

KEIHIN AIRCON

## Glovia ERP Provides The Foundation For A Global Business

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**Mike Mitsch**, VICE PRESIDENT OF OPERATIONS, KEIHIN AIRCON, NORTH AMERICA

The automotive industry, probably more than any other, depends on a range of component suppliers. Together they constitute one of the biggest supply chains on the planet, delivering millions of vehicles a year to purchasers across every continent.

One major component supplier is the Keihin Corporation, which has manufacturing facilities in Japan, North America and Canada. It is a principal supplier to Honda, for whom it manufactures fuel systems and electronic controls, as well as heating, ventilating and air conditioning products. Keihin is a long established Japanese company with roots going back to 1950, but the Corporation in its present form derives from a series of mergers in 1997.

In the United States alone, Keihin has annual revenue of around \$600 million - and its global turnover runs into billions. This is big business and information technology is one of the mainstays of that business. **“We operate in an intensely competitive industry,”** says Mike Mitsch, Vice President of Operations at Keihin Aircon, North America. **“We have to have information quickly and it must be accurate. Our customer schedules are very fluid - and they become more so by the week, month and year as the car makers try to respond to consumer demands.”**

Back in 1995, Indiana Precision Technology - one of the parties in the 1997 merger - grew rapidly from 300 to 500 employees, and now has over 1200. This made it imperative to change business processes and to implement an ERP system. They were wasting time and duplicating effort by using standalone PCs running a variety of individually procured applications.

### Twelve month research program

**“We thought our operation was unique within the industry,”** says Mitsch, **“so we spent 12 months researching our processes and procedures. In parallel with that we began**

**coding - based on an existing system in Japan that was to be converted for use in North America.”** It proved to be a bigger task than they had anticipated, and the main challenge was to integrate a financial system with the manufacturing system. Initially the company began looking for accounting packages that would run on their Oracle database development platform.

**“What we found was that most potential suppliers already had the type of modules that we were trying to develop. So we then focused our research on modules such as MRP, MPS, inventory control, production control, purchasing, planning and so on. In the end we concluded that Glovia International's ERP product, glovia.com, met most of our needs. We procured it - and implemented it within two months, which ought to be some sort of record!”**

Now known as Keihin Indiana Precision Technology (KIPT), the company had a flying start because it had already documented its internal processes. **“The software simply became a vehicle towards our solution,”** adds Mitsch. **“It was very easy to implement. And because we'd had some poor practices in the past, it gave us a structure to move forward with.”**

### A common software platform

Having successfully implemented glovia.com in KIPT, Keihin used that experience to extend glovia.com to Keihin Aircon, its heating, ventilating and air conditioning subsidiary. Matt Snyder, IT Manager for Keihin Aircon, was responsible for this project. **“It was a very smooth and clean cut transition,”** he says. **“We imported some data from KIPT, then added our own financials and bills of materials. Glovia professional services helped us to get the different modules up and running.”** The Keihin Corporation has now implemented glovia.com in its three North American companies and the common software platform simplifies the incorporation of new factories into the manufacturing chain.

***"If there was one attribute that influenced us in favor of Glovia, it was the multi-site cross company capability. This has made it easier and more economic for us to expand in North America,"***

says Mitsch. Another key factor was glovia.com's ability to simulate different conditions, taking into account both supply and demand, and run different planning models.

Keihin is now reaping the reward of the time it spent on initial research. The IT team has acquired a wealth of Glovia expertise, they are familiar with the PROIV programming language and they understand the architecture well enough to customize the various modules.

Nevertheless they continue to work very closely with Glovia professional services, who have helped them to satisfy the motor manufacturers' EDI compliance regulations. Glovia also acts in an advisory capacity, validating development and customization plans.

## **E-commerce**

In 1998 Keihin began communicating with its suppliers on the internet. ***"It wasn't seen as e-commerce then,"*** says Snyder. ***"So we called it the online order system. Now we procure all our parts using this system. It's presented as a Web page and it runs on top of glovia.com."*** More recently, Keihin has started to make extensive use of Glovia's customer and supplier modules. ***"Our customer orders go straight into customer releasing from EDI. It's very smooth and intuitive and it's obviously going to make a big difference to the way we work in the future."***

## **Industry focus**

***"The great thing is that glovia.com is geared up to our industry,"*** says Mitsch. ***"We're now confident that our inventories are correct, that we have accurate sales figures and that we have a full breakdown of material costs. It's given us a tighter ship and a more efficient business."*** He is particularly pleased that overtime has virtually been eliminated, enabling his people to work a normal day at last.

Across the three companies, around 170 users use glovia.com. It runs on HP 9000 Unix servers networked to Windows 98 and Windows NT PCs, which are used as workstations. Matt Snyder has no doubt that glovia.com has simplified IT management.

***"Now we only have to support one package instead of several smaller, independent modules. But the key operational benefit is the combination of the financials with the MRP modules. It's fast and convenient - and the multi-currency facility is going to be a major asset as we expand internationally."***

## **A global perspective**

Downtime is a major issue for any manufacturing operation, and this has been minimal with glovia.com. ***"We've been impressed with its performance and reliability,"*** acknowledges Snyder. ***"We don't have any problems with people waiting for long reports to print out, or for processes and functions to finish."*** One of the reasons he voted for Glovia was its scalability, because in the long term he wants a single IT installation to serve all the Keihin companies in the US. ***"As we grow we'll need to share information and to add more users and more installations at other locations worldwide. We felt that Glovia was well suited to such a role."***

This view is echoed by Mike Mitsch who says that glovia.com gives them ample headroom as well as ***"more firepower than we need to win our industry battle."*** The product is so rich in features that the company only utilizes those for which there is an immediate business need.

Mitsch believes that the future potential is enormous. ***"Within North America we've already used glovia.com amongst our three facilities. The next step is to take the systems that we've implemented and introduce them into the Asia Pacific market starting specifically with some of our plants in Japan. That is a target that we'd like to hit soon and we're hoping to do it with the latest release of glovia.com."***

One of Glovia's strengths according to Mitsch is the language kernel. This allows Kanji to be displayed on the application screens, and the reporting modules support both Japanese and Chinese character sets. ***"As a company we need to use the same system globally."***

He also views the partnership with Fujitsu as a major benefit and is now looking forward to the challenge of growing a global operation. ***"Modern business is very fluid. The rules change all the time but not the principles. And the keys to success are knowing your inventories; knowing how much money you have; knowing how much you have to spend, and how much you're going to make. glovia.com covers a good eighty per cent of our business needs and it gives us the information we want."***

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