

## Action Construction Equipment Increases Sales by 30%, Closes Monthly Reports in Three Hours



Action Construction Equipment Limited  
Haryana, India  
www.ace-cranes.com

**Industry:**  
Industrial Manufacturing

**Annual Revenue:**  
US\$150 million

**Employees:**  
400

**Oracle Products & Services:**

Oracle E-Business Suite  
Release 12  
Oracle Financials  
Oracle Purchasing  
Oracle Inventory Management  
Oracle Order Management  
Oracle Discrete Manufacturing  
Oracle Business Accelerators

**Oracle Partner:**  
Chain-Sys (India) Ltd  
www.chain-sys.com

*“Oracle E-Business Suite has enabled us to integrate sales, manufacturing, and financial data from our offices and dealerships so we can now produce accurate financial reports, manage our inventory more effectively, and upload information to the government in a timely manner.” – Karan Singh, Head of IT, Action Construction Equipment Limited*

Action Construction Equipment Limited (ACE) is an Indian manufacturing company specializing in cranes, materials handling, construction, and earth moving equipment. The company manufactures mobile cranes, including pick and carry, truck-mounted, rough terrain, and lorry loader models, as well as tractors, tower cranes, loaders, vibratory rollers, truck-mounted cranes, crawler cranes, forklifts, and other construction equipment.

ACE has around 9,000 customers throughout the engineering, construction, mining, defense, and infrastructure industries in India. The company has its headquarters and manufacturing plant in Faridabad, northern India, and more than 60 area, regional, and sales and service offices, and dealerships across the country. It employs 400 staff.

For the last five years, ACE had grown about 70% per year and had opened seven new sales offices in the past two years alone. With plans to open two additional offices in the second half of 2011, it needed a new enterprise resource planning (ERP) system to support this growth. In June 2009, it engaged Oracle Partner Chain-Sys to implement Oracle E-Business Suite Release 12 (R12) modules, including Oracle Financials, Oracle Inventory Management, Oracle Purchasing, Oracle Order Management, and Oracle Discrete Manufacturing. The modules were implemented using the Oracle Business Accelerators methodology.

“We had been using the same internally designed software for five or six years, and it was no longer supporting our business needs,” explained Karan Singh, head of IT, ACE. “The system worked fine when we only had two or three locations, but as the company grew, the database was unable to cope with the increase

**Key Benefits:**

- Reduced month-end reporting time from three days to three hours
- Cut the time it took to complete preproduction tasks from five days to two days
- Reduced the time it took to close financial reports and upload them to the correct authorities from up to 24 days to one week
- Captured customer orders twice as fast by integrating order details, such as product-specifications and account details in one system
- Enabled the company to assemble crane components faster, which improved customer relationships and increased sales by 30%
- Completed the manufacturing process 60% to 70% faster by ordering components in advance from a bill of materials
- Met customer delivery requirements 90% of the time by finishing production and generating invoices quicker
- Streamlined the purchase ordering process by standardizing product names and codes
- Ensured dealers received the correct amount of commission by monitoring them more closely
- Streamlined freight payment processing, which freed accounts staff to focus on other tasks
- Used Oracle Business Accelerators to complete the deployment in six months

in data, especially financial and inventory information, and we were unable to extend the system to new locations.

“Oracle E-Business Suite is a scalable ERP application that will support our growth,” said Singh. “We have been able to integrate sales, manufacturing, and financial data from across our offices and dealerships, and can now produce accurate financial reports, manage our inventory more effectively, and upload information to the government in a timely manner.”

**Reduced Month-End Reporting Times**

ACE is using Oracle Financials to integrate its financial data from more than 60 area, regional, and sales offices. This has enabled the company to produce monthly and quarterly financial reports faster and upload the necessary accounts information to the government more effectively.

“We have to submit accounting information to the government every quarter,” said Sanjay Girotee, financial applications team leader, IT, ACE.

“It now takes us a week to close the books, complete the reports, and upload them to the correct authorities. Previously, that process would take us up to 24 days.

“We can also complete our month-end reports in two or three hours, whereas previously it would take two or three days.”

The company also uses Oracle Financials to produce a number of customized reports to confirm stock availability or review the customer’s account balance, which has improved customer relationships and satisfaction.

“We are also able to generate sales invoices more quickly and deliver our products on time,” said Girotee. “We are now meeting our customer delivery requirements 90% of the time, which is a definite improvement.”

By integrating sales, purchasing, and financial information in Oracle E-Business Suite, ACE is able to monitor its dealers more effectively, keeping better track of sales within a set period of time so that the dealers receive the correct commission. This integration also means payments to freight companies can be handled more efficiently.

Previously, ACE was generating purchase orders and keeping track of payments in a separate system.

Now that these payments are handled through Oracle Financials, the company is able to better utilize its staff, by giving employees who were working on the freight payments other tasks.

### **Preproduction Activities Completed Faster**

ACE has cut its preproduction activity, such as checking inventory and generating a bill of materials, from five days to two days by using Oracle Inventory Management.

Previously, many items were manufactured against a customer order, so numerous components needed to make the cranes weren't kept in stock and had to be requested once a customer order was received. The company assembles cranes to order after a customer has chosen components from various available options. It was hard to complete customer orders on time, as it took up to five days to finish this preproduction process before production could begin.

"Now we can configure all our products based on their values, we can easily generate a bill of materials and quickly re-order the necessary stock to manufacture a customer's order," said Girotee. "We can complete our production on time and manage our inventory better."

### **Manufacturing Processes Streamlined**

ACE is using Oracle Discrete Manufacturing to streamline its manufacturing process even further, and is now manufacturing customer orders for cranes and other construction equipment 60% to 70% faster.

"We are using an assemble-to-order system, so we generate a bill of materials, then order the stock and pre-assemble the crane components before we get the next customer order," explained InderPreet Singh, assistant manager, IT, ACE.

"Once we have the customer's exact requirements we can put together their machine much faster, which has improved our customer relationships and increased sales by 30%."

### **Orders Captured Faster**

By using Oracle Order Management to capture customer order information, such as product specifications and account details on a single integrated system, ACE sales staff has been able to complete the order entry process almost twice as fast.

“Our legacy system involved recording order information in different channels, such as direct sales, dealer management, and distributing systems,” said Singh. “The process took so long we were falling behind on our delivery requirements, but now the system is integrated we are completing our orders and shipping them on time.”

### **More Efficient Purchase Ordering**

Each crane ACE makes comprises thousands of components. Oracle Purchasing has enabled the company to streamline its purchase order processing and more effectively integrate order information such as the number and type of components ordered and the supplier used.

“We had a very unorganized purchase ordering process,” said Singh. “Our different locations had separate names and codes for the same components, which made it very difficult to re-order stock efficiently or to maintain our inventory. Now the product information is integrated, we all use the same names and codes so our inventory has stabilized and the ordering process is less chaotic.”

### **Rollout Completed Faster with Proven Methodologies**

During the deployment, ACE used Oracle Business Accelerators, a set of deployment tools and methodologies, developed by Oracle and its partners, to help cut implementation time.

Oracle Business Accelerators enabled the company to automatically configure the Oracle E-Business Suite modules using best-practice business flows.

“This ensured the deployment met our business requirements and we could complete the rollout in six months,” said Singh. “It would have taken us 12 months to finish if we didn’t have access to these tools.”

### **Why Oracle?**

ACE needed an ERP application that would support the company’s growth and integrate its many regional and sales offices. After working with Oracle on a previous project, ACE was impressed with its products and services and felt Oracle E-Business Suite was the only solution that would meet its needs.

Oracle Partner Chain-Sys gave ACE a brief presentation on the benefits of Oracle E-Business Suite R12 and managers quickly decided that the application met the company’s requirements.

### Implementation Process

Chain-Sys spent about 15 days working within ACE to get a better understanding of the company, before beginning the implementation with Oracle Purchasing. Once ACE employees had worked with this module for a week or so, the company rolled out the other four modules at ACE's main office locations.

Chain-Sys provided ACE with training and support for several months. Chain-Sys also trained separate members of the IT team to offer specialized assistance for each application. ACE went live with Oracle E-Business Suite R12 in April 2010; however, with so many area, regional, and sales offices across India, the rollout will continue throughout 2011. The company is also planning to implement Oracle Fixed Assets and Oracle CRM On Demand in mid-2011.

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