



Microsoft Customer Solution Manufacturing Industry Case Study



Egyptian Paint Maker Improves Customer Servicing with Integrated Solution

Overview

Country or Region: Egypt

Industry: Chemicals Manufacturing

Customer Profile

SCIB Chemical, founded in 1979, became a subsidiary of Asian Paints in 2002. One of the top four paint companies in Egypt, SCIB employs almost 300 employees at its Cairo factory and in nine branches throughout Egypt.

Business Situation

A lack of integration in SCIB's business management system led to duplicate manual data entry, data errors, and delayed information. This hampered its service to dealers and its ability to make effective business decisions.

Solution

SCIB implemented the Microsoft Dynamics™ NAV Financial Management, Supply Chain Management, and Manufacturing modules on Microsoft® Windows Server® 2003 and upgraded to Microsoft Office Professional Edition 2003.

Benefits

- More timely service to dealers
- Fast user acceptance
- Increased capacity with the same resource level
- Streamlined IT management
- More timely financial closings

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Swapnil Talekar, Finance and IT Manager, SCIB Chemical

In 2002 SCIB Chemical became a subsidiary of Asian Paints. As the business grew, SCIB found that a lack of integration in its business management system degraded customer service, delayed strategic analysis of sales and inventory, and created an overall bottleneck in its operations. So in 2004 SCIB upgraded to Microsoft® Windows Server® 2003 and Microsoft Office Professional Edition 2003, and implemented Microsoft Dynamics™ NAV. This move gave the company a tightly integrated solution from the desktop to the back-end database. Now SCIB executives can see operations data in real time and analyze sales and inventory in familiar Microsoft Office programs to make faster strategic business decisions. As a result SCIB services its dealers more efficiently, performs financial closings in a fraction of the time it took with the previous system, and has seen a substantial improvement in all its operations.

“We can efficiently support complex sales strategies because of the ease of data analysis. We can also control inventory levels effectively because we can see the available stock across all branches in real time.”

Swapnil Talekar, Finance and IT Manager,
SCIB Chemical

Situation

Since its founding in Cairo in 1979, SCIB Chemical has grown into one of the leading and most respected paint companies in Egypt with almost 300 employees and nine branches. Its product offerings cover the full spectrum of paints including primers and putties, emulsion and enamel paints, wood stains and varnishes, industrial coatings, and waterproofing products. Its manufacturing processes are certified for excellence and the company is ISO 9001 certified. SCIB sells to its paint dealers across Egypt.

In 2002, Asian Paints India acquired a majority stake in SCIB. Asian Paints operates manufacturing facilities in 22 countries around the world, and is the largest paint company in ten overseas markets.

Before that acquisition, in 2000, SCIB had a Windows® NT-based network and ran Microsoft® Office 97 programs on the Microsoft Windows 98 operating system on the desktop. At that time, SCIB implemented a business management solution to get a clearer view of operations and key business data. However, the system it chose began to cause more problems than it solved. The modules did not integrate with each other or with Microsoft Office programs. All operations information, including invoices, purchasing, and inventory had to be entered manually—in some cases into two modules. This was labor intensive and produced data entry errors, which resulted in tedious and time-consuming reconciliations at the end of each month.

Duplicate Data Entry Slows Customer Service

Invoices were handwritten and were sent to SCIB's central office in Cairo to be entered into the system. To analyze data in a Microsoft Office Excel® spreadsheet, users first had to convert a file from the business management system into an Office Excel file.

The conversion was complicated and time consuming. The lack of integration also hampered SCIB's ability to react to customer requirements, because it took the company more than three weeks after month end to get sales data.

One of the critical activities that were delayed by this time lag was distribution of the monthly rebates, which are passed on to the customers. “By the time we calculated the customer's purchase volume and the discounts and rebates due them, it was quite late and the accuracy was somewhat debatable,” says Swapnil Talekar, Finance and IT Manager, SCIB Chemical. “This was a big issue because those discounts also affected the price that our customers charged their customers, and directly affected their profit and cash flow. Waiting for almost a month for their discounts made them less willing to work with SCIB.”

In addition, the lack of integration among the business system's modules delayed SCIB receiving meaningful sales information indicating market changes that affected pricing or promotions. “It could be a month or two before we could analyze the sales impact of our competitors' changes in pricing, products, or packaging,” says Talekar. “We were very slow to respond to these changes, which further eroded sales.”

Delayed Inventory Hampers Production Planning

Delays in getting information also caused inventory problems. If SCIB introduced a new product that started selling better than originally projected, the company often wouldn't discover that trend for about a month and a half. “This delay meant that our production capacities were not adequately ramped up to meet these kinds of increasing sales, which created stock-out situations,” says Talekar. “Customers were disappointed and sometimes went to our competitors.”

"This integrated Microsoft solution has helped us to more accurately plan our manufacturing batches, more effectively forecast raw material procurement, and manage accounts receivables more efficiently."

Swapnil Talekar, Finance and IT Manager,
SCIB Chemical

By 2004 it was clear that to sustain the growth achieved since the acquisition by Asian Paints, SCIB needed to upgrade its Windows NT-based network to gain increased stability, security, and flexibility. And it needed an integrated business management solution that would be easy to learn and use, flexible to modify, and would support new process enhancements.

Solution

The managers at the parent company, Asian Paints, had already begun to look at solutions that could be implemented for all of its subsidiaries in the Middle East, the Caribbean Islands, Southeast Asia, and the South Pacific. The solution ultimately selected needed to integrate with the Asian Paints' corporate ERP system, as well as be easily customized to meet country-specific needs. The solution also needed to be easily managed by the subsidiaries' small IT departments, while allowing Asian Paints staff to centrally control the implementation and any subsequent global customizations or upgrades.

By the time the search for a new business management solution began in 2004, SCIB had started replacing many of its 60 PCs with Windows XP-based computers running Microsoft Office Professional Edition 2003. The company wanted to be able to easily pull data from its new business management solution into Microsoft Office programs for further analysis and reporting.

Asian Paints' IT department evaluated multiple business solutions packages over six months, before opting for Microsoft Dynamics™ NAV. It made that choice based on clear advantages in several areas, including:

- Ease of implementation and use.
- Integration of data among modules and with Microsoft Office programs.

- Multi-lingual support including support for complex languages, such as Arabic, Thai, and Chinese.
- Availability of support services.

Once the decision was made to go with Microsoft Dynamics NAV, Asian Paints set up a project implementation team that spent four months preparing a global business template. It also created a list of required customizations that included:

- Creating an applet to load delivery costs into the materials module for automatic valuation and provisioning of materials.
- Automatically updating the specific gravity—the difference between the weight of raw materials that go into the paint and the fluid output—which is a critical factor in paint manufacturing processes.
- Adding a quality control module and linking it to the Manufacturing module.

In November 2004, Talekar—the project manager for the Microsoft Dynamics NAV implementation in SCIB—flew to Asian Paints headquarters in India to gain a better understanding of the new workflow structures, conduct gap analysis, detail the statutory requirements, prepare the implementation plan, and get initial Microsoft Dynamics NAV training. At the end of this process, Asian Paints added customizations to the global template to meet SCIB's unique requirements.

In January 2005, SCIB employees in Egypt attended a month-long pre-implementation training session conducted by members of the project team from Asian Paints. NaviWorld Egypt, a Microsoft Certified partner, was called on to help overcome the language barrier. During the same time period, the SCIB IT staff set up the company's new local network infrastructure consisting of two servers running the Microsoft Windows Server® 2003 Standard Edition operating system. One Dell PowerEdge 800 server

connects the branches to the system using the Terminal Services technology in Windows Server 2003. The other server—a Dell PowerEdge 2600 server—runs two Microsoft Dynamics NAV application modules:

- Financial Management—General Ledger, Accounts Payables, Accounts Receivables, and Fixed Assets
- Supply Chain Management— Purchasing, Sales, Inventory, including quality management and manufacturing

SCIB went live with the new applications at its central office and branches simultaneously, on January 31, 2005. "The enthusiasm with which the users received Microsoft Dynamics NAV surpassed all expectations and helped in a very smooth implementation," says Talekar. The SCIB factory in Cairo and all the distribution locations in Egypt are using Microsoft Dynamics NAV and are connected through ADSL lines, with a dial-up option as back-up for emergencies. SCIB employees use many of the reports included with Microsoft Dynamics NAV—such as the customer aging analysis, batch summary analysis, and stock status reports—that automatically trigger Office Excel and present results in a spreadsheet. Users also pull data directly from Microsoft Dynamics NAV into Office Excel to run analyses and create ad hoc reports.

By June 2006, Asian Paints had moved all of its subsidiaries to Microsoft Dynamics NAV.

Benefits

Since implementing the Microsoft integrated business management solution, SCIB Chemical has gained significant benefits in all areas of its organization. It has improved its customer service, increased productivity of administrative and IT staff, streamlined financial operations, and enhanced business planning.

More Timely Service to Dealers

The integration of the Microsoft Dynamics NAV modules with Microsoft Office programs means that SCIB managers can see sales results and inventory levels in real time and analyze those results using familiar Microsoft Office programs. Microsoft Dynamics NAV computes dealer rebates accurately within 7 days of month end rather than the 45 days it took with the previous system. As a result, SCIB executives can more easily manage promotions and complex discount policies and ensure that customers receive their rebate credits more quickly and accurately.

The new system also helps SCIB maintain adequate stock levels at its warehouses so dealers do not need to keep larger inventories than they need. "We can efficiently support complex sales strategies because of the ease of data analysis," says Talekar. "We can also control inventory levels effectively because we can see the available stock across all branches in real time and get e-mail alerts of low inventory." This has helped reduce stock-outs and improved overall service levels and supply planning, which has produced a very positive customer response. "In our meetings with our dealers over the last year, complaints due to product shortages, delays, or inaccuracies of discounts have decreased significantly and at the same time sales have increased," Talekar adds.

Fast User Acceptance

Most SCIB employees were already familiar with the Microsoft Windows interface and Microsoft Office programs, so Microsoft Dynamics NAV was very easy to understand and use. Some SCIB employees had never used a computer before using Microsoft Dynamics NAV but have adjusted quickly. "Microsoft Dynamics NAV is quite easy to navigate," says Talekar. "The screens are very user-friendly and with the proper training

the users don't seem to have problems adapting. No one is complaining about the system usability or performance."

Increased Capacity with the Same Resource Level

Now data is entered once and is automatically accessible from the rest of the Microsoft Dynamics NAV modules as well as from Microsoft Office programs. This integration cut data entry time by more than half and has virtually eliminated data entry errors. Data entry employees were redeployed to more productive activities, resulting in increased employee satisfaction and productivity. "We process around 5,000 invoices per month now, which is more than twice the number we processed before," says Talekar. "We could never have serviced such volumes with the system we had before."

Streamlined IT Management

By implementing tightly integrated Windows-based components that work together by design from the desktop to the back-end servers, SCIB has also streamlined IT administration. Even with the addition of 30 users, SCIB's two-person IT staff can handle all administration and support.

The global template that Asian Paints created to implement Microsoft Dynamics NAV at all of its subsidiaries made it relatively easy to customize and maintain the system.

"Because there is one single global template and the customization is done in a very disciplined manner, system maintenance is very simple," says Talekar.

More Timely Financial Closings

With an integrated business management solution, SCIB has reduced month-end reconciliations from over a month to seven days. Additional time is saved in year-end closings since it no longer requires the audit team and the accounting department to

manually perform reconciliations across modules. "The year-end closing was very smooth with Microsoft Dynamics NAV," notes Talekar. "Our auditors came in 10 days after year end instead of coming in a few weeks before year end as they did with the previous system. The audit took only about 15 days instead of 45 days and the auditors can devote a lot more time to a quality audit rather than just reviewing the accuracy of data entered."

Enhanced Business Planning

Now that SCIB business planners can monitor inventory online, see sales data in real time, and pull that information instantly into Office Excel for reports or further analysis, they can make more proactive decisions. For example, they can identify slow-moving and fast-moving products and quickly make production and distribution changes to react to changing market demand.

Microsoft Dynamics NAV helped SCIB shorten the decision-making process from several days to on-the-spot analysis. "It used to take a month and a half to get and analyze each month's sales data," says Talekar. "This was too late to take effective corrective actions. Now we can see real-time analysis of sales trends by region and customer segment, as well as variances in budgets, inventory levels, and other parameters."

SCIB is also better able to control outstanding accounts receivables balances by setting up alerts to notify the sales team of customers exceeding their credit limits. This helps the sales team work with customers to address the issue in a proactive way.

"This integrated Microsoft solution has helped us to more accurately plan our manufacturing batches, more effectively forecast our raw material procurement, and manage accounts receivables more efficiently," concludes Talekar. "As a result, we've been able to

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Software and Services

- Microsoft Servers
 - Microsoft Windows Server 2003 Standard Edition
- Microsoft Dynamics NAV 3.70
- Microsoft Office Professional Edition 2003

Hardware

- Dell PowerEdge 2600
- Dell PowerEdge 800

Partner

- NaviWorld Egypt

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