



Microsoft Dynamics Customer Solution Case Study



THE DOVECHEM GROUP

Solution Overview

Country: Singapore
Industry: Chemical Manufacturing

Customer Profile

A leading chemical solvent distributor in Asia Pacific, the DoveChem Group (DoveChem) specializes in the Distribution, Manufacturing, Terminaling and Logistics of chemical and chemical-related products and services for the petrochemical related industries. Established since 1960, the group's presence spans seven Asian countries with offices in 10 major cities. The privately-owned company employs more than 1000 staff worldwide and achieved more than US\$300 million revenue in 2006.

Business Situation

DoveChem needed to standardize its financial reporting. Managing the fast-expanding business also required enhanced security and policy management controls. Real-time information is required for faster decision making. Production processes also needed to be streamlined.

Solution

DoveChem replaced its disparate systems with a fully integrated Microsoft Dynamics™ NAV system. A customized Chemical Industry Solution from IBIZ Consulting Services Pte Ltd was also implemented.

Benefits

- Standardized financial reporting
- Enhanced cash flow management
- Streamlined production processes
- Enhanced lot tracking

Chemical Manufacturer Streamlines Financial Reporting and Speeds Up Decision Making

"With IBIZ's chemical industry solution built on Microsoft Dynamics, we can now effectively manage formula variations, handle production planning, replenish inventory and simplify quality assurance."

-- Y Bhg. Dato' Andrew Ng, The Group MD & CEO, DoveChem Holdings Pte Ltd

Founded in 1960, The DoveChem Group is Asia Pacific's leading chemical solvent distributor, offering more than 130 types of chemicals and chemical-related services. To meet the pressures of managing raw materials, formula development, production planning and regulatory compliance, DoveChem wanted a flexible system to standardize financial reporting, increase real-time information access, enable seamless information sharing, enhance controls and increase inventory costing management. Its existing, disparate systems used in its regional offices required tedious efforts to manipulate and consolidate business figures for management reporting. Microsoft Dynamics™ NAV enables DoveChem to streamline production processes, improve security, enhance inventory and cash flow management, standardize financial reporting and increase management visibility.





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Situation

Positioned as the region's leading total chemical solution provider, DoveChem provides comprehensive chemical and chemical-related products and services via its distribution, manufacturing, bulking terminals and logistics divisions. With a network spanning China, Hong Kong, Indonesia, Malaysia, Singapore, Thailand, Vietnam, the company boasts more than 45 years of industrial experience

Like most market players, more than 90 percent of DoveChem's chemicals are derived from petroleum, whose prices are closely tied to crude oil prices. As such, the ability to make fast, confident decisions will determine the company's responsiveness to new business opportunities. With the industry's drive towards integrating production processes with back-end systems, market players are looking for faster ways to access critical business information to boost one's competitiveness.

To sustain its growth strategy, DoveChem's management knew that it could not depend on the disparate financial systems used in its regional offices. These ranged from standard off-the-shelf packages to in-house developed systems and highly customized ones. With much time spent to consolidate and re-interpret various country

financial reports, monthly management reporting was often delayed. The complex variables of its raw materials such as potency, lot control, expirations etc., further compounded the difficulties. The lack of policy management controls also resulted in operational inefficiencies due to inconsistent business processes etc.

Facing daily pressures to make faster decisions regarding formula development, production planning, quality control and inventory management, DoveChem needed to standardize its financial reporting, IT infrastructure, streamline processes and integrate its supply chain information with its back-end processes.

Solution

The extensive 6-months evaluation saw DoveChem investigating eight solution offerings in the first round of selection. Three solutions were shortlisted and the companies were required to conduct detailed product demonstrations to DoveChem's Indonesian and Malaysian offices. After the thorough evaluation, DoveChem selected Microsoft Dynamics NAV.

According to Y Bhg. Dato' Andrew Ng, The Group MD & CEO, DoveChem Holdings Pte Ltd, user acceptance was their



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top criterion. To minimize disruption to daily operations, the company also wanted a flexible solution that could easily integrate with its current Windows-based environment. Due to DoveChem's geographically-dispersed operations, multi-currency support was also vital, so was a low cost of ownership.

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He added, “IBIZ's Chemical Industry Solution was able to cater to our industry's specific chemical-related functionalities such as recipe formulation, blending, packing and repacking, and lot tracking. IBIZ Consulting Services, as a one-stop solution provider, also helps fulfill our requirement for outsourced data centre application hosting. The outsourced model dramatically reduces in-house IT costs and allows us to focus on running our business.”

Microsoft Dynamics NAV was deployed quickly into the region using a robust Citrix Presentation Server as the platform.

Phase one of the implementation involved DoveChem's Singapore office and Malaysia headquarters. Handled by IBIZ, it took three months and went live in December 2006 and January 2007 in Singapore and Malaysia respectively.

Benefits **Standardized Financial Reporting**

Prior to Microsoft Dynamics, varied financial reports from its regional offices had to be re-interpreted, consolidated and imported into Microsoft Excel, before they were ready for management reporting. Month-end closing reports were often ready only 10 to 14 working days after month end. Without ready figures at their fingertips, DoveChem's management had to rely on each other's experiences to anchor fast decisions in the dynamic commoditized market that the company operates in.

Dato' Andrew Ng said, “With Microsoft Dynamics, management reports can now be prepared anytime when required. I can now get real-time and accurate information about my business from a centralized databank.”

Dato' Andrew Ng added, “Microsoft Dynamics' comprehensive drill-down capabilities allows my country managers to conduct more



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According to Dato’ Andrew Ng, preparation for their periodic management meetings is “now a breeze”. Instead of staying up till 4 am the night before to prepare reports, the country managers are now more “relaxed” and effective in sharing best practices at management meetings.

Enhanced Cash Flow Management

At DoveChem, customer item cards were used to record details and customer order history. Prior to Microsoft Dynamics, these cards were manually updated and the updated data were subsequently keyed into the system for future reference. With Microsoft Dynamics, these information are now automatically updated with every customer order, which ensures data accuracy, eliminates redundancies and reduces human errors.

With fluctuating oil prices, costing for the same raw material may vary from batch to batch. Using Microsoft Dynamics, DoveChem’s staff can now verify their sales orders against the

costs of the specific batch of raw materials used to fulfil the order. This helps to protect its margins.

Using Microsoft Dynamics, DoveChem is also able to build credit control checks into every customer order. Prior to processing each sales order, the system conducts an automatic check on the customer’s credit standing with the company. If outstanding payments are due, the order will be automatically rejected. “The controls offered by Microsoft Dynamics have helped us exert stringent checks against customers’ credit limits with DoveChem. These help to protect our margins and improve cash flow management,” explained Dato’ Andrew Ng.

Streamlined Production Processes

Chemical manufacturers like DoveChem face constantly changing product and packaging variations that present inventory and operational challenges. With the marketplace demanding for shorter order lead times, more comprehensive product lifecycle management and faster time-to-market, businesses need to overcome these challenges with more streamlined processes.

Prior to Microsoft Dynamics, DoveChem’s recipe formulation was done manually. Master formulas had to be keyed in



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manually and updated whenever there was a change. Due to the constant changes and the lack of integration, the formula design managers did not have adequate insights into raw materials costing and found it increasingly difficult to design “optimally-priced” formulas to match the pace of industry changes.

With the implementation of IBIZ’s Recipe Formulation module built on Microsoft Dynamics, the managers now gain more insights to make quicker decisions. More expensive raw materials can be replaced with cheaper alternatives to create a “Cheap and Best” formula for better margins.

In the area of blending, work orders were prepared manually and DoveChem’s staffs had to traverse between the shop floor and the administrative department to pick up their respective work orders. Without an integrated system and visibility into the amount of inventory available, it was difficult to manage and plan inventory procurement. This made it difficult to commit to delivery lead times and the traceability of manufacturing defects became close to impossible.

With the use of IBIZ’s Blending, Packing and Repacking module,

blending work orders are now issued automatically. With an integrated system, DoveChem now knows exactly how much raw materials are required for a certain formulation, how much had been put aside to fulfil certain orders and how much to procure. By taking into account the lead time based on various vendors, packing and repacking schedules can be planned accurately, thus optimizing lead times to customers.

Enhanced Lot Tracking

Lot tracking is critical to ensure that the right cost prices of the commoditized raw materials are reflected in quotations. Prior to Microsoft Dynamics, lot of information was tracked manually. To trace back to old orders, DoveChem’s staffs had to manually search for the specific sales and purchase orders and find out which batch of raw materials were used to fulfil them. A lot of effort was also spent calculating the cost of goods sold at the end of every month. With Microsoft Dynamics’ real-time and automatic calculation of raw materials costing, DoveChem can now find out its cost of sales and analyze its profitability anytime.

Dato’ Andrew Ng said, “With IBIZ’s chemical industry solution

About Microsoft Dynamics™

Microsoft Dynamics is a line of financial, customer relationship and supply chain management solutions that helps businesses work more effectively. Delivered through a network of channel partners providing specialised services, these integrated, adaptable business management solutions work like and with familiar Microsoft software to streamline processes across an entire business.

For More Information

For more information on Microsoft Dynamics, visit www.microsoft.com/asia/dynamics or email: mbsasia@microsoft.com

For more information about IBIZ Consulting Services call 6423 9258, email: marketing@ibizcs.com or visit www.ibizcs.com

For more information about DoveChem Holdings Pte Ltd call 6265 5900 or visit www.dovechem.com

built on Microsoft Dynamics, we can now effectively manage formula variations, handle production planning, replenish inventory and simplify quality assurance at anytime."

By capturing more complete information such as classifications, lots and units of measure earlier in the product lifecycle and integrating these information into the order management and financial information systems, DoveChem can now respond faster to changing customer requirements and legislative regulations.

"With improved data accuracy, we can make faster decisions to better manage inventory, procurement and production planning," added Dato' Andrew Ng.

Empowered to Compete More Effectively

According to Dato' Andrew Ng, the Microsoft Dynamics

implementation was a valuable opportunity for the company to "redefine and refine" its business processes. As a result, processes are now more aligned to business objectives and streamlined for better operational efficiencies. With a centrally hosted system like Microsoft Dynamics, another major benefit is the immediate cost savings DoveChem enjoy by halting all software developmental and customization work.

A strong believer in "adding value to every level in the supply chain", DoveChem's Group MD and CEO, Y Bhg. Dato' Andrew Ng concluded, "Having this NAV System in place is surely the first step for the group in realizing its goal to be IT equipped in the ever increasingly competitive world. We value the strategic partnership with both Microsoft and IBIZ and look forward to maximize our investment as we scale with the Microsoft Dynamics solutions."

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