Oracle Customers in the Metals & Mining Industries

Towards a Sustainable Industry
Oracle Solutions for the Metals & Mining Industries

Towards a Sustainable Industry

The Changing Game

The Metals & Mining industry is at crossroads today, just coming out of a slump. Prices are rising, demand is increasing and yet supply is more than demand. Can this situation be sustained? Can the industry endure another downturn? What will be the future of the industry 10 years hence? Will there be consolidation? Exit barriers are high; Governments intervene through protections and trade barriers. New and existing materials are being used as substitutes. In this dynamic environment, the only constant seems to be change.

To quote Ian Christmas, the Secretary general of the International Iron and Steel Institute, … "Even more important is a change in business practice and culture. Profits and margins must come first. The chasing of the last ton of production and the maximizing of output regardless of the true market needs must end. This is step one towards a sustainable future for steel."

Yet, in such a dynamic environment, companies have to continue to perform. Being a part of the “old economy”, the industry is one of the poorest financial performances, destroying shareholder value in many cases.

Know More, Do More, Spend Less

Put simply, there is a single but powerful defense against the pressures of today’s highly competitive, fast-moving, increasingly complex steel industry - Information. For the company that wants a sustainable growth and profitability, information is critical.
Companies need accurate information in real time, including up-to-date performance metrics, financial ratios, and profit-and-loss summaries. They need information for all departments, products, and geographies. And they want it to be based on the business they did around the world today—not last quarter, last month, or even last week. The right information at the right time is what allows agile, strategic decision-making, accurate forecasting, and management control of processes and supply chains. These companies run on information.

Unfortunately, companies can spend millions of dollars on information technology systems and still not be able to collect, let alone effectively distribute, the information that is critical to keeping their business profitable. In short, Return on Information has been low.

But with Oracle, companies benefit from a complete, integrated set of solutions that provide information that is accurate, complete, and timely. Oracle E-Business Suite is the industry’s most functionally complete set of business applications—connecting and automating the entire flow of business processes across both front and back office operations and throughout geographies, so the business runs at peak efficiency, worldwide. And Oracle uses a single, unified data model that stores information for all applications. You create a single definition of employees, customers, suppliers, and products—globally—so that everyone, worldwide, is accessing the same data. Your business gets better information at the right time, and at a lower cost. With Oracle your executives know more because they can do more and they can do more while spending less.

Oracle’s Metals & Mining industry mission is to continue to define and develop business solutions, together with industry-specific partners, that unlock true value for customers.

The Transformation

Across the world, Metals & Mining companies have embarked on a journey to transform their businesses by incorporating the best business practices through the use of state of the art information technology systems. These systems focus on many areas — keeping costly assets running at the lowest cost, yet at highest availability, delivering to customer’s requirements of stringent specifications, delivery times, etc., improving product quality, enhancing customer satisfaction, predicting and managing demand, to name a few.

This document records the experiences of a few major companies, highlighting the benefits they have derived or plan to derive, in diverse areas such as inventory, lead times, asset utilization, customer satisfaction, business consolidation, bottom line improvements, etc. It is through the use of the new systems that these companies are achieving a higher Return on Information.

e-Business transformation seemed a worthy investigation at the end of the 20th Century. But already, at the start of the 21st Century, it has become a competitive necessity.
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Alcoa Implements Oracle Solution 20% Below Projected Cost, Eliminates 43 Legacy Systems

Streamlined Processes, Reduced Complexity

Alcoa, the world's leading producer of primary aluminum, fabricated aluminum, and alumina, is active in all major aspects of its industry. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production, and other capabilities to customers. In addition to aluminum products and components, Alcoa markets consumer brands including Reynolds Wrap foils and plastic wraps, Alcoa wheels, and Baco household wraps. Other businesses include vinyl siding, closures, precision castings, and electrical distribution systems for cars and trucks. The company has 127,000 employees at 350 manufacturing locations in 39 countries.

In its continuing drive to become the best company in the world, Alcoa began a quest more than two years ago to deploy an integrated, end-to-end business process solution. The goal was to enhance industry benchmark performance by lowering operating costs, creating full value-chain linkage from supplier to customer, facilitating more rapid integration of acquisitions, accelerating ABS (Alcoa Business System, an integrated set of principles and tools for managing its businesses), and providing an infrastructure for e-business. But Alcoa's highly customized business systems and processes presented a barrier to these goals.

Alcoa's enterprise business solution emerged in 2000, when Alcoa designed a global solution with common data and common optimized processes, supported by Oracle E-Business Suite 11i for five business processes: requisition-to-payment (req-to-pay), finance, order-to-cash (OTC), human resources, and data warehouse and reporting.

In 2001 and 2002, Alcoa focused on deployment of the common solution using an implementation strategy that emphasized speed, leverage, and rate of change. Implementation progressed under budget and ahead of its original deployment schedule, and Alcoa completed more than four times the number of sites targeted for deployment by Q4 2002.

High-Level Project Goals

- Rollout against aggressive timeframe
- Implement with no customizations
- Develop infrastructure to absorb new acquisitions rapidly
- Lower cost of operation

Why Oracle?

The selection of Oracle applications was based on cost, functionality, and overall reliability. Oracle E-Business Suite 11i was a proven, if leading-edge, product line and offered the only e-enabled, fully integrated enterprise resource planning (ERP) system.

Oracle's platform integrates redundant and disparate operations to achieve full value chain linkage from supplier to customer. Its e-business functionality will help position Alcoa to grow its supplier and customer relationships into strategic partnerships. This will be accomplished by sharing critical information such as demand forecasts,
Key Benefits

- Implemented requisition-to-pay solution 20% below projected cost
- Eliminated 43 legacy requisition-to-pay and finance systems
- Reduced accounts payable transaction processing costs by 89%
- Increased use of online procurement tool by 295%
- Drastically reduced req-to-pay cycle times
- Converted more than 10,000 monthly paper check payments to electronic
- Enabled acquired company to be integrated in 120 days
- Expected 25% inventory reduction
- Expected 15% productivity increase
- Expected 5% material cost savings
- Expected 15% cycle time reduction
- Expected 20% improvement in customer service
- Expected achievement of first quintile cost for administrative processes and IT

Oracle demonstrated its commitment to the relationship with direct involvement of its executive management throughout deployment; strong development relationships, including the successful joint work on the Oracle Enterprise Asset Management (eAM) application; and on-site support and significant consulting resources on the ground during deployment.

**Emphasis on Speed, Leverage, and Rate of Change**

Alcoa's first focused on deploying the solution for its req-to-pay and finance processes, because of the significant gap to industry benchmark goals and the cost savings available by closing these gaps. Alcoa deployed req-to-pay and finance regionally in line with its regional shared service structure. This approach allowed Alcoa to leverage experience from one region to the next, accelerating the rate of change.

Alcoa Europe became the first region to implement in May 2001, just 96 days after completion of the common design. Using a structured 12-week deployment approach Alcoa Europe completed 47 locations across seven countries between May and November 2001. The team worked directly with Oracle to ensure that all European statutory requirements were met using "out-of-the-box" functionality.

Leveraging and refining Europe’s 12-week deployment approach, North America accelerated deployment of req-to-pay and finance processes in January 2002 with the target of implementing 200 locations, and added optimized procurement and finance processes to the deployment scope.

Achieving its goal required a cross-functional team of more than 100 people from finance, requisition to payment, and IT. While Alcoa defined the mission and drove the strategy, consulting resources from Oracle Consulting and BearingPoint, among others, delivered the expertise to support the standardized deployment process across concurrent locations within the short timeframe. The team worked in close partnership with deploying businesses, which appointed single points of accountability in each area.

Alcoa achieved 110% of its aggressive North American implementation goals, deploying a total of 217 locations. By Q2 2003, 96% of North America will be live on req-to-pay and finance processes, and included in Alcoa's centralized financial shared services organization. The implementation was accomplished at 80% of projected cost. The deployment generated high user acceptance across existing businesses. Further, the November 1, 2002 go-live of IVEX, just 120 days following acquisition, demonstrated the ability of the enterprise business solution to accelerate integration and cost savings, offering a viable "come-to" position for acquisitions.

Europe integrated North America's optimized processes and refined 12-week plan into its 2002 deployments. At the close of 2002, Europe was fully deployed at its more than 85 target locations in 15 countries. Alcoa Australia will deploy req-to-pay and finance processes in Q2 2003, followed by South America between Q3 2003 and Q1 2004.

**Shared Data and Processes Improve Business Management**

Oracle's integrated technical environment provides the means to implement common, optimized processes, sweep administrative
functionality into shared services, and eliminate legacy systems. Alcoa eliminated 43 legacy systems to generate significant cost savings. But the true power of Alcoa’s enterprise business solution extends beyond the common platform to encompass common data and common processes.

Together, common data and processes strengthen Alcoa’s ability to manage its business effectively and knowledgeably, with several business benefits in req-to-pay and finance. For instance, Alcoa has drastically reduced cycle times by verifying receipt of goods and automatically generating receipts for payment. It has increased the number of automatically generated accounts payable invoices from 43 to 70%, reducing transaction-processing costs by 89%.

In addition, Alcoa has centralized finance and procurement activities to achieve nearly 20% of Alcoa’s worldwide cost reduction goal. Use of Alcoa Mall, Alcoa’s online procurement tool, increased by 295% in the last year, to handle nearly 10% of all transactions. This figure will continue to grow as optimized processes are fully implemented and the Mall becomes Alcoa’s single, integrated source for purchases. Because the Mall process is totally electronic, more than 10,000 payments a month have been successfully transitioned from paper check to automatic, electronic payment.

Alcoa Sets Sights on Improved Asset Utilization

To create the next-generation asset management system, Alcoa partnered directly with Oracle, committing four Alcoa maintenance experts to work at Oracle for a year to develop the Enterprise Asset Management Solution (eAM).

Oracle eAM will enable Alcoa maintenance organizations to more closely map maintenance strategy to production requirements. All asset requirements—from engineering design and recommended scheduled maintenance to utilization-based requirements—will be traced and coordinated from a single location. This single view of assets will enable Alcoa to maximize asset utilization, plan resources more efficiently and eliminate disparate legacy systems.

Alcoa has implemented Oracle eAM at seven production facilities to date. Full implementation, slated for 2004, will encompass more than 250 manufacturing facilities.

Order to Cash Improves Product Flow, Cycle Time

Alcoa's many business lines perform most of the steps in creating its wide array of aluminum products, from mining and refining to design, engineering, and production. Alcoa's highly vertical organizational structure produces products to serve a wide range of industries, from aerospace and vinyl siding to Reynolds Wrap and Alcoa wheels.

The enterprise business solution order-to-cash process deploys along this business unit organizational structure using both vertical Oracle Process Manufacturing and Oracle Discrete Manufacturing, as well as third-party tools that integrate to Oracle for shop floor and quality functions.

While the majority of Alcoa's large businesses have manufacturing systems in place, they are disparate across and within businesses, and require significant interfacing and maintenance to support business requirements. Oracle's integrated order-to-cash solution leverages order
management, planning, costing, quality, shipping, and manufacturing solutions to lower costs and reduce inventory, yielding faster product flow; improve customer satisfaction; and reduce resource requirements and eliminate legacy systems. It also enables more consistent processes and improves business decision making with more accurate, common data.

As an example, integrated with Alcoa's ABS business system, Oracle Advanced Planning will offer insight into customer demand when coordinating manufacturing and supplier schedules, and reduce on-hand inventory requirements to meet customer orders and delivery lead times. Real-time information sharing along the supply chain will help reduce cycle times and increase productivity, since all participants have more timely and accurate information for strategic decision making. Oracle Quality will also support cycle time reductions through improved quality analysis and a resulting decrease in rework volumes and waste.

The order-to-cash solution was live at 25 sites across five business lines at the end of 2002: forgings, alumina, primary, rolling and extrusions. Order-to-cash continues to roll out at an accelerated pace.

**HR Optimizes People Processes**

The common design phase for Alcoa's Global Human Resource Management System (HRMS) was conducted in Australia in 2002. Australia became the first region to go live on HR, payroll, and personnel processes in Q1 2003, using an HR portal as its front-end. Processes include assignment management, recruitment, and training and development.

Implementing a common, global HR solution will position Alcoa to answer global questions about the company’s bench strength (including ROI), financial investments, correlations between quality and investment in training, and headcount. For example, if Alcoa is considering an acquisition that requires a specific competency, global HR will be able to quickly assess the availability of this skill set in its existing resource pool, enabling such HR considerations to become a factor in acquisition decisions.

Implementation of a common, global solution also will enable Alcoa to reduce HR service delivery costs while ensuring more consistent, higher-quality customer (employee) service. The global solution will support Alcoa's employee service centers, HR regional and business units in becoming aligned management environments, where service delivery can be measured and compared. It will also enhance Alcoa’s capability for activity-based pricing to enable minimum standards for appropriate, value-driven employee choice and provide accurate and timely metrics for human capital reporting and improve management of people process like recruiting, compensation, absenteeism, training, etc. With a global system in place, Alcoa's HR managers will be able to leverage knowledge to improve service delivery.

**Data Warehouse and Reporting Leverages Common Global Data**

Alcoa's "true north" is to implement a single operating environment for its global business; "one database instance for the world." Currently Alcoa is implementing four regional operating environments in North America, Europe, Australia and South America, and leveraging a common data warehouse solution to aggregate information. This strategy aligns with Alcoa's regional organizational structure, markets
and customers, and acknowledges the stage of the market with regard 
to network services and costs.

The primary goal of the data warehouse and reporting track is to provide 
Alcoa businesses with a single destination for common information, and 
a common set of tools to run their businesses. This goal is enabled by 
implementing a common, integrated system across Alcoa’s business 
processes.

A regional operational reporting environment provides day-to-day 
transactional reporting and control. Presently the environment is built on 
customized reporting in Oracle Discoverer. Alcoa is working with Oracle 
to develop its Daily Business Intelligence (DBI) product. A regional 
financial data warehouse is now rolling out in North America and 
Europe.

**Joint Effort for Training**

In support of the enterprise business solution deployment, Alcoa trained 
approximately 6,500 implementation team members and end-users in 
15 business units on both functional and technical aspects the solution. 
Web-based Oracle Tutor was adopted as the process documentation 
and end-user training repository. Tutor now contains more than 200 
training topics and more than 500 business process documents, which 
have been leveraged by multiple business units worldwide. In addition 
Oracle University, TUSC (The Ultimate Software Consultants), Tier 
Training, and Global ERP delivered standard, cost-efficient, leveragable 
training in instructor-led classroom and Web-based formats.

Alcoa's training costs ranged from 0.6% to 3.8% of business 
implementation cost, which is less than half the industry average. 
Training participants responded positively to both the quality and level of 
training.

**Future Plans**

Alcoa’s focus is to continue to live its values and deliver return on capital 
in the first quintile of the S&P Industrials. Alcoa’s enterprise business 
solution goals include deploying req-to-pay and Finance at 100 
remaining locations in North America as well as in Australia, rolling out 
the order-to-case solution to the first Alcoa Europe Building and 
Construction Systems site and stabilizing it at other sites, and deploying 
Oracle Receivables in a “big bang” approach for all U.S. locations.

Alcoa's target is an integrated, end-to-end business process solution, 
capable of enhancing industry benchmark performance by lowering 
operating costs, creating full value-chain linkage from supplier to 
customer, facilitating quicker integration of acquisitions, enabling ABS 
acceleration and providing an infrastructure for e-business.

When the full deployment is complete, Alcoa expects to achieve 25% 
inventory reduction, 15% productivity increase, 5% material cost 
savings, 15% cycle time reduction, and 20% improvement in customer 
service. It also expects to be in the first quintile for costs of 
administrative processes and IT.
Steel Maker Duferco Automates Global Finances and Gains Strategic Visibility

"With Oracle in place, our management now has a much better view of the company. We only need to enter information once, and can then easily monitor and keep track of everything we do." -- Roberto Albert, Treasurer, Duferco

Gaining Efficiency and Visibility

Duferco manufactures and trades in steel and steel products worldwide. Since its founding in 1979, Duferco has grown to about 8,000 employees through acquisitions and expansion of operations.

In 2001, Duferco realized that its homegrown financial application was no longer adequate to handle the company's complex finances. Duferco uses the U.S. dollar as its functional currency and trades in five additional currencies. To monitor its finances and communicate among staff, Duferco was supplementing its legacy financial application with manual processes and spreadsheets--an approach that was inefficient and cumbersome. Duferco decided to implement a single, integrated system that would provide an overall view of the company's activities and support more efficient procedures.

High-Level Project Goals

- Enable a consolidated view of company finances
- Eliminate the need for double and triple data entry
- Replace manual systems with automated processes

Why Oracle?

Duferco evaluated solutions from several companies, but chose Oracle based on its flexibility, and the fact that the standard functionality of Oracle Financials supports Duferco's critical business needs, including multicurrency operations. "We needed an integrated system to support several branches throughout the world," explained Roberto Albert, Duferco's treasurer. "Oracle allows us to gain an overall view of the company's global activities."

Flexible Access to Consolidated Data

Using Oracle Financials, a module in Oracle E-Business Suite, Duferco not only captures more financial data, but also has faster, easier access to the information. Previously, information about treasury operations was captured in spreadsheets, resulting in data that was often incomplete and always difficult to compile. Today, Oracle Treasury captures all of Duferco's treasury deals, including foreign exchange contracts and money market deals. Once a contract is entered into the system, all cash flows and positions are automatically updated. The standard integration with Oracle General Ledger journalizes all the contracts in a timely manner.

Duferco also uses Oracle Discoverer to access, analyze, and report on the data captured by Oracle applications. "We use Discoverer not only to monitor what foreign exchange deals are booked, what is expiring, which bank is involved, what product is involved, and other related information, but for all sorts of other views and reports," said Albert. "Any information we need, we get through Oracle Discoverer." Users run routine and ad hoc reports, and can drill down and pivot data as needed. Reports are used by department heads as well as executives.
Increased employee productivity to support fact-based decision-making. "We have a far better view of the company from the management side now," said Albert. "It's much more transparent."

Flexible, easy-to-use reporting capabilities are a welcome change for Duferco. "Before, we simply didn't have access to as much information. We needed to use external programmers to create reports for us," explained Albert. "Now, we easily create our own reports, and our information is more useful because we can view it in multiple ways."

Keeping an Eye on Credit

To monitor its credit lines at various banks, Duferco created a reporting extension using Oracle Forms. Although the forms are custom-built, they are easy to use because they share the look and feel of Oracle applications. In addition, the forms integrate seamlessly with Oracle E-Business Suite applications, contributing to Duferco's improved visibility into its finances.

The banks Duferco works with require it to provide purchase contracts and sales contracts in support of loans. With Oracle, Duferco is able to easily link purchase orders and sales orders using a tracking number, thereby satisfying banks' requirements for credit.

Accurate, Timely Information

Duferco buys and sells currencies as part of its treasury operations, managing about 2,600 contracts over a 10-month period. Oracle Treasury's revaluation feature calculates the fair values of Duferco's contracts on a regular basis, using market rates that Duferco imports twice a day from a rate feed provided by Oracle Treasury's open interfaces. Integration between modules of Oracle E-Business Suite gives Duferco's senior management a real-time view of exposures related to foreign currency exchange.

Fewer Opportunities for Error

Now that Duferco uses a completely integrated system, the company has been able to streamline its complex purchasing and sales processes. For example, Duferco may buy material from Russia, sell that material to a sister company in Switzerland, resell it to a company in the U.S., and then finally sell it to a distribution company. Before, each step required the creation of a separate purchase and sales order.

Now, Oracle Financials' integration with Oracle Order Management and Inventory has automated the process. "At the very beginning we insert a purchase order into the system, then build up purchase and sales contracts automatically between all the different companies involved," Albert explained. "We have much less opportunity to make errors." In addition, employees are more productive because they no longer spend as much time re-entering data.

Future Plans

Duferco will continue rolling out Oracle applications to its offices worldwide and continue to develop its processes to take advantage of the added functionality of Oracle Financials. Duferco will also implement Oracle Risk Management in order to gain greater insight into risks associated with currency fluctuations.

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Jindal Vijayanagar Steel Improves Productivity by 10% and Dramatically Reduces Book-Closing Time

"With integrated financial applications from Oracle, we have been able to consolidate our systems, tie our financial data together, and create a real-time enterprise. This has led to significant reductions in both capital and operating costs." -- Seshagiri Rao Director (Finance), Jindal Vijayanagar Steel

Efficiencies Create Competitiveness

Jindal Vijayanagar Steel Ltd (JVSL) is the most modern, technologically efficient, and eco-friendly integrated steel plant of its kind in India. Competing on price with the established players, however, was a major challenge; JVSL has the lowest processing cost and the second lowest manufacturing cost in India's steel industry.

The company’s vision was to utilize IT as a tool for its business process. JVSL senior management were confident that implementing a single, integrated system would provide a global view of the company’s activities and support increased employee productivity.

High-Level Project Goals

Provide real-time, comprehensive access to financial information
Enable quick and fact-based decision making
Improve productivity

Why Oracle?

JVSL had evaluated solutions from several companies, including Oracle, SAP, Baan, Ramco and MFGPRO. They chose Oracle for the flexibility and functionality of its Financials family of applications. "We needed an integrated system to support several branches throughout the country. We are a growing company and the flexibility of the Oracle E-Business Suite would allow us to integrate operations of new plants," said Vijayaraghavan, chief general manager (IT).

Productivity Increased 10%

With Oracle Financials, financial information such as product costing is now available on the shop floors, enabling managers make accurate on-the-spot decisions. The company has determined that as a result of the new system, labor productivity has gone up by 10%. An example of the increased productivity: Now JVSL can print about 2,000 to 3,000 bank cheques a month with just two full time employees. "We have become more productive and have reduced costs at the same time," said Sheshagiri Rao, director (Finance).

There are also benefits that cannot be measured," he continued. "Employees handling financial accounting are less stressed and don't have to stay late every day to reconcile the books. This creates a ripple effect that further improves productivity."

Book Closing Down from Three Months to 10 Days

Previously, data captured in spreadsheets was often difficult to compile and incomplete. With Oracle Financials, JVSL captures more financial data, yet managers find that accessing data is both faster and easier.
Whereas before it took three months--an entire quarter--to close books, now it takes just 10 days. And managers are finding the information to be more useful. They can now create their own reports and view the data in multiple ways.

**Real-Time Data Enables Faster Price Calculations**

JVSL treasury operation is a case in point. One of that department's jobs is buying and selling currencies, which entails managing about 2,600 contracts over a 10-month period. The revaluation feature in Oracle Treasury now automatically calculates the fair price of JVSL contracts on a set schedule. Using this information, which is updated twice a day from a rate feed provided by Oracle Treasury's open interfaces, senior management has an immediate view of exchange-rate exposures for imports of raw materials, such as coal and coke, and spares.

**Future Plans**

To get the most from the company's investment in Oracle products, JVSL is exploring additional features of Oracle Financials. At the same time, the company is planning to implement Oracle customer relationship management applications to enable a 360-degree view of its customers.
Maysteel Provides One-Stop Information Access, Gains Competitive Edge

"Oracle9iAS Portal enables our employees and customers to have control over their information. Also, given the strength of Oracle's vision, we are confident that its portal solution will keep improving and continue to provide the capabilities that give us a competitive advantage." -- Mary Fonder, Chief Information Officer and Vice President of Information Technology, Maysteel LLC

Maysteel Builds Competitive Edge

Since 1936, Maysteel LLC has been manufacturing precision enclosures for the data, telecommunications, and electric utility markets throughout the United States and Europe. Maysteel custom builds most of its products to meet the design specifications provided by its customers; and suggests alternative designs incorporating enhancements conceived by the company.

To boost productivity and improve decision making, Maysteel wanted to provide employees and selected customers with more timely information. Unfortunately, the company's legacy systems lacked the power to do the job. Maysteel's solution: build an enterprise portal that allows users to access relevant information any time, from anywhere, via a Web browser. Based on Oracle technology and called MAGIC for Maysteel Advanced Guided Information Community, the portal provides users with a consistent, central source of information and gives Maysteel a competitive edge in the marketplace.

High-Level Project Goals

- Provide timely information to employees and select customers
- Streamline business processes
- Develop an employee dashboard that provides key performance indicators

Why Oracle?

Maysteel chose the portal technology in Oracle9i Application Server (Oracle9iAS) because of its ease of deployment, product features, and price. The company considered other vendors, including BroadVision and Business Objects, but chose Oracle's solution, which leveraged existing systems thereby providing a lower total cost of ownership.

Oracle9iAS Portal was so easy to deploy; it took Maysteel less than a day to develop a prototype portal to show senior management. "Oracle was willing to work with us to prove the portal concept to our senior staff," said Mary Fonder, CIO of Maysteel. "It supports the J2EE environment in which we operate and provides single sign-on security for employees and select customers. What's more, when you compare Oracle to the competition, Oracle's portal solution was much more reasonably priced."

Global Information Access

Maysteel's MAGIC portal streamlines business processes across every Maysteel division. Today, close to 200 employees can retrieve key performance metrics daily instead of monthly, and select customers can access relevant product and order information at any time from anywhere using a Web browser. MAGIC provides links to departmental information, applications, forms, news, and support. In addition, users in
and suppliers with real-time data access including inventory, order, and shipment status

- Enabled timely communications of key performance indicators
- Delivers 20% improvement in information retrieval speed
- Provided simple system administration with minimum IT overhead

Maysteel's engineering and human resources divisions upload and share content using Oracle9iAS Portal's self-service publishing and content management tools.

**Streamlined Processes, Faster Intelligence**

Before installing the Oracle-based portal, Maysteel typically spent more than 12 hours collecting product-quality data from different departments. Now employees input and share information in real time from their desktops, allowing Maysteel to evaluate the quality of its products more rapidly. Indeed, Maysteel said it expects to see a 20% improvement in the speed of information retrieval.

Since the initial implementation, Maysteel has developed several new portal applications, four of which have altered Maysteel's business practices. One enables Maysteel to identify internal or customer problems and take fast corrective action. Another application encourages employees to submit cost-cutting ideas through the portal--and even calculates actual savings for some items. A new sales application makes it easy for the sales force to enter and track business opportunities. And the fourth tracks products through its development stages, giving users in each department advance notice of upcoming work.

Oracle9iAS Portal also improved communication between Maysteel and its customers. In the past, customers would call Maysteel to provide the company with product requirements, and the information would be distributed to various Maysteel personnel by e-mail and fax. With Oracle9iAS Portal in place, Maysteel can provide its decision makers with access to product quotes that users can view at the same time.

In addition, customers also can retrieve real-time inventory data, manufacturing order status, shipments, open orders, and forecasts. "Instead of having our customers call Maysteel, we provide them with access to information, which allows our customers and our own company to streamline business processes, solve problems faster, and enhance communications," Fonder said.

**Easy, Cost-Effective Portal and Content Management**

Maysteel didn't have to hire extra staff to manage its portal. Indeed, because Oracle9iAS Portal enables individual departments to create and manage their own content, the company needed only one Web designer to administer the entire portal. "One of the things that impressed me with Oracle's portal solution is its ease of development," Fonder said. "Although my group doesn't possess the IT background for managing Web content, they were able to learn and use the portal quickly--and show immediate results. People feel they have more control over their information. That's a huge benefit for us."

The portal dashboard makes it easy for users to navigate and search for content--and it includes built-in security so users can only access information they are authorized to view. The dashboard displays critical performance indicators that are color-coded so employees can focus on areas that need immediate attention. The portal is integrated with Oracle9iAS Single Sign-On, which allows Maysteel to simplify user management, increase security, and help users be more productive by giving them a single authentication point.
Solid Architecture, Superior Performance

The Oracle9iAS Portal architecture includes a highly tuned servlet engine to retrieve portlet content, manage caching, assemble portal pages, and deliver completed pages. Because the portal is deployed on Oracle's highly scalable J2EE Server, performance is maximized so the portal can support rapid growth. "Oracle9iAS Portal scales easily. The increase in the number of users and the number of portal applications has not affected the performance or administration of the system," Fonder said in June 2003. "In fact, our portal is now seven times larger than when we started, and we're still running it on the same box."

Future Plans

Maysteel is developing a "Heads Up" Dashboard Pyramid, which offers three levels of information--executive, middle management, and staff. The major benefit is timely access to critical information for rapid decision making. In addition, the company wants to develop the portal further to provide customers with real-time inventory and shipping updates online.
Mino's Information System Implemented by Essellesse Forms the Heart of the Company, Increasing Efficiency Worldwide

"Thanks to implementation of Oracle E-Business Suite by Essellesse, we monitor the work progress of every single order, helping us maintain control of margins and cash flow." -- Riccardo Gallini, Project Manager, Mino S.p.A.

Integrating Systems and Sharing Information

Mino S.p.A. is known worldwide for engineering and producing high-quality rolling mills for metal manufacturing. Founded in 1840 as a maker of goldsmiths' tools, Mino has evolved into a state-of-the-art manufacturer of custom-built mills that adhere to the highest international quality standards. Mino's mills are mainly used in the aluminum, copper, and steel industries. International business accounts for nearly 75% of the company's annual orders of about EUR32 million. Individual projects, which involve both the design and manufacture of the custom-built mills, last for one to two years and range in value from EUR0.5 million to EUR15 million.

With the metal manufacturing industry growing more complex and competitive, Mino is under increasing pressure to produce high-quality products at competitive prices. To achieve this goal, Mino realized it had to communicate more efficiently about its entire supply chain. Only a state-of-the-art information technology system could give Mino the accurate, detailed information it needs to monitor and control its engineering, production, and testing operations. Above all, Mino's management team needed a clearer view of the company.

"Our information technology environment consisted of totally separate areas," explained Riccardo Gallini, project manager at Mino. "We had compartmentalized systems for the collection of costs of orders, for accounts, for our CAD system inside the design office, even for the personal productivity packages in all our offices. Every system was independent--there was no interaction of any kind. We needed a new architecture, one able to integrate all our information." Mino chose Oracle E-Business Suite.

High-Level Project Goals

- Ensure quick, efficient access to the most timely data
- Install system to enable a better control of cash flow and margins for all orders
- Prepare to integrate all company processes at diverse locations

Why Oracle?

After a careful analysis Mino determined that Oracle E-Business Suite 11i best met its needs. A prime determining factor was Oracle Project Manufacturing, which allows Mino to efficiently manage order production.

Because so many Mino projects require workload management from a distance--often from temporary worksites in far-flung countries--a totally Web-based solution was deemed absolutely necessary for future development. As a result, the Oracle E-Business Suite's internet-based architecture was also a strong determining factor.
Why Esselisse?

Large Systems, now called Esselisse, supported Mino as system integrator, providing high quality services starting from an analysis of primary needs. "We started the renewal process with the support and consultancy of Large Systems," Gallini said. "It helped us during the start up and during the implementation phase. We choose together to implement Oracle E-Business Suite."

Automation Shortens Accounting Function Time by a Week

The implementation, begun during 2001, went live in January 2002, to coincide with the introduction of the euro. The roll out to end users, however, was handled with a deliberate pace. "We decided to proceed slowly to avoid sudden changes," Gallini said. "We appreciated Oracle's ability to adapt to our processes without overturning them. We were able to personalize the business processes built into Oracle in order to better meet our needs." Today, the administrative and accounts system, the running of production and supplies, and the monitoring and control of work in process are based on the new architecture.

"For now, the most important benefits are in the administrative and financial area," Gallini said. "Previously, all controls were performed manually. Automation enables time savings in the accounting process of as much as a week." The system is internally managed by Mino's IT department, which also trained end users in the new system. To make adoption easier for end users, Mino maintained many aspects of the previous system, such as the design of reporting.

Oracle MetaLink a Key to Project Success"

We have found the online support available through Oracle MetaLink, Oracle's online support offering, to be one of the most innovative tools present on today's market," Gallini said. "MetaLink has enabled us to make clear, very detailed information available across the board. Products such as these, which Oracle has developed and refined in applications around the world, mean that a company such as Mino--indeed, companies of any size--can benefit from Oracle's experience and know-how."

Future Plans

During 2003, Mino plans further improvements in process integration, in particular automating deliveries and some technical office functions. Ultimately, Mino aims to develop an efficient extranet that will link all locations, allowing immediate access and control of all business processes, no matter where they are generated or managed.
NICOM Steel Gains 30% Time Savings for Financial Closing and Reporting with Oracle9i Application Server

"With the enhanced competitive advantage we have with Oracle products, we can now confidently commit to our customers' just-in-time requirements and make timely executive decisions to propel our business forward. " -- Loke Kin Leong, Deputy General Manager, NICOM Steel Centre (M) Sdn Bhd

**Customer Profile**

NICOM Steel Centre (M) Sdn Bhd
Malaysia
[www.tradenex.com/sites/Nicom](http://www.tradenex.com/sites/Nicom)

**Industry:**
Industrial Manufacturing

**Annual Revenue:**
$2M - $100M

**Employees:**
<500

**Oracle Products & Services:**
- Web Services
- Portal
- Oracle9i
- Oracle9i Developer Suite

**Key Benefits**
- Enhanced day-to-day operational efficiencies to service just-in-time delivery expectations
- Reduced month-end and quarter-end closing of sales, inventory, and financials by 2 to 3 days
- Barcode scanning reduces manpower for month-end physical stock-take and eliminates human error
- Web-enabling capabilities allows easy access to real-time information for faster decision-making
- Availability of real-time

**Tedious Manual Updates Create Inefficiencies**

Established in 1981, NICOM Steel is Malaysia's first steel service center, supplying steel sheets, coils, steel press, and stamp parts to the automotive, audio-visual, computer, electrical, electronics, and motor cores/transformer industries. Since its inception, NICOM has played a key role in driving the country's metal industries and strives to continue its contributions to achieving Vision 2020, a government initiative to make Malaysia a fully developed country by the year 2020.

Before implementing a fully integrated enterprise resource planning (ERP) system, NICOM used standalone ERP packages running on AS/400 and Excel spreadsheets to store its sales, inventory, and financial data. These records needed tedious maintenance by staff, who had to manually input data straight into the system. The antiquated system meant that real-time information was not readily available, which critically impeded NICOM's ability to provide just-in-time delivery to its customers. In addition, these standard packages were unable to support many reporting requirements, hampering executive decision-making and providing only limited visibility into real-time production status and sales performances.

In addition, with more and more customers becoming e-enabled, NICOM is required to access customers' Web sites for forecasts and purchase order information. To efficiently download and share information with customers, it was critical for NICOM to become Web-enabled.

"To better support our business goals to achieve customer satisfaction through quality excellence and just-in-time delivery, we needed an integrated solution that would provide comprehensive supply chain management from raw material procurement to production tracking, sales order processing, inventory, accounting, and even bar-coded labeling," said Loke Kin Leong, deputy general manager of NICOM.

Recognizing the need for a comprehensive ERP solution, NICOM embarked an enterprise-wide steel management supply chain solution built on Oracle9i Application Server (Oracle9iAS), including additional functionalities with Oracle9i Web Services and Oracle Developer Suite, backed by Oracle9i Database, in September 2002.

**High-Level Project Goals**
- Implement an integrated, enterprisewide ERP solution
- Meet customer demands for just-in-time delivery
- Allow staff to focus on value-added activities, instead of manually inputting data
- Be able to easily access customers' Web sites for forecasts and
information enables faster executive decision-making

- Tight integration with Oracle9i Application Server enables real-time inventory information for more accurate planning for raw materials

- Obtain real-time business information to improve decision-making

Why Oracle?

In early 2003, NICOM replaced the BEA system it had been using and implemented Oracle9i Database, Oracle9i Application Server, Oracle Web Services, and Oracle Developer Suite. "Oracle's products have increased NICOM's competitiveness with real-time information availability and new Web capabilities," Loke said. "With this implementation, we now have real-time knowledge of all aspects of our operation and can commit with full confidence on just-in-time delivery schedules and other work-in-progress information. In addition, by downloading data directly from the barcode scanner into the system, we have greatly reduced the manpower required for month-end physical stock-take and data entry, while eliminating inefficiencies due to human errors."

Faster Management Reporting and New B2B capabilities

The seamless integration of the enterprise-wide ERP system with the Oracle9i Database greatly enhanced efficiencies and management visibility into real-time operations. "Very significantly, we now enjoy savings of up to 3 days on month-end and quarterly sales, inventory, and financial closings," Loke said. In addition, management reports can now be readily customized to meet various reporting and analysis needs in a timely manner.

"With the availability of real-time inventory information, future planning for raw materials is now more accurate and easier to handle," Loke said. "Management can now take advantage of the Web-enabled system to access critical information when off-site or away on business trips. With easily customizable management reports and new capabilities to support faster executive decisions, NICOM gained critical competitive advantage to better service our customers and support efficient B2B collaborations with all our suppliers and customers."

Future Plans

Looking ahead, NICOM plans to extend its reach beyond the current industries to service the fast-growing automotive market in Malaysia, which also adheres strictly to just-in-time delivery requirements. To better service its suppliers and customers with an end-to-end ERP solution, NICOM also has plans to implement an Oracle-based B2B solution to link all suppliers and customers together.

"Moving ahead, we need to be very nimble in servicing our suppliers and customers with strong B2B capabilities. We consider Oracle, with its industry-leading technology prowess, a strategic technology partner to NICOM. With its strong commitment to relentless technology innovation, we believe we can expect only the best and latest technologies from Oracle," Loke said.
With Oracle, POSCO Dramatically Reduces Time-to-Market

"The success of the POSCO project is definitely attributable to the flexibility of the Oracle E-Business Suite." -- Kyeong Ryul Ryoo, CIO, POSCO

Business Transformation

Pohang Iron & Steel Co. (POSCO) is the world's largest and most admired steel producer with annual crude-steel production capacity of 28 million tons and sales (FY2000) well in excess of US$9 billion. Employing over 20,000 people, the company makes hot- and cold-rolled steel products (plate steel, stainless steel, hot strip, and wire rods), which it sells to the auto and shipbuilding industries globally.

In a move considered both unique and revolutionary, POSCO transformed its entire organization to meet a new global standard. In redesigning the organization and its processes to meet the company's management business strategy of raising business efficiency and maximizing corporate value, POSCO eliminated redundancies while building a new, flexible, digital backbone.

To do this POSCO implemented new global business processes and standardized on the Oracle E-Business Suite in a move expected to add no less than US$3.6 billion to its corporate value in 10 years. Less than two months after going live with the new system, the 4,600 users at the steel manufacturing giant had already reduced budgeting time from 110 days to 30 days (allowing annual budgeting to be adjusted quarterly), reduced month-end closing time from six days to one day, and reduced standard costing time from 15 days to three days.

High-Level Project Goals

- Raise business efficiency and maximize corporate value
- Eliminate redundancies while building a new, flexible, digital backbone
- Standardize business processes and improve efficiencies

Why Oracle?

"Currently, there are other leading companies that are realizing the inherent value of modifying business process, but POSCO's across-the-board process innovation is unprecedented," said Kyeong Ryul Ryoo, CIO of POSCO. "POSCO has one of the highest levels of data processing in a given company, instructing about 50,000 work orders a day on average and processing a maximum of 70,000 work orders a day. Therefore, Oracle's reliability--proven through the successes of their other giant customers such as General Electric, AT&T and Boeing--was believed to be the best for POSCO. I can definitely say that the Oracle E-Business Suite is the best package ever to deal with various processes demanded by customers in terms of flexibility."

"Thanks to its technological tools like Open Interface Table, Oracle E-Business Suite is the only fully functional enterprise software to provide both flexibility and integration simultaneously. This is a very important factor for the processing industry to carry on operations. The success of the POSCO project is definitely attributable to the flexibility of the Oracle E-Business Suite," continued Ryoo.

Management at the highest level in Oracle showed extraordinary interest in the world's largest steel manufacturer's project. Oracle's local
days reduction: 30
days to less than 24

- Capital investment project duration: 450
days to 220
- Inventory turnover (raw materials): 8.7 times to 12
- Standardized item codes reducing: 193,000 codes to 43,500
- Standardized item classification hierarchy reduction: 590,000 items to less than 280,000
- Standardized commodity hierarchy from different codes for each division to a single enterprise-wide standardized code classification
- Standardized quality specifications reduction: 5 quality design patterns to a single quality design pattern for the entire company

Korean office and California headquarters supported POSCO 24x7 through the Global Support Center, Satellite Support Center, and Local Support Center. Oracle's President and CEO, Larry Ellison, showed a particular interest in the project: "This project has a historical impact: the synergy between the world's largest steel manufacturer and the world's leading provider of e-business software has produced a return wildly exceeding the sum of the parts," Ellison said. "The power created by transforming a traditional business with the internet business flows that the Oracle E-Business Suite enables has created an entirely new concept of 21st century productivity."

Reducing Complexity Increases Results

POSCO is using the Oracle E-Business Suite to create a customer-oriented infrastructure with the intent of maximizing business efficiency and synchronizing internal and external business processes. In addition to the benefits already listed, POSCO also expects productivity increases ranging from shortening lead-time for hot rolled steel from 30 days to 14, to improving the strategic MRO ration from 17% to 80%.

Such process innovation and modified corporate culture have helped to make business practices transparent, fair and accountable, thus accelerating value management process to maximize customer values. POSCO's project is expected to benefit both customers and suppliers, raising corporate value by 4.7 trillion won (US$3.6 billion). As part of the raising of corporate value, POSCO is expected to save US$120 million per year.
Solid Energy Returns to Growth with Consolidated Enterprise Resource Planning Systems

"Going with Oracle was low risk because we were already users of Oracle Financials. As CFO, the big things for me were the management information systems and finding a wide reaching single integrated application. Oracle was the only vendor that seemed to have an integrated solution for enterprise information systems reporting." -- Warren Maslin, Chief Financial Officer, Solid Energy New Zealand Limited

Coal Mining Enterprise Upgrades ERP Systems to Support Growth

Solid Energy New Zealand Limited is a fast-growing resources company, with a core business in mining, marketing, and distributing New Zealand coal. Over 60% of the company's record revenues in 2002 were earned from exports to China, India, Japan, South Africa, and South America. Operating as a commercial enterprise with the New Zealand Government as sole shareholder, Solid Energy produces over 3.3 million tons of coal each year from mines in the Waikato, the West Coast, and Southland. Solid Energy first deployed ERP software in 1995 using Oracle Financials and standalone packages for asset maintenance and purchasing.

However, a period of tough financial conditions saw investment in IT systems reduced and functions such as supply and procurement outsourced. In addition, integration problems were making it difficult to extract the full range of benefits from the software. As a result, the fragmented ERP environment could no longer cope with Solid Energy's needs as the core business returned to a strong growth strategy based on increased exports, sound longer term planning, and strategies to overcome physical plant and distribution network limitations. "Over time the footprint and functionality of the ERP systems had eroded, but the business has been growing strongly since 2000," said Warren Maslin, chief financial officer at Solid Energy. "Our growth and reinvestment objectives meant we were looking to upgrade our information systems to manage the business and reduce risks."

High-Level Project Goals

- Build a platform that delivered accessible management information
- Establish a system that was easy for operational staff and management to use
- Provide a single integrated application across the whole company
- Enable process improvement by extending ERP systems across asset management, project accounting, and purchasing functions

Why Oracle?

Oracle was chosen because it offered an integrated solution with a wide footprint of application functionality. Maslin said Oracle E-Business Suite has the strongest management information capabilities, with comprehensive enterprise information systems (EIS) supported by ad hoc query tools for drilling down to detail. "Going with Oracle was low risk because we were already users of Oracle Financials. As CFO, the big things for me were the management information systems and finding a wide reaching single integrated application," Maslin said. "Oracle was the only vendor that seemed to have an integrated solution for EIS reporting."
Comprehensive Management Information Enables Decisive Action

The project entered an intensive build phase in May 2002, with support from Oracle and Deloitte Touche Tohmatsu consultants instrumental in meeting a compressed completion schedule. The upgrade to Oracle Financials 11i went live in October, with the additional modules rolled out progressively during the following five months.

Management reporting modules were the first part of the second stage. Solid Energy has deployed Oracle Balanced Scorecard, a unified reporting tool, to keep managers fully abreast of key business objectives and performance indicators. Oracle Financial Analyzer provides advanced analytical support for the finance team and detailed sales reporting, while Oracle Portal provides broad access to relevant ERP information.

The Oracle Order Management module improves Solid Energy's control over order entry and fulfillment. Oracle Projects and Oracle Assets modules have enabled the CFO to ensure greater discipline and reporting in these key performance areas. Oracle iProcurement and Purchasing were the final ERP modules deployed, as Solid Energy first needed to put in place staff and procedures for purchasing, stores and procurement functions that were previously outsourced.

Proactive Enterprise Asset Management to Improve the Bottom Line

Solid Energy's investment in Oracle Enterprise Asset Management (eAM) is expected to yield rich dividends, enabling this capital-intensive resources enterprise to identify the true lifecycle cost of assets.

"Better maintenance management and costing tools will lead to less unexpected breakdowns and therefore greater availability and productivity of equipment, which translates into better bottom-line results," Maslin said.

"The new Oracle tools give Solid Energy the functionality we need to make better decisions about overhaul and replacement of assets, preventive maintenance routines, and rationalization of spare parts and rotatables," Maslin continued. "By ensuring we have accurate records of maintenance and expenditure on assets, we can determine the condition of assets at any given time and identify a poorly designed plant so it can be redesigned."

Maslin said Solid Energy's first widespread deployment of tools for project accounting and management information reporting will make an appreciable difference to financial performance. "In the past, senior managers had to make decisions based on monthly reports that may not reflect current performance. Now they can have operational data in real time or with just a one-day delay. Project managers also now have a tool to help financial management of large projects. "The most significant benefits will come from the integrated solution--applications with an enterprisewide footprint that pull all the information together for stronger internal controls and governance, and from management reporting and portal tools that make this information easily visible to all managers—not just system accountants," Maslin said.

Future Plans

Maslin predicts the ERP system will deliver ongoing benefits through
business process reform, e-commerce enablement, and smarter use of management information."

A lot of this investment to date has been about playing catch-up," he said. "Now we have the tools to make better decisions and take advantage of greater functionality, especially in the area of enterprise asset management. We will start with small steps and add functionality as we move forward, but this gives us a good platform to put the management controls in place for future growth."
Usiminas System Realizes Substantial Gains in Performance and Flexibility by Standardizing on Open Database

"Oracle Database has provided us with a huge gain in administrative flexibility, better overall performance, and streamlined diagnostics and troubleshooting. Plus, the integration of databases across our complex of companies has enhanced collaboration among members of the Oracle user community." -- Patricia Karla Cordeiro, IT and Support Analyst, Usiminas System

Customer Profile

Usiminas
Brazil
www.usiminas.com.br

Industry: Industrial Manufacturing

Annual Revenue: >$1 Billion

Employees: >10,000

Oracle Products & Services:
- Oracle Consulting Services
- Standard Edition

Key Benefits
- Gains in systems performance and efficiency scales across complex of companies
- Lower total cost of ownership with all companies on one software licensing and maintenance contract
- Easier maintenance and database administration
- Collaboration among IT departments leads to sharing best practices

Steel Manufacturing Complex Seeks Systems Synergy

Usiminas System is among the world's 20 largest steel manufacturing complexes, with a production capacity of approximately 10 million tons of steel. Usiminas System companies are located in the Brazilian state of Minas Gerais, close to the Quadrilátero Ferrífero, one of the largest iron ore reserves in the world. The steel manufacturer produces galvanized and non-coated flat steel products for the automotive, small and large diameter pipe, civil construction, hydro-electronic, rerolling, agriculture, and road machinery industries. Brazil consumes 80% of its products and the company's largest export markets are the U.S. and Latin America.

After privatization of the steel industry in Brazil, followed by numerous acquisitions throughout the 1990s, Usiminas System experienced an escalating need for integration across its expanding complex of operations. "In 1999 we decided to standardize products and solutions across companies for gains in efficiencies of scale and to simplify processes," recalled Gilberto Mazzi, IT and support manager at Companhia Siderúrgica Paulista, Usiminas System. "The goal was to modernize and get all of our companies' information technology working in synergy," he said.

Why Oracle?

"Standardization is the key advantage of choosing an open system like Oracle Database. We can build on our technical expertise with Oracle products across companies and we can adopt the best practices from each IT department," said Patricia Karla Cordeiro, IT and support analyst at Usiminas System. "Plus, standardization under one contract for software and maintenance lowers costs for all companies and delivers economies of scale to Usiminas." Cordiero also pointed out that the common environment helps to integrate new companies and technology into the complex quickly.

Gains in Performance and Flexibility

"Oracle Database has provided us with a huge gain in administrative flexibility, better overall performance, and streamlined diagnostics and troubleshooting," Cordiero said. "Plus, the integration of databases across our complex of companies has enhanced collaboration among members of the Oracle user community."

"We chose Oracle Consulting Services to help us with the implementation," Mazzi said. "After all, who is better than the software developer itself to deploy new technology in a complex group of companies such as Usiminas System?"

In parallel, the team migrated several homegrown applications to Oracle Database. These applications included order allocation; mechanical
Simplification streamlines operations across enterprise

Flexibility to integrate internal and third-party systems

testing laboratories; rolling control; cold-rolled strip control; steel works; transport; project tracking; and human resources. This initial phase was completed in December 2000.

"Due to the good relationship we have developed with Oracle Consulting, we completed this deployment as expected and continue to update and enhance the system," Mazzi said. "Today, the companies' technology departments are working in synergy."

Future Plans

Recently, Usiminas launched a project to Web-enable customer service functions via its extranet. Oracle Database will support the new features in accordance with Usiminas System's standardization policy.
Van Shung Chong Cuts IT Budget 50% with Oracle E-Business Suite on Linux

"In our business, we have to be agile and cost-efficient. The information systems that support our businesses should be no exception. Oracle E-Business Suite running on Linux is the right solution for us." -- Sean Wan, Chief Information Officer, Van Shung Chong Holdings Ltd.

Committed to Service and Growth

Based in Hong Kong, Van Shung Chong Holdings Ltd. (VSC) is a leading distributor and manufacturer of high quality building materials and industrial products for the construction, telecommunication, home appliances, and automotive industries. Its business units distribute and manufacture products ranging from rebar and kitchen cabinets to telecommunication components.


Creating an Integrated View

VSC's goal is to become "the leading and preferred total solution provider of materials to strategic customers in Hong Kong and the high-growth markets in mainland China," said Sean Wan, VSC's chief information officer. With more than a dozen operating units and different sets of books between its Hong Kong and mainland China operations--and slightly different calendars--VSC found that its legacy software had increasing difficulty providing management with an integrated, centralized view of the company. As a result, Wan said, company executives "decided to invest in a modern enterprise resource planning system (ERP) to better manage our global supply chain, and create greater value and satisfaction for our customers."

High-Level Project Goals

- Create a centralized, coordinated business information system
- Reduce information technology support costs

Why Oracle?

After carefully evaluating different alternatives in the market, VSC decided to go with Oracle E-Business Suite. "I have been working with Oracle technology for many years and Oracle is undoubtedly leading-edge compared to everyone else in the market," Wan said. "Having business applications built on such a strong technology platform makes sense. Two years after deciding to go with Oracle applications, we still believe it was a correct decision. Oracle E-Business Suite is meeting our needs."

From Fragmentation to Integration

VCS replaced all of its legacy systems running on PCs and UNIX servers with Oracle E-Business Suite. For a smooth transition, VSC chose a multi-phase approach to the Oracle implementation. First on the list was Oracle Financials for VSC's corporate headquarters and

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Customer Profile

Van Shung Chong Holdings Ltd. (VCS)
Hong Kong
www.vschk.com

Industry: Industrial Manufacturing
Annual Revenue: $100M-$500M
Employees: 500-1,999

Oracle Products & Services:
- Assets
- Discrete Manufacturing
- Flow Manufacturing
- General Ledger
- Oracle Financials
- Order Management
- Payables
- Purchasing
- Receivables
- Sales
- Tutor

Key Benefits
- Cut IT costs 50% through Oracle product integration and Linux operating system
- Gained consolidated view of company,
leading to better decision-making business units. Then came selected modules from Oracle Financials, including General Ledger, Receivables, Payables, and Fixed Assets. VSC also developed a customized module, fully integrated with Oracle Financials, that manages its banking functions, such as trust receipts and credit lines.

Other Oracle E-Business Suite modules—including Oracle Discrete Manufacturing, Order Management, Inventory, Purchasing, Tutor, and customer relationship management (CRM) modules—are being rolled out in phases for each business unit. VSC’s soil-nail and coupler division went live in 2002, and the China-based steel import/export divisions also went live that year.

A full rollout of CRM will be scheduled when VSC decides on specific features. "We are evaluating features such as HTML Order Capture," Wan said. "Ultimately, we expect the integration between applications to give VSC executives a single, coordinated view of the company’s operations, allowing faster, more informed decision making."

**Linux Provides Stability and Savings**

VSC runs its Oracle E-Business Suite on a Linux operating system, which it considers another plus. "The current situation forces businesses—especially small-to medium-size companies—to put more thought into what they spend," Wan said. "I've been tracking the development and momentum of Linux. Two years ago, we determined Linux had come of age. It's a stable, cost-effective platform that is good enough to support the applications that run our business." Best of all, VSC expects to cuts IT costs 50% through a combination of low-cost Linux software and cost efficiencies from Oracle's integrated applications.