality control.

The company decided to centralize the management of its operations in Singapore. This required business processes to be standardized across the three facilities to gain better control of procurement, order management, production planning, finance, and research and development.

“The aim was to reduce headcount and cut costs by several million dollars within a year,” explained Ishimi. “Adopting a single business system that can be accessed by manufacturing units in different locations would also give us better insight into our operations, and allow us to pinpoint other areas where we might be able to improve company performance.”

Oracle Experts Transform Business

According to Ishimi, complex manufacturing is not a common industry in Singapore, so finding consultants skilled in this area was difficult.

“It is not easy for any company to restructure its business, but it is especially difficult for manufacturing organizations because of our complicated processes and involvement with different parties such as suppliers and partners,” he explained. “To add to the challenge, we had to think about merging different systems and processes in two countries.

“It was a pleasant surprise to find that there were quite a few Oracle consultants who had experience in the manufacturing industry,” Ishimi said. “By working with Oracle, we had access to resources and people who understood the specific requirements of our industry. This was a major reason for embarking on this project.”

The implementation required a review of Panasonic AVC Networks’ organizational structure and business processes, which would change people’s roles and affect the responsibilities of different staff. One of the most important tasks for Oracle

Consulting was advising the company on how a change would impact a process or workflow and the flow-on effects for the organization in general.

“The challenge was to properly communicate the impact of all the changes on the business and make staff ready for life after the Oracle solution goes live,” said Ishimi. “Because of the internal restructuring, it was very important to have clear communication channels between business managers, suppliers, and the implementation consultants.

“Oracle Consulting was available at all times to answer our queries,” he said. “Whenever we had a question, the Oracle consultants came back to us immediately with an answer. We were very impressed with their teamwork and can-do attitude.”

Building a Strong Relationship

As a long-time and extensive user of Oracle solutions, Panasonic AVC Networks recognized the advantages of building strong relationships with the vendor.

“The most obvious benefit is working with consultants who understand our business and can suggest ways to improve the system so we can maximize our Oracle investment,” said Ishimi. “Oracle Consulting also has knowledge of different industries and systems from its work around the world and can bring that experience into play when working with us.”

Oracle Consulting has direct access to Oracle Support Services, the Oracle R&D team, and other global resources. “We have come to trust the Oracle consultants and rely on them to advise us on further performance improvements,” said Ishimi.

Why Oracle?

Panasonic AVC Networks engaged a Japanese IT organization to manage Phase 0 of the project—the Business Process Re-engineering phase of its Singaporean and Malaysian subsidiaries. However, Panasonic AVC Networks decided to engage Oracle Consulting to prime and lead the actual implementation (Phase 1) of the project.

“The project was not just about replacing a system but an actual transformation of the business,” said Ishimi. “It required consultants who understood business processes and document

management, and who had the technical expertise to reengineer workflows and design systems. “Oracle Consulting had the experience, and business and technical understanding we were looking for,” he said. “The consultants were knowledgeable about every aspect of the project, from hardware and software issues to the most efficient way to change business processes. We were very confident they could deliver the project on time, even though we faced some stiff deadlines.”

Implementation Process

The project kicked off in October 2006 with the goal of enabling Panasonic AVC Networks to run its operations with a new, stabilized business model from the second half of FY08. That gave Oracle Consulting about 10 months to reengineer and standardize business processes in two countries, design and implement a centralized system, migrate and clean data, configure the system to adopt U.S. currency for all transactions, and train end-users on the new workflows and software.

Panasonic AVC Networks gave Oracle Consulting a very tight timeline to come up with the system design and process modeling work—and they did it.

“The team convened sessions with senior managers to determine the business objectives, explain the solution development, and provide product demonstrations. Their presentation convinced us that the return on investment would be substantial enough to justify the implementation,” said Ishimi.

Panasonic AVC Networks will transition to the centralized Oracle system at the beginning of October 2007.

Singapore-based Panasonic AVC Networks is responsible for developing and manufacturing products such as DVD players, video recorders, audio equipment, LCD televisions, and plasma display panels. The company oversees two factories in Singapore and one in Malaysia.