

Juken NZ Builds Framework for Growth with Faster Financials and Better Enterprise Systems



Juken New Zealand Ltd
Auckland, New Zealand
www.jnl.co.nz

Industry:

Natural Resources

Annual Revenue:

US\$170 million

Employees:

900

Oracle Products & Services:

JD Edwards EnterpriseOne
Finance
Sales Order Processing
Payroll
Purchasing
Procurement
Asset Management

Oracle Partner:



Fusion5
www.fusion5.co.nz

“The JD Edwards implementation enabled us to cut the time required to produce accurate financial statements by 20% and enhanced management visibility of our business. It also gave us a strong foundation for pursuing more business from third-party customers and reducing our dependence on business from our parent company.” – Graham Maples, Chief Financial Officer, Juken New Zealand Ltd

Juken New Zealand Ltd is a wholly owned subsidiary of Wood One Company Ltd, a Japanese housing construction and building materials business based in Hiroshima and quoted on the Japanese stock exchange. Wood One owns a range of processing operations in Japan, China, and the Philippines and distributes product throughout Japan. Originally formed in 1990 to purchase Crown licenses to develop and export pine products from New Zealand forests, Juken New Zealand employs about 900 people across four mills, three forestry offices, and in its Auckland head office.

In 2003, Juken New Zealand decided to upgrade its finance, sales order processing, and payroll to eliminate inefficiencies stemming from siloed legacy systems at each mill. The lack of integration between the systems made it difficult to consolidate and report accounts at the end of each month within the five-day timeframe ordered by the company’s Japanese parent.

“Our existing software resided on individual servers at each location,” said Graham Maples, chief financial officer of Juken New Zealand. “This placed us under enormous pressure to standardize and consolidate our financial results within the period mandated by Wood One in Japan. Even then, the head office was unable to conduct a substantive analysis of how we were performing. We had to feed any queries they had back to the divisions to obtain the information.”

Juken New Zealand moved to implement Oracle’s JD Edwards EnterpriseOne 8.0 applications in 2005. The solution helped the company lower costs, increase efficiency, cut reporting time, and use its group purchasing power to negotiate better deals from its suppliers.

Key Benefits:

- Cut time to produce accurate financial statements by 20%
- Enhanced transparency and visibility of financial position of each business area
- Reduced finance staff numbers by 20–25%
- Improved inventory management by 20%
- Laid platform for increased supply of product to third-party customers rather than to the parent company

Reporting Time Cut by 20%

Prior to the upgrade, existing systems were opaque to management outside the implementation site.

“The purchasing systems at local divisions were very poor, meaning there was no external visibility, a lot of labor-intensive manual processes, and very few purchasing controls,” said Maples. “There was no way staff at one mill could see what their colleagues at other mills were purchasing, which meant there was a lot of overstocking across the group.

“It’s fair to say the data within the system was not greatly accurate,” he said.

Implementing JD Edwards EnterpriseOne 8.0 to manage enterprise resource planning enabled Juken New Zealand to lower finance support costs across the business.

The company standardized policies, practices, and procedures across its operations, increasing visibility of financial performance and enabling detailed analysis of individual divisional and mill performance. As a result of the implementation, Juken New Zealand has adopted International Financial Reporting Standards (IFRS), enshrining corporate governance and financial transparency and paving the way for business growth.

“While our parent has not reined in its month-end deadlines, we have now cut the time we need to produce accurate monthly statements of our financial performance by 20% and I believe we can lop a further 20% off that figure in future,” said Maples. “We have also been able to reduce our number of finance staff by 20–25% to date.”

The reduction in time taken to generate monthly statements has given Juken New Zealand time to conduct its own analyses of the results and double-check figures.

Increased Business Efficiency

The JD Edwards EnterpriseOne 8.0 software helped Juken New Zealand reduce inventory levels and create opportunities to use its buying power as a group to negotiate better pricing and delivery in national agreements with suppliers. The business is expecting a 20% improvement in inventory management as a result of the implementation.

The new enterprise resource planning system also enabled the company to shift from highly reactive, emergency maintenance to a planned preventative maintenance model, reducing costs, extending equipment life, and delivering higher productivity.

“We now have much greater visibility and knowledge of our maintenance spend,” said Maples.

While Juken New Zealand has already achieved significant benefits from the implementation, Maples said there is potential to transform the business even further.

“We can leverage our purchasing power more as a group to get better deals from suppliers,” he said. “There is also potential to exploit the software further if we adopted a more centralized structure with standardized business processes across all our sites.”

Juken Pines for Upgrade

Juken New Zealand is currently evaluating whether to upgrade to JD Edwards EnterpriseOne 8.12 and add modules covering supply chain management, manufacturing, and human resources.

“The most likely scenario, if we proceed, is to implement 8.12 this financial year and begin installing the manufacturing and other modules next calendar year,” said Maples. “We’re presently building the business case.”

Juken New Zealand is particularly anxious to more fully exploit JD Edwards’ manufacturing functionality as the business is planning to reduce the percentage of product shipped directly to its parent by selling more to third-party customers.

JD Edwards’ manufacturing software includes functionality that enables a business to develop, manufacture, and distribute products in a timely fashion; use efficient processes that optimize resources, and satisfy customer expectations about price, quality, and delivery.

Why J.D. Edwards?

After a thorough evaluation process encompassing solutions from Intenia, Oracle, PeopleSoft, and SAP, Juken New Zealand opted to implement JD Edwards EnterpriseOne 8.0.

“JD Edwards won out over other solutions because of the product’s functionality, including its ability to be configured to

individual needs. Price was also a factor,” said Maples. “While we were happy with an existing asset management system in place at one mill, we decided to extend our JD Edwards implementation to that site as well to take advantage of its integration capabilities.”

Implementation Process

The five-month financials implementation in 2003 was managed by the then PricewaterhouseCoopers Consulting with JD Edwards’ own consultants undertaking the software integration aspects of the project.

Several consultants from JD Edwards worked with the customer to ensure the business applications were integrated seamlessly with the existing environment and Juken’s information technology staff was trained appropriately.

“The challenge on our side was the porting and conversion of legacy data,” said Maples. “The actual implementation was pretty standard with very little customization required for the specific needs of our business.”

The purchasing, procurement, and asset management project was completed in nine months from January 2005 with Oracle Certified Advantage Partner Fusion5 delivering the software configuration and implementation component. While customization was again a dirty word, some reworking was undertaken.

“While our initial inclination was to customize the solution as little as possible, some minor workflow changes were made to enhance the user-friendliness of the software,” said Maples.

Juken New Zealand’s requirements were developed over several months with the assistance of employees from the company’s mills as well as head office. Once those requirements were defined, a prototype system was built using Fusion5 experts both off-site and seconded to the client. After the system was validated by Juken New Zealand, Fusion5 began deploying the system into the business. The consultants’ project team undertook extensive training of end-users at head office and throughout a six-to eight-week engagement at each Juken New Zealand mill.

IBM Business Consulting, charged with completing the project on time and to specification, managed Fusion5’s involvement and handled issue resolution.

“We completed our part of the project on time and within budget thanks largely to our disciplined methodology and the high levels of respect between the client and project partners,” said Rebecca Tohill, managing director of Fusion5. “We brought together our JD Edwards expertise and our skills in understanding the needs of a business to deliver a quality solution for Juken New Zealand.”

Advice from Juken New Zealand

- Provide backup for staff members during the implementation, so they can devote their attention full-time to the requirements of the software project. “When we brought team members from individual mills to help us with the project, they still had to do their original jobs,” said Maples. “They were very often distracted by their work and one or two could not make it to head office at required times as a result.”
- Standardize and polish legacy data before implementing a new system. With the JD Edwards implementation, Juken New Zealand found it did not have the resources to do that task as well as complete the project; meaning work was still being conducted after the go-live date.
- Pay close attention to employees’ computer literacy and address difficulties through training. “We had a few levels of computer competence,” said Maples. “This meant we had to build knowledge and capabilities from a very low base at times.”

Juken New Zealand is a wholly owned subsidiary of Japanese business Wood One Company Ltd. It undertakes forestry and wood processing in Northland, the Wairarapa, and the East Cape. Juken New Zealand employs about 900 people across four mills, three forestry offices, and its Auckland head office.