

## **Spolchemie**

### ***Chemical manufacturer successfully implements ERP solution, gains better insight to processes and inventories.***

*In 2007 Spolchemie was looking for a new, comprehensive enterprise information system. It first decided for a competitor's solution. However, problems arose during implementation and ultimately the system failed integration tests. So the company opted for Microsoft Dynamics AX, which already runs successfully in 7 companies within the Spolchemie Group and actively helps company management streamline overall manufacturing processes.*

## **Business Needs**

### **In the beginning there was the expiration of support for the previous system**

The first impulse to change the enterprise information system was the expiration of support for the system the company had used earlier. The small, closed-off, local system simply ended and the company was afraid that in the event of sudden legislative changes it would not be able to react quickly enough. Moreover, the original system also had certain shortcomings relating to the continuous management of process manufacturing. So company management decided to implement a new, comprehensive information system that would fully meet all Spolchemie's needs. The IT department put together a very detailed brief for a tender, describing all tasks that the new system would need to perform.

### **Process manufacturing was a problem for most suppliers**

Ultimately only two systems made the shortlist for the tender – Microsoft Dynamics AX and a competing solution. These two were able to meet all company requirements including very difficult process manufacturing. Smaller companies did not make the final cut mainly because covering process manufacturing and some other areas required difficult tailor-made, additional programming at high cost and with uncertain results. In some cases Microsoft Dynamics AX ended up being cheaper than smaller, local solutions. The company ended up choosing the competitor's solution with which two of its sister companies in the holding had previous experience.

### **The first implementation did not pass integration tests**

During the system implementation more and more problems arose. The IT department, which was interested in making small adjustments and in expanding the system on its own, never gained enough knowledge about the system to be able to make changes efficiently. When the system failed integration tests prior to its final launch, the company stopped the implementation and contacted WEBCOM, which had earlier offered Microsoft Dynamics AX.



## **Solution**

### **Implementation could not have a negative impact on manufacturing**

First of all, the standard implementation cycle, ranging from analysis to final testing and training, took place. Before launch of production the company management decided to stop the project and expand it to cover the entire holding structure. WEBCOM confirmed that Dynamics AX could handle all the required functions of the holding, but it would be necessary to switch to the 2009 version. During the first implementation all processes and procedures that Spolchemie wanted to extend to all parts of the holding and which would gradually be shifted to Microsoft Dynamics AX were debugged. The first phase of the implementation was completed in June 2010. By April 2011 the second phase was meant to be completed. This was the phase during which the larger companies in the Spolchemie Holding were meant to transfer to Microsoft Dynamics AX. The key requirement for implementation was that the whole process in no way have a negative impact on current manufacturing operations. This requirement was met without any problems.

### **Nor were changes for the holding structure a problem**

In autumn 2010, in the middle of the implementation process, Spolchemie management decided to make several further changes in the holding structure. The decision was taken however in September 2010 and everything had to be completed in two months. Thanks to the fact that implementation took place in two phases this was no problem. During the first phase all processes and procedures that had to be unified throughout the whole group had already been configured. So during the following two months the newly-created companies could actually begin operations. The entire Microsoft Dynamics AX implementation in a total of 7 companies in the Spolchemie Group and its sister company, STZ, was completed by 1 April 2011.

## **Benefits**

### **Company gains better oversight of manufacturing and inventories thanks to Dynamics AX**

The implementation of Microsoft Dynamics AX throughout the business group afforded the company a number of benefits. The most important of these related to demanding process manufacturing. For example, previously the company did not have at its disposal information about the actual status of inventory inputs in its manufacturing. These are not usually used in pieces, but rather combined. This also causes problems for their appraisal; for example, in a case where one-third of the amount of Xylene in a storage tank can be bought at price X and the remaining two-thirds at price Y. Now all inventories are appraised based on FIFO, where the system continually calculates the aggregate purchase price of input products based on the actual amount of material consumed. For inputs purchased abroad the system also takes into consideration current changes in exchange rates on money markets. Thanks to this, the company can continually adjust the prices of its products so that it keeps the desired margin and minimizes the risk of selling below cost. Thanks to detailed monitoring of all steps in individual manufacturing processes by Microsoft Dynamics AX, not only can company management better plan capacity for the entire plant, but also eliminate the risk that production would halt due to lack of certain input materials. The new possibilities afforded by Microsoft Dynamics AX also allowed for a shift from monthly to weekly production planning, thanks to which the company can still further optimize both the management of inventory statuses, and cash flow along with them, as well as the use of individual production capacity. Microsoft Dynamics AX was thus able to fulfill not only all original company requirements, but also opened up new possibilities for production management for company executives.



### **Spolchemie:**

Organization Size: 750 employees

Spolchemie is a top European manufacturer of synthetic resins. Its product line includes epoxy and alkyd resins. It has a global sales network that delivers its products to over 40 countries.

Software and Services: Microsoft Dynamics AX

Vertical Industries: Manufacturing, Chemical Industry

Country/Region: Czech Republic

**Implementation partner:** WEBCOM a. s., U Plynarny 1002/97, 101 00 Prague 10, CZ, [www.webcom.cz](http://www.webcom.cz)

