



Microsoft Dynamics Customer Solution Case Study



Overview

Country or Region: Japan

Industry: High Technology

Manufacturing—Electronic Components

Customer Profile

Shinko Electric Industries manufactures components and assemblies for semiconductor devices and is a premier supplier for world-class semiconductor companies.

Business Situation

Disparate disconnected systems made conducting business across global business units challenging and costly.

Solution

Shinko deployed Microsoft Dynamics™ AX to consolidate and streamline its Forecast-To-Cash processes.

Benefits

- Accelerates return on investment
- Improves business processes
- Supports growth
- Improves management and service

Semiconductor Components Manufacturer Streamlines Forecast-To-Cash Processes

“Going from a legacy solution to Microsoft Dynamics AX was a smooth transition. We integrated disparate systems ... in a single, comprehensive business management solution in a short period of time.”

Alex Wong, Director of Information Services, Shinko America

Shinko Electric Industries supplies semiconductor manufacturers with custom components and assemblies. Shinko has 5,000 employees worldwide and achieved U.S.\$1.3 billion in revenue in 2005. To support lengthy forecast, quote, sales, and order processes associated with producing custom products, the company used several disconnected systems—a situation that caused costly, inefficient manual and duplicate data entry. Company leaders realized the need to streamline and consolidate business processes and systems. Working with Microsoft® Gold Certified Partner Fullscope, Shinko deployed Microsoft Dynamics™ AX in its overseas sales operations. Now, Shinko saves almost 400 hours per month, increases efficiency, and reduces costs. The company improves service by streamlining processes with this integrated, flexible solution that will scale as Shinko’s needs change.



Situation

Shinko Electric Industries is a global manufacturer of components and assemblies for semiconductor devices. With headquarters in Nagano, Japan, it has operations in China, Singapore, Taiwan, Korea, Malaysia, Thailand, Philippines, Frankfurt, and the United States, with manufacturing facilities and trade partners around the globe. The company established its leadership position and achieved 2005 revenues of U.S.\$1.3 billion by developing comprehensive solutions for the processing of semiconductors as well as producing plastic laminated packages, lead frames, and glass-to-metal seals for optical devices. Customers include well-known semiconductor companies.

Shinko employs 5,000 people worldwide. Employees in the U.S. and Singapore offices are engaged in the sale, marketing, design, and fulfillment of the custom chip-level components that their colleagues in Japan manufacture. The Shinko business model is “make-to-order” and “engineer-to-order”—each product is unique and specific to the customer. Consequently, the design process is a lengthy procedure that involves sharing a tremendous amount of product and design information among overseas offices and with the manufacturing facility in Japan.

The methods and media used to share this information—and related data such as costs—were not consistent because Shinko had disparate systems, legacy applications, and proprietary solutions, including sales order and financial systems. These systems created islands of information and redundant and inefficient data processing. The existing systems also made it difficult for engineers and workers involved in design, sales, and manufacturing to accommodate changes.

Solution

After considering and benchmarking Microsoft Dynamics™ AX alongside business management software from various major enterprise resource planning software providers, Shinko decided to deploy Microsoft Dynamics AX to its overseas sales operations in Singapore and the United States. Alex Wong, Director of Information Services at Shinko America, led the effort to evaluate the business management software options and the project to deploy Microsoft Dynamics AX. Wong states, “Ease of customizing and scaling Microsoft Dynamics AX really sold us on it.”

Microsoft Dynamics AX scales to fit an organization’s needs as it grows. “Microsoft Dynamics AX gives us room to grow our business and can easily accommodate additional locations and many more users—at a fraction of the cost of competing products,” remarks Wong.

Shinko contracted Microsoft® Gold Certified Partner Fullscope to customize and deploy Microsoft Dynamics AX, which took just seven months. “Going from a legacy solution to Microsoft Dynamics AX was a smooth transition,” says Wong. “We integrated disparate systems, remote sales offices, and our supply chain in a single, comprehensive business management solution in a short period of time.”

Fifty-five Shinko employees use Microsoft Dynamics AX—a number that is expected to grow as the company deploys the software to additional overseas offices. Now, the company’s sales order and fulfillment operations enjoy a single, integrated solution that includes:

- Tight purchase order and sales order integration with all trading partners
- Support for expected business growth

“Ease of customizing and scaling Microsoft Dynamics AX really sold us on it.”

Alex Wong, Director of Information Services, Shinko America

- More accurate consignment inventory management
- Seamless integration with legacy systems and new technologies

Shinko implemented a number of Microsoft Dynamics AX modules, including financial management, business performance, trade and logistics, and customer relationship management. The implementation includes seamless integration with Shinko Japan, where all the hardware and software, including the Microsoft Dynamics AX application server, is based. This relationship of the subsidiary and headquarters, known as “hub and spoke,” lends itself particularly well to the flexible architecture of Microsoft Dynamics AX.

The integration with Japan used WebMethods as the translation engine and message delivery mechanism, along with XML schemas to support integration with quotations, sales orders, delivery schedules, order books, orders shipped, shipping information, consignment inventory and invoices. The team used Fullscope’s Supply Chain Integration module along with the Microsoft Dynamics AX Business Connector to seamlessly integrate with Shinko Japan by using Dynamics AX methods to process inbound and outbound data.

Shinko sales, design, and manufacturing employees are accustomed to using Windows® XP and the Microsoft Office System, including Microsoft Office Outlook® 2003 messaging and collaboration client. The transition to the familiar user experience in Microsoft Dynamics AX was completely natural.

Benefits

With Microsoft Dynamics AX, Shinko reduces operational costs and gains real-time visibility into forecasting and inventory management with a solution that is easy to customize and highly cost effective. Microsoft Dynamics AX helps Shinko standardize business processes with a solution that will scale as Shinko’s needs change.

Accelerates Return on Investment

Impressively, Shinko obtained a positive return on investment (ROI) in Microsoft Dynamics AX within the first year. The single, integrated solution helps the company standardize and enforce processes that increase accuracy and reduce costly manual data entry and workarounds.

Among the improvements and savings that helped Shinko quickly achieve a positive ROI was the reduction in manual data entry at the Shinko sales offices in the United States and Singapore, which saved the company approximately 15 days per month (see Table 1). In addition, Shinko Japan saves almost 390 hours per month by receiving automated transactions from Microsoft Dynamics AX (see Table 2).

Improves Business Processes

Microsoft Dynamics AX helps Shinko become more agile by connecting disparate systems and third-party software and by helping Shinko improve business processes. Chris Moore, Managing Director at Fullscope, says, “The fact that Microsoft Dynamics AX can read XML files made it quite easy to take the transactions from Japan and process them into Microsoft Dynamics AX.” Microsoft Dynamics AX is also flexible enough

| Table 1. Time Saved with Automated Processes | | | | | | | | |
|--|----------------|-------------------------|-------------|--------------|------------------------|-------------|-------------|--------------------------------------|
| | Manual Process | | | | Automated Process | | | Overseas Sales Office Savings (Days) |
| | Manual Trans | 15 min. per Transaction | Total Hours | Total Days | 5 min. per Transaction | Total Hours | Total Days | |
| U.S.A. | 800 | 12,000 | 200.00 | 8.33 | 4,000 | 66.67 | 2.78 | 5.55 |
| Singapore | 1,050 | 15,750 | 262.50 | 10.94 | 5,250 | 87.50 | 1.46 | 9.48 |
| Total | | | | 19.27 | | | 4.24 | 15.03 |

to fit current and future Shinko business processes. “Microsoft Dynamics AX makes it easy to add the attributes that we need in the standard Microsoft Dynamics AX table,” remarks Wong.

By using the Microsoft Dynamics AX toolkit, the team created seamless interfaces with disparate systems. Says Wong, “We were able to integrate Microsoft Dynamics AX with our legacy system. With the robust Microsoft Dynamics AX toolkit, we also developed business-critical add-on applications in a short period of time.”

Supports Growth

Microsoft Dynamics AX helps Shinko connect its global locations and business partners to support potential future growth. For example, the Business Connector in Microsoft Dynamics AX lets Shinko connect Microsoft Dynamics AX with third-party solutions. “This connection capability enables us to work more closely with our trading partners to exchange purchase orders and more closely align their business with ours,” states Wong.

Microsoft Dynamics AX also helped Shinko overcome challenges related to a global, multisite deployment. “Whenever you’re

implementing any level of integration, but especially when it involves integrating systems that are overseas, there’s an extra level of complexity,” says Wong. “Microsoft Dynamics AX, because it’s easily customizable, helped us overcome those hurdles much more easily.”

In this regard, Fullscope’s software and consulting experience came to bear as well. Wong elaborates, “We evaluated several consulting partners and chose Fullscope, not only for its deep industry expertise and Workbench software, but also for the Fullscope global deployment methodology.”

Fullscope specializes in delivering solutions for the high-technology industry using Microsoft Dynamics AX to help companies optimize their business processes across global supply chains.

Improves Management and Service

Microsoft Dynamics AX helps Shinko gain real-time visibility into forecasting and inventory management. Wong reports, “In the past, this information came from different sources in different media—on paper and electronic spreadsheets—so it was difficult to consolidate and evaluate the data. Microsoft

Table 2. Time Saved in Japan Offices by Using Microsoft Dynamics AX

| Transaction type | Time to Input (Minutes) | | Improvement (Minutes) | Total Transactions per Month | Savings per Month | |
|----------------------------------|-------------------------|-----------|-----------------------|------------------------------|-------------------|------------|
| | Before | After | | | Minute | Hour |
| Quotation Request/Change | 16 | 8 | 8 | 949 | 7,592 | 127 |
| Quotation Response | 5 | 1 | 4 | 949 | 3,796 | 63 |
| Delivery Schedule Request/Change | 11 | 7 | 4 | 1,047 | 4,188 | 70 |
| Delivery Schedule Response | 5 | 1 | 4 | 1,047 | 4,188 | 70 |
| PO Request/Change | 14 | 10 | 4 | 888 | 3,552 | 59 |
| Total | 51 | 27 | 24 | 4,880 | 23,316 | 389 |

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 Shinko Electric Industries products and services, call (81) (26) 283-6450 or visit the Web site at: www.shinko.com

For more information about Fullscope products and services, call (256) 771-7050 or visit the Web site at: www.fullscope.com

Dynamics AX lets people select different views and determine, for example, which product will be the highest seller and which customer has the biggest volume of business.”

Shinko uses a consignment inventory-management model that also benefits from Microsoft Dynamics AX. People use the consignment inventory-management module to compare inventory shipped with items consumed. Now, Shinko can be more proactive and accurately predict inventory levels.

“We can provide better service because we know with much more accuracy when to contact customers to fulfill the quantities that they need,” says Wong.

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

Software and Services

- Microsoft Dynamics
 - Microsoft Dynamics AX 3.0
- Microsoft Office System

Partners

- Fullscope