

Twinhead International Streamlines Supply Chain and Cuts Order Processing Time by 50%



Twinhead International Corp.
Taipei, Taiwan
www.twinhead.com.tw

Industry:

High Technology

Annual Revenue:

US\$155 million

Employees:

1,000

Oracle Products & Services:

Oracle Financials
Oracle Fixed Assets
Oracle Order Management
Oracle Purchasing
Oracle Inventory
Oracle Bill of Materials
Oracle Engineering
Oracle Work in Process
Oracle Material Requirement Planning

Partner:



AdvancedTEK International

AdvancedTEK International Corp.
www.advtekgroup.com

“Many new key features have been added to Oracle E-Business Suite 11i. With these new features, we can replace self-developed processes with standard operating procedures. The system is also more stable and reliable. We found that our efficiency improved after we reduced the number of customizations.” – Spokesperson, Twinhead International Corp.

Taipei-based Twinhead International manufactures and markets notebook computers for the consumer and industrial sectors. Income from industrial products commands around 30–40% of the company’s operating revenues. In addition to its own line of notebooks, the company has original equipment manufacturing (OEM) contracts with some of the world’s largest computing companies. These alliances have also enabled Twinhead to expand into the fast-developing field of communication technology.

To prepare for Y2K, Twinhead replaced its customized enterprise resource planning (ERP) system with a new solution based on Oracle E-Business Suite applications. The company last upgraded its Oracle system in April 2007, when it deployed modules from Oracle E-Business Suite 11i.

“The biggest challenges facing our company are the number of customizations we undertake for each customer, and the fact that we often deal in small quantities with large variations,” said a Twinhead International spokesperson. “That’s why we need an ERP system that can incorporate changes quickly. Our Oracle system has served us well for almost 10 years, and continues to bring benefits to our business with each new release.”

Establishing a Quick Response Supply Chain

The ERP system is central to Twinhead’s operations. It is used to manage orders, inventory, finance, manufacturing, suppliers, storage, shipping, and distribution. Senior managers rely heavily on the system for information and business support.

To avoid direct competition with other OEM companies, some of which are its customers or partners, Twinhead entered the

Key Benefits:

- Cut order processing time by 50%
- Reduced lead time for tasks such as account processing by 10–15%
- Reduced the number of customizations by 50%
- Supported operations in multiple locations
- Eased the workload on IT staff
- Enabled process changes to be quickly incorporated

industrial laptop market in 2000.

This market is characterized by high customization, with customers requesting features that meet the particular needs of their business. For example, they may ask for a laptop that can withstand rough terrain, is waterproof, or is resistant to magnetic interference.

The demand for highly customized products means production batches are vastly different, so Twinhead must keep a close eye on inventory levels and manufacturing processes to ensure it can fulfill customer orders. Any mistake or hold-up in the manufacturing or supply chain can result in huge losses for the company.

Complicating matters further is Twinhead's geographically dispersed operations. The company may accept an order from a customer in Hong Kong, manufacture and ship the product from China, and bill the client out of Taiwan. The ERP system must be able to support operations in multiple locations.

Order Processing Time Cut by 50%

Twinhead believes new technology can be leveraged to support operational efficiency. This is one reason why the company has progressively updated its version of Oracle E-Business Suite since the original implementation in 1999.

Twinhead's most recent upgrade in April 2007 enabled it to support multi-location operations. The previous system had to be customized to facilitate business in different geographies. Even so, some processes still had to be completed manually. New functionality in release 11i enabled Twinhead to eliminate customizations and manual processes while ensuring tight control of operations in mainland China, Hong Kong, and Taiwan.

The new system is not only easier to use, but has simplified order processing and improved data quality. Twinhead has reduced order processing time by more than 50%, and cut the lead time of related tasks such as account processing by 10–15%. Staff can now spend more time on high-level management activities.

The Oracle upgrade also supports other tasks such as international procurement and advanced purchasing of raw materials. Oracle's open architecture also ensures easy integration with third-party systems.

Standardization Reduces IT Workload

In addition to upgrading its Oracle platform, Twinhead standardized a number of business processes on best practice guidelines incorporated in Oracle E-Business Suite.

“The aim of standardization is to improve efficiency and make the most of our Oracle investment,” said the spokesperson. “The new system enabled us to cut the number of customizations we needed by 50%.

“We also discovered that the system performed faster after standardization,” the spokesperson added. “It is also easier to manage, so the workload on our IT staff has eased.”

In the near future, Twinhead plans to implement key performance indicators for various processes, including material purchasing and order delivery, to further enhance efficiency.

Why Oracle?

Twinhead selected Oracle as its ERP system because “the software offered functionality that eliminated the need for extensive customizations. Oracle also provided superior technical support and had a clear product development roadmap,” said the spokesperson.

Implementation Process

Twinhead engaged Oracle Certified Partner AdvancedTEK International to provide consulting and implementation advice. The company decided to re-implement the Oracle platform across three locations at the same time, as the old and new systems would not work together due to the large number of customizations in the old system.

“The professionalism and experience of AdvancedTEK enhanced the implementation and ensured it was completed without hitches,” said the spokesperson. “We paid extra attention to project planning and communicated regularly via videoconference to ensure any issues were discussed thoroughly and solutions deployed quickly.”

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