



Construction Components Manufacturer Builds on \$500,000 Saving

Overview

Country or Region: Australia

Industry: Manufacturing

Customer Profile

Rondo Building Services manufactures and supplies light gauge roll-formed steel products for the building industry in Australia, New Zealand, Asia Pacific and the Middle East.

Business Situation

Rondo wanted to expand its business into new overseas markets. To support this, it wanted a well-supported, fully integrated enterprise system that would deliver significant efficiencies and discipline to the business.

Solution

The company chose Microsoft Dynamics® AX to better manage its financial, production and distribution environments, integrating its supplier, customer and manufacturing systems.

Benefits

- Faster financial reporting
- Significant inventory savings
- Higher productivity
- Improved customer service
- Greater visibility

“We have a lot more visibility... This helps lift operational efficiency as the company expands, and has a direct impact on improving the bottom line and profitability.”

Mindaugas Mikalauskas, Chief Financial Officer, Rondo Building Services

Rondo Building Services manufactures and supplies a wide range of roll-formed steel products for the construction industry in Australia, New Zealand, Asia Pacific and the Middle East. The company wanted to expand its business into new Asian markets, such as India. To enable this expansion, Rondo first needed to replace its troublesome management systems. It wanted something reliable and highly capable that could manage production, improve interactions with suppliers and customers, and be deployed rapidly to new business units or acquisitions. The company chose Microsoft® Gold Certified Partner Tectura to implement Microsoft Dynamics® AX. Rondo now manages its inventory more efficiently, has improved workflow between its manufacturing/distribution operations and its sale offices, and increased customer satisfaction.

“Importantly, we can pinpoint discrepancies earlier and take corrective action faster.”

Mindaugas Mikalauskas,
Chief Financial Officer,
Rondo Building Services

Situation

Rondo Building Services manufactures and supplies a wide range of steel products used to make specialist ceilings and walls. Its lighter-gauge roll-formed steel products are partly made to order and partly for general stock. The company sells mainly to construction firms in Australia, New Zealand, Asia Pacific and the Middle East.

With 200 staff working in its Australasian and Malaysian offices and factories, the company planned to expand its Asian operations, and looked at opening a new site in India. But in 2007, Rondo first decided to review its technology to make sure it met the company's growth plans.

“We were well down the path of upgrading equipment on the factory floor, and required an information system that interfaced with the factory to provide real-time information,” says Mindaugas Mikalauskas, Chief Financial Officer, Rondo Building Services. “We required less manual intervention, improved customer and supplier interfaces, and better business intelligence.

“It took staff at least eight days to finalise financial reports at the end of each month, and our stock level assessments were not as accurate as we needed them to be. These factors increased costs, inhibited rapid decision-making and slowed any remedial action management might need to take.”

The existing system was also difficult to configure and suffered from limited functionality. For example, production scheduling data could not be used to automatically generate purchasing plans, so operational staff had to be employed to do the calculations and input data. The

existing system received only limited support from the manufacturer, which exposed the company to increasing levels of risk.

“The technology review found we needed to replace our existing legacy system,” says Mikalauskas. “We had to do this if the business was to capitalise on strong growth in Asia. Basically, we needed a solution we were confident would reliably serve us over at least the next 10 years.”

Solution

Rondo looked at several vendors' enterprise software offerings, including Microsoft®, SAP, Oracle and Epicor. In particular, it wanted to manage its IT largely in-house and rely on the software provider as little as possible.

“After an exhaustive process, we selected Microsoft Dynamics® AX 4.0 because of the greater capabilities and superior functionality the solution offered,” says Brad Adler, Lead Process Consultant, ERP project, Rondo.

The company then chose Microsoft Gold Certified Partner Tectura because of its strong Asian presence—particularly in Malaysia and India—to help implement the Microsoft Dynamics AX solution.

The solution incorporated several of the main capabilities within Microsoft Dynamics AX, such as financial management, collaboration, production, and warehouse management. Rondo also added an external demand-planning module from forecasting software specialists, Demand Management Solutions.

“Our [product delivery] performance exceeded expectations as a result of implementing Dynamics AX. Since last July, we have, on average, delivered 98.43 percent of orders in full and on time.”

Brad Adler, Lead Process Consultant,
ERP project, Rondo.

“We integrated AX with the company’s computerised manufacturing machinery on the factory floor, so we could automate planning and scheduling of work orders and capture key production data in real-time,” explains Adler.

Microsoft Dynamics AX also meant that Rondo could accept sales orders electronically from its large customers, and accommodate special orders in production scheduling.

“At the same time, we integrated the system with our single largest coil supplier, OneSteel,” says Adler. “This meant we could generate the raw materials purchase orders automatically from the production works order, and the supplier could invoice us straight away.”

The system went live on 1 December 2008.

Benefits

By using Microsoft Dynamics AX, Rondo has a reliable and robust information system that brings greater efficiency and discipline to its business transactions, and supports the company as it expands into new international markets.

Faster financial reporting

Rondo now has much faster access to its monthly financial data. Instead of taking at least eight days to finalise its financial reports at the end of each month, the company now has a flash Profit and Loss Statement at the end of day one, with full financials and key performance indicators following three days later.

“By having our financials in order quicker, we can make more proactive business decisions,” says Mikalauskas.

“Importantly, we can pinpoint discrepancies earlier and take corrective action faster. Ultimately the aim is to improve our reporting to one page, one day.”

Saving of A\$500,000 on reduced inventory

Overall inventory management has significantly improved, mostly due to Microsoft Dynamics AX. The company can keep a closer check on stock levels, with accuracy jumping from 70 percent to 97 percent.

More importantly, by integrating demand forecasting and distribution, Rondo has reduced inventory levels of finished goods by 6 percent, which has produced savings of about A\$500,000.

“Our schedulers and distribution staff are better able to maintain stock levels,” says Adler. “In fact, we’d wanted to use Microsoft Dynamics AX to introduce a paperless warehousing system, but the improvements gained to date are almost impossible to improve on. We’ve already achieved what we wanted.”

Greater visibility, profitability

Rondo has integrated its new enterprise system with all key areas of its business. This means that staff can see at a glance how the company is performing.

“Generally, we have a lot more visibility across the organisation. We can see straight away how the business is placed and make informed decisions quickly,” says Mikalauskas. “This has a direct impact on improving the bottom line.”

Improved business efficiency

The company can manage its planning, production and distribution processes more effectively.

For More Information

For more information about Microsoft Dynamics® products and services, call 1800 197 960.

To access information using the World Wide Web, go to:
www.microsoft.com/australia/dynamics/

For more information about Tectura Australia products and services, call +61 2 9409 0400 or visit the Web site at:
www.au.tectura.com

For more information about Rondo Building Services products and services, call +61 2 9912 7300 or visit the Web site at: www.rondo.com.au

"Aligning plans and budgets with production and distribution scheduling has improved workflow between head office and our sales branches," says Adler. "It has also helped lift sales." Microsoft Dynamics AX enables Rondo to capture sales orders electronically, and to automate production order processing and delivery documentation preparation. This has reduced paperwork and administrative work load.

Improved customer deliveries

The value of the enterprise system is ultimately reflected in better service. Microsoft Dynamics AX helped Rondo improve its customer service levels, as measured by delivered in-full on-time (DIFOT) data.

An in-full, on-time delivery is counted if the correct product is delivered in the quantity ordered, on the day the customer requested it. Rondo had aimed for a DIFOT measurement of 97 percent.

"Our DIFOT performance exceeded expectations as a result of implementing Dynamics AX," says Adler. "Since last July, we have delivered, on average, 98.43 percent of orders in-full and on-time."

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

- Products
 - Microsoft Dynamics AX 4.0

Partner

- Tectura