



Microsoft Dynamics Customer Solution Case Study



Overview

Country or region: India

Industry: Manufacturing/Healthcare

Customer Profile

A pioneer in medical textiles, KOB Medical Textiles Private Limited, incorporated in 1998 in Coimbatore, Tamil Nadu, operates as a supply base for high quality medical textile products to European markets and the Indian subcontinent.

Business Situation

With growth and an increasingly competitive market, KOB needed an integrated ERP environment. It deployed Microsoft® Dynamics™ NAV 4.0 but the heavily customized model restricted the scalability of the application to keep pace with business growth.

Solution

With the help of Atna Technologies, Microsoft® Gold Certified Partner, KOB deployed a new, improved solution based on Microsoft® Dynamics™ NAV 4.0.

Benefits

- Weight based reporting improves inventory accuracy by 100 percent
- Shortens production cycle time by 20 percent
- Decentralized model allows better resource utilization
- Enhances performance by 70 percent

Medical Textile Giant Weaves New Levels of Integration, Shortens Production Cycle by 20 Percent

“... eliminates human errors, speeds information flow, enables management to make better-informed business decisions, and significantly reduces our operational costs, thus reducing the total cost of ownership.”

Shanmugavasan A, Managing Director, KOB Medical Textiles

Considering its rapid growth, the management at KOB Medical Textiles sought to integrate all the processes to increase productivity and streamline the supply chain management. In early 2009, it implemented Microsoft® Dynamics™ NAV 4.0 with custom features to handle most aspects of the business. This highly customized model could not keep pace with the business. Hence, KOB re-implemented a new, simpler solution based on Dynamics NAV with the help of Atna Technologies. This fine-tunes processes, and ensures greater transparency, control, and accuracy. System performance has increased by a whopping 40 percent. In addition, with higher efficiency and improved productivity by 20 percent, KOB has reduced costs significantly, by as much as 30 percent. The solution provides accurate figures, which help the management, make better business decisions, in line with its ambitious future expansion plans.



" The fine-tuned program improves supply chain management using forecast functionality. It drives demand and supply and improves transaction velocity. The solution now manages every aspect of our business."

Raju Cherian, Chief Financial Officer, KOB

Medical Textiles

Situation

Set up in 1998, KOB Medical Textiles Private Limited of Coimbatore in south India is a part of the Paul Hartmann group and a 100 per cent subsidiary of Karl Otto Braun GmbH & Co KG, Germany. It is a professionally managed, process-centric, lean organization with nearly 500 well-trained employees. It is an export-oriented unit with about 95 percent of its sales to the parent organization.

KOB produces elastic bandages for fixation, support, compression, light compression, elastic crepe bandage, gauze bandage, tapes, and fabric rolls for cohesive bandages. All the products are as per German standards and comply with European directives for medical devices. The annual revenue of the company for the financial year 2010–11 was U.S.\$ 15 million.

Initially, KOB was using a locally customized Microsoft Visual Basic application with Microsoft SQL Server to fulfill its requirements. Although the application performed immediate business transactions, it was limited in usage and features. Inaccuracies crept in with disintegrated manual records and reporting processes, manual inventory, and store management. This adversely affected the production cycle while increasing working time and efforts. Moreover, vendor-dependency of the application to repair data and program related glitches brought forth numerous other performance issues.

With substantial growth, the team at KOB realized that it couldn't keep up with increasing transactions and required a more collaborative technology environment. In early 2009, it decided to deploy Microsoft® Dynamics™ NAV 4.0. With an integrated and stable system in place, the performance initially was good. But, as the business further expanded and new requirements for business monitoring emerged, KOB felt that

the implemented solution, too, was not adequate to meet the increased requirements. Some of the data captured had lost its relevance over the years. And, customization with new functions and numerous additional parameters resulted in the capture of redundant data, making it time intensive to complete the transactions.

Initially the solution was integrated with the Loom Management System and was customized successfully to include machine and material allocation. The process worked well but the complex model and large number of parameters increased the cycle time of production reporting. As the volume increased, KOB felt the need to de-link the Loom Management System from the ERP to avoid duplication and redundancy of data and to enhance the system performance.

The process involved keeping manual records of product- and machine-wise production data, which is matched with the Loom Management System data, and then, extracted to Microsoft Dynamics NAV for output reporting. "The entire process would take about one hour extra per each day," reports Vijayakeerthi Neminathan, Chief Operating Officer, KOB Medical Textiles.

The existing model of the ERP solution managed inventory but usage of multiple units of measures required use of conversion factors and time-consuming reconciliation. "Our output product, such as bandage rolls, was measured in square meters based on the number of picks the machine runs, instead of actual physical units monitored on the shop floor, that is, its weight in kilograms (kg)," explains Viswanathan S, Senior Manager – Costing and IT, KOB Medical Textiles. "We later calculated the production output in kilograms, using a conversion factor that introduced conversion errors resulting in inventory variations."

"Redefined measurement metrics have eliminated conversion errors, resulting in almost 100 percent accurate inventory data."

Vijayakeerthi Neminathan, Chief Operating Officer, KOB Medical Textiles

"Streamlining the supply chain processes was the focus area."

Gopalakrishnan S, Practice Director, Atna Technologies

To cope with the rapidly expanding business requirements and to increase operational efficiencies, the company decided to de-customize the existing ERP system, Microsoft Dynamics NAV 4.0, to leverage the standard functionalities and ensure scalability of the application.

Solution

The management at KOB realized the complexity of the situation but at the same time trusted the Microsoft solution. It therefore decided to opt for reimplementation of Microsoft Dynamics NAV 4.0 to redefine its business processes and harness the benefits. The team approached Microsoft® ERP Gold Competency Partner, Atna Technologies, to remove all the bottlenecks and ensure the systems kept pace with business growth.

Atna's immediate plan was to use standard functionalities and de-customize the solution to remove unused objects. "The cycle time for transactions was abnormally high with extensive customization. Streamlining the supply chain processes was the focus area," says Gopalakrishnan S, Practice Director, Atna Technologies. It was decided to develop a new model for knitting with the objective of simplifying production reporting and ensuring greater inventory accuracy. This model was used as a pilot, and rolled out to other areas such as weaving and warping.

The reimplementation started in October 2009 and the solution went live in November 2010 at the factory location at the Palladam unit in Coimbatore for 20 users. Besides the standard modules such as finance, production, sales, EXIM, and warehouse, the phased implementation included additional custom-built modules such as knitting, weaving and warping. Besides this, integration of attendance and a leave tracking system with payroll and integration

of the payroll with finance are in progress to eliminate manual data entry and vouchers in finance. Integration of knitting with finance ensures that no manual reconciliations are required. Consumption and all statutory reports are automatically generated within the system.

"The fine-tuned program improves supply chain management using forecast functionality. It drives demand and supply and improves transaction velocity. The solution now manages every aspect of our business," affirms Raju Cherian, Chief Financial Officer, KOB Medical Textiles.

Export-Import (EXIM) module is localized to suit Indian market to address issues such as, packing slip print with lot allocation, procurement certificate, capital item update to bond value, etc. This has reduced manual paper work to a great extent to meet statutory requirements.

The Purchase Order (PO) authorization workflow eliminates all the irregularities in the supply chain and production, such as receiving items against manual PO without approval. Even a minor change results in the PO needing to be authorized again, thus streamlining internal demand and supply. Similarly, restrictions are built into the warehouse module to prevent issue of material from specific bins, thus enhancing quality checks.

A simplified automated bill of material (BOM) allows greater control to the product design team in making changes. The new customized product card program allows mass changing of BOM based on the composition changes of products and formulas designed in the customized program. This reduces time and increases accuracy.

Benefits

The Atna implementation of Microsoft Dynamics NAV not only streamlined the flow of operations and data but also eliminated non-value adding redundant data and processes. Raju Cherian, Chief Financial Officer, KOB Medical Textiles states, "The greatest advantage is that our processes are standardized and data is shared across the processes, eliminating manual intervention and delivering accurate business reporting."

Weight Based Reporting Improves Inventory Accuracy by 100 Percent

Non-measurable measurement metrics in the earlier model required conversion factors from the Loom Management System (LMS) to calculate the production output. Since the weight of products varied from time to time based on climatic conditions, a two percent room for inaccuracy was always kept in mind while estimating inventory.

In the new model, the redefined base unit of measurement (UOM), the kilogram, is directly measured using weighing scales after the completion of the production process. "Redefined measurement metrics have eliminated conversion errors, resulting in almost 100 percent accurate inventory levels," says Vijayakeerthi Neminathan, Chief Operating Officer, KOB Medical Textiles. "LMS is used purely for analysis of performance of looms."

Shortens Production Cycle Time by 20 Percent

Earlier, production time took into account the time required to maintain manual ledgers. Micro planning of machine-wise daily production is now accomplished using Microsoft Dynamics NAV. The production department knows exactly what they need to produce in each machine before they start production. This contributes to a reduction of the overall production cycle time by approximately 20 percent.

Decentralized Model Allows Better Resource Utilization

In the previous model, production reporting was centralized and was person dependent resulting in manual ledgers at the shop floor. After implementing the simplified Microsoft Dynamics NAV model, production reporting is decentralized and is done by shift supervisors on the shop floor with simplified user interface on a timely basis. "It has thus enabled us to get rid of the need to have specialist data entry operators and thus reduced cycle time for production reporting, increasing productivity by 20 percent," elucidates Viswanathan S, Senior Manager - Costing & IT, KOB Medical Textiles.

Enhances Performance by 40 Percent

Multiple operations and redundant data being part of routing in the earlier model resulted in sluggish transactions, slow transfer rate of documents, and complex production reporting. Post reimplementation, programs are developed for 'Routings'. Each machine type maintains performance standards, based on which routing times are automatically calculated, resulting in accurate capacity entries and reduced records. This has boosted the system performance by almost 40 percent

Operable data shared across the modules has removed the need for slow and expensive manual reconciliation of financial and inventory positions. "Manufacturing, production, and reporting efficiency has improved exponentially, enhancing system response and resilience," comments Shanmugavasan A, Managing Director, KOB Medical Textiles. "The new solution model eliminates human errors speeds information flow, enables management to make better-informed business decisions, and significantly reduces our operational costs, thus reducing the total cost of ownership. This will also help us in reducing the migration cost to Dynamics NAV 2009."

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to:

www.microsoft.com

For more information about KOB Medical Textiles, call (91)(4255) (256500) or visit the Web site at: www.kob.de

For more information about Atna Technologies products and services, call (91) (422) (2231010) or visit the Web site at: www.atnatechnologies.com

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to:

www.microsoft.com/dynamics

About Atna Technologies

Atna Technologies is a Microsoft ERP Gold Competency Partner that brings the best practices in Microsoft Dynamics by superior consulting and exact understanding of customer needs. The solutions are tailored to meet the requirements of specific needs of customers. The entire approach to ERP implementation is a consulting approach to business issues, ensuring Information Technology as a true enabler to business decisions. A unique combination of superior consulting and delivery skills ensures value for money and faster ROI for customers.

Software and Services

- Microsoft Dynamics
 - Microsoft Dynamics NAV 4.0
 - SQL Server 2005
- Operating System
 - Windows 2008 Server Enterprise Edition

Hardware

- Dual Code Intel Xeon processor L5300 and L5400
- 4 GB RAM
- 160 GB Hard disk