

Tru-Test Consolidates Applications, Integrates Business Units, and Increases Margins



Tru-Test Limited
Auckland, New Zealand
www.trutest.co.nz

Industry:

Industrial Manufacturing

Annual Revenue:

US\$48.4 million

Employees:

Fewer than 500

Oracle Products & Services:

JD Edwards EnterpriseOne

Financial Management

Foundation Systems

General Accounting

Accounts Payable

Accounts Receivable

Fixed Assets

JD Edwards EnterpriseOne

Supply Management

Procurement

Warehouse Management

Production and Distribution

Management

Customer Sales Order Entry

Advanced Pricing

JD Edwards EnterpriseOne

Service Management

Demantra Demand Planning

Oracle Business Intelligence

Enterprise Edition

Oracle Support Services

Implementors:

Oracle Consulting (for Demantra)

HP (for JDE)

“One of the most important benefits of the JD Edwards EnterpriseOne platform has come from the intangibles. Having a centralized architecture is easier to manage and the standardization of business processes is of great importance to the business to achieve efficiencies and consistency across the group.” – Ian Hadwin, CFO, Tru-Test Limited

Tru-Test is a designer, manufacturer, and distributor of agricultural technology products and custom electronic equipment. Based in New Zealand, it also has operations in Australia, the United States and Mexico and employs approximately 400 staff worldwide.

The company sells its products in more than 70 countries and offers five distinct product categories: electronic weighing systems, herd testing equipment for the dairy industry, electric fencing, and shearing products.

Tru-Test decided to implement JD Edwards EnterpriseOne software from Oracle to achieve a consolidated view of products and stock. The integrated system would support administrative and operational needs across the Tru-Test group of companies.

Previously, the company was running nine separate systems, inherited during a period of sustained growth through acquisitions, a situation that made management increasingly complex. The company recognized that its operations would be substantially improved if its subsidiaries could share IT infrastructure and a common set of business practices.

The extensive functionality and support for lean manufacturing, offered by JD Edwards, was the answer. The suite is now the single enterprise resource planning (ERP) tool used throughout Tru-Test’s global operations. It gives the company a single suite of applications that the head office can use to manage its finances, procurement, customer services, warehousing, and manufacturing

Key Benefits:

- Simplified IT management by implementing single, centralized infrastructure
- Provided consolidated view of purchasing requirements and control
- Boosted profit margins through improved inventory management
- Enhanced customer service by creating centralized customer records that facilitate service procedures
- Achieved significant improvements in quality and timeliness of management reporting
- Sped up basic financial tasks, enabling staff workloads to be reduced
- Improved the effectiveness of the demand planning process

while providing the subsidiaries with the tools they need for manufacturing and distribution.

Improved Efficiency Lowers Operating Costs

“It was very time-consuming and inefficient trying to run the company on different platforms,” said Ian Hadwin, CFO, Tru-Test Limited. “We were also maintaining disparate systems, a far from ideal situation as it meant we struggled to keep pace with business requirements in an organization that demands speed and seamless integration. Data synchronization was also an issue.”

Tru-Test installed the JD Edwards EnterpriseOne software at its Auckland headquarters, and used Citrix technologies to provide access to staff in other offices. Around 150 staff now use the JD Edwards platform around the world.

“The JD Edwards EnterpriseOne software gave us visibility across the Tru-Test group, providing the necessary information to make smart business decisions,” Hadwin said.

“One of the most important benefits has come from the intangibles,” he added. “The standardization of business processes across the group on a single centralized architecture is easier to manage.”

According to Hadwin, the JD Edwards EnterpriseOne platform performs basic financial tasks faster and more efficiently than previous systems, an improvement that has allowed the company to lower operational costs.

“It is much faster closing month-end books,” he said. “That enabled us to reduce the number of financial management resources we had before the implementation. The business intelligence tool, exposing the JD Edwards data, also facilitated speedier decision-making.”

Better Inventory Control Boosts Profit Margins

The JD Edwards applications are now used to manage inventory across the Tru-Test group and plan production, procurement, and distribution. The result is strengthened inventory management, leading to greater profits.

“We reduced overall inventory levels, helped by the consolidation of products,” Hadwin said.

“The JD Edwards software also helped us amalgamate information from subsidiaries.”

Enhanced Service and Forecasting Ability

The new software improved customer service throughout Tru-Test by streamlining sales order placement, customer service functions, fulfillment, delivery, and billing. This allowed the adoption of common customer service processes. Central records have also reduced the reliance on scattered documents such as spreadsheets, improving the company’s ability to create, retain, and identify its intellectual property.

The availability of a common set of customer records is also helping the company to forecast revenue.

“We have much better visibility into sales and marketing and achieved significant improvement in quality and timeliness of management reporting,” Hadwin said.

Efficient Demand Planning

Buoyed by the efficiency gains from its implementation of JD Edwards, Tru-Test decided to further augment the functionality of the system and support business processes by installing a demand-driven planning solution.

“Our existing demand planning process was based on sales data from the JD Edwards statistical forecast, supported by Microsoft Excel spreadsheets and Microsoft Access data,” said Hadwin. “However, this was a manually intensive process which was time-consuming and difficult to audit. We wanted to replace the spreadsheets and Microsoft Access data with a solution that would facilitate a collaborative demand planning process.”

The goal was to implement a toolset and business process that enabled more accurate demand planning to reduce inventory and improve metrics regarding goods delivered-in-full and on-time.

“We evaluated several collaborative planning solutions,” said Hadwin. “To manage the complexities of multiple brands and different markets, we were looking for a toolset that supported collaborative demand planning. The solution also had to be able to evolve and grow with us, and be future-proof.”

After assessing a range of demand management solutions, the company chose Oracle's Demantra as the best-in-class provider of demand management and sales and operations planning software.

Unified Demand Management Reduces Complexity and Improves Visibility

Implementation of the Demantra solution took place during the first quarter of 2007. It enabled Tru-Test to relaunch the demand planning process, supported by a reliable toolset.

The solution provides transparency of the demand planning process and clear visibility of any changes made across Tru-Test's different markets.

Demantra gives Tru-Test the ability to align the demand plans with its sales budget and remove the disconnect between these business elements. Managers can review and edit business forecasts through an easy-to-use interface and take advantage of auditable workflow management during the demand planning process.

"We now have the ability to plan our production and set processes around the ordering of raw materials based on accurate forecasts," said Hadwin. "As a result, we are ordering less and reducing our inventory holdings because we are using an accurate forecast, not just relying on historical figures."

The company has extended its demand planning processes into sales and operations planning. "Sales managers are now doing demand forecasts rather than our planning team which saves us a lot of time," Hadwin said.

"It is imperative for an organization like ours to properly manage the demand side of our business to satisfy customer orders across markets, brands, and product categories," said Hadwin.

"Demantra has become the tool which allows us to achieve this management in the most cost-effective and efficient manner."

In mid-2007, Tru-Test also installed Oracle Business Intelligence Enterprise Edition to provide managers with the ability to analyze cost, sales, and inventory data from JD Edwards EnterpriseOne. The solution allows managers to analyze sales and gross margins on a real-time basis, while providing better visibility of inventory holdings worldwide.

“Managers can determine where there is not enough stock or if we are holding too much stock at a specific location, and make the appropriate adjustment in the JD Edwards system to rectify the issue,” said Hadwin.

“This allows them to order exactly the right amount of stock, which prevents the company from spending too much money ordering inventory for locations where it is not needed,” Hadwin said.

Why Oracle?

Tru-Test’s JD Edwards journey began in 2003 when the company adopted the JD Edwards EnterpriseOne suite to improve the way it managed its business.

“This was also an opportunity for us to update our current infrastructure, take advantage of the latest functionality, and ensure we continue to receive the best support available,” said Hadwin.

“The Oracle Demantra solution looked like a good fit in terms of our requirements for collaborative demand planning and had obvious synergies with our existing JD Edwards platform. Being part of the Oracle family of products gave us additional confidence, so after a final evaluation, we selected Oracle’s Demantra Demand Planning solution for our organization.”

Implementation Process

Implementation of Demantra began in December 2006. According to Hadwin, Tru-Test was the first of New Zealand’s enterprises to embrace this leading-edge technology. During the implementation, the company took full advantage of the help offered by Oracle’s support divisions.

“We used both Oracle Consulting and Oracle Support Services and worked closely with both groups,” he said. “Oracle Consulting brought its expert knowledge of Demantra to the team, provided project management, and developed tailor-made software patches to support functionality. Oracle Support Services assisted both the Oracle Consulting team and our Tru-Test team.

Advice from TruTest Limited

- Provide training to end-users to ensure they are comfortable with the system when it goes live. This minimizes disruptions to the business.

- Plan ERP system upgrades in a timely manner so that end-users' productivity is not negatively impacted.
- Allocate a generous amount of time within the design phase to familiarize your staff with the way the software works. This preparation will save time and effort later, especially during the data migration and integration phase of the project.
- Alert staff to pay particular attention to potential integrity issues with data that is sourced from legacy systems, as these problems can escalate significantly during the data migration phase.

Tru-Test is a New Zealand-based multinational company that designs, develops, manufactures, and markets agricultural technology solutions through an international distribution network. The company offers milk metering and electronic livestock weighing systems, electrical fencing and shearing equipment.