

QL RESOURCES WINS BY TRANSFORMING WORK PROCESSES WITH NAVISION

The Situation

QL Resources Bhd has a unique name among companies listed on the Kuala Lumpur Stock Exchange. QL is an abbreviation of 'Quan Li', which means "win-win" in Chinese. Indeed, this winning mentality has seen QL Resources transform itself from a small marine-based products business into one of Malaysia's largest integrated resource-based food agriculture groups.

It is the largest fishmeal powder manufacturer and one of the largest producers of surimi (raw fish paste) and surimi-based products in Malaysia.

Founded in 1987, the QL Group is now a diversified group of some 30 companies involved principally in marine products manufacturing, integrated livestock farming and crude palm oil milling. The Group has 1,600 employees and its operations are spread out nationwide in states such as Selangor, Perak, Johor, Negeri Sembilan, Sabah and Sarawak. The rapid expansion of its businesses and turnover over the past decade eventually stretched its information technology systems and resources to its limits. By the year 2001, QL Resources decided it was time to upgrade its old DOS-based accounting systems to a more flexible and scalable Windows-based system which could handle the Group's increasingly diverse businesses.

Beng Yean, the subsidiaries were then using different DOS-based accounting applications and various business processes were done manually. The applications couldn't provide the flexibility to cater for the QL Group's business expansion as it had limited scalability and capacity to handle large volumes of data, he says. There was unnecessary re-keying in of data and a lot of numbers crunching work had to be done.

"There was also no integration for most of the functionalities. It was lacking important functionalities for business processes such as credit control, post-dated cheques, special treatment on shipping, distribution, billing and packing," he adds.

The Solution

Yap says the Group really needed a new solution to efficiently consolidate information between remote offices and subsidiaries with the head office; streamline data entry and reporting processes; and cut down the time taken for month-end closing. In addition, it also had to provide the management with real time financial information to make the right decisions in response to business opportunities and competitors' moves.

After evaluating several offerings, QL Resources selected Microsoft Business Solutions-Navision®, a business solution used by over 35,000 small to mid-sized companies in over 50 countries. Navision's financial management and distribution modules were first implemented at QL Resources' head office in 2001, and subsequently rolled out progressively to six other subsidiaries nationwide over the next two years.



FACTS

Customer Profile

Largest Fishmeal powder manufacturer and one of the largest surimi and surimi-based products in Malaysia

Business Situation

Nationwide operations with diverse business ventures. Currently undergoing rapid expansions, thus requiring business integration for efficient consolidation of information.

Solution

- Microsoft Dynamics NAV
- Financial Management
 - Sales & Distribution
 - Purchases & Logistic
 - Inventory Management
 - Fixed Asset
 - Customised modules for different business entities.

Benefits

- Integrated Functionalities
- Efficient Consolidation
- Real-time information
- Accurate Reporting
- User friendly
- Technology Advancement

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The latest Navision deployment was for its subsidiary QL Foods Sdn Bhd based in Hutan Melintang, Perak. The deployment began in December 2003 and the system went live in mid-January, says Yap. He confirms that the company's board has committed itself to implement the Navision solution for the whole group, starting with the major subsidiaries first. The next phase of deployment will include implementing the warehouse management and manufacturing modules for some of its subsidiaries.

Depending on the subsidiary concerned, Navision runs on various Microsoft operating systems such as Windows NT, Windows 2000 and Windows Server 2003. The various deployments were handled by Microsoft partner Synergistic Innovations Sdn Bhd which also help to customize additional functionalities where required. Yap says that each Navision implementation typically took between three and six months to complete. *"Each business unit had its own peculiar requirements which needed to be addressed, and Synergistic Innovations helped to incorporate minor business process improvements as well as train staff to use Navision,"* he says.

For each deployment, Synergistic Innovations will establish the gaps compared to Navision's functionalities because there's usually *"not a 100 per cent fit in the business."*

"Based on our gaps analysis, we will advise them to take advantage of Navision's functionalities to address the issues or we will modify Navision to meet their requirements and workflow," says CJ Oon, General Manager of Synergistic Innovations. For example, the customization done includes features for space optimization in the packing of goods in containers and tracking of shipments of raw materials.

QL Resources was pleased that the partner helped ensure Navision follows the flow of their business rather than they having to change their rules and

practices to adopt. Navision's functionalities. Yap points out that the flexibility of Navision was one of the key reasons why Navision was selected. *"Our business is much diversified and Navision's flexibility and adaptability means that it is able to adapt to various types of industries."*

Benefits: Halving Time for Data Consolidation

With the Navision financial management module, the head office no longer needs to spend extra hours reconciling financial data. Navision also enables the QL Group to streamline the data entry and reporting process, and eliminates inaccurate consolidation of financial information, Yap says. Most reports are automatically generated by the Navision system.

Data flow to the QL Resources HQ in Klang, Selangor, is now more efficient as Navision easily exports files to be sent via email for consolidation. The accounts used to be printed in hard copies and couriered back to the HQ. That cuts down on the work of doing manual consolidation and reconciliation, and we save a lot of time. Now with Navision, month-end closing at the HQ is cut from 4 weeks to 2 weeks. "We are working towards cutting it down further," he adds. The system also enables QL Resources to meet stock exchange requirement to submit financial results on a quarterly basis. *"If we were running on the old system, we would have problems complying with this requirement. My staff would have to work long hours and do overtime just to finish the reports".*

The efficiencies achieved translate into cost savings as staff overtime has been reduced significantly, Yap says.

Transforming Work Processes

Work processes has been transformed in the parts of the Group's businesses where Navision has been deployed, automating various tasks which used to be done manually. *"Productivity was low under the*

old DOS-based software," Yap remembers.

Among the processes automated by Navision include shipping handling and billing for QL Feedingstuffs Sdn Bhd; special packing requirements (QL Foods Sdn Bhd); stock keeping for remote sites (Maxincome Resources Sdn Bhd) and consolidation operations between remote offices and the QL Group head office.

Navision allows for single entry of data such as on stocks issuance and finished goods, and cost capturing. *"There's no need for re-keying in of data, and this cuts down on data entry errors,"* adds Yap. For example, the bar-coding capabilities found in Navision have helped improve efficiency for its subsidiary, QL Foods. An additional functionality built into Navision by Synergistic Innovations has helped to optimize the packing of goods into containers.

"Our staff used to do manual calculations on how many packs of goods could go into a container. Navision automates such calculations and efficiency has improved significantly," Yap explains.

"It also allows us to call up customers and tell them there is still space available in the container, so why don't you order more. Our sales have actually increased" he adds.

Apart from enjoying savings in transportation costs, customers have the added benefit of special pricing if they order more. The Navision distribution module also provided the QL Group with real-time tracking capabilities for its various shipments. *"We needed the capability to track our stock almost in real-time. That was one of the key parameters which we stipulated the software must meet - and Navision met this criteria."*

Affordable and powerful solution

For a group with some 30 subsidiaries, a cost effective integrated business solution which was easy to implement and maintain was major consideration for the QL Group.

Yap pointed to an “expensive lesson” learnt by one of the company’s subsidiaries which had deployed Tier-1 software some years earlier. It is an expensive system, and if don’t set it up properly you will encounter costly problems”, he adds.

So when the broad of directors decided to upgrade the IT capabilities of the Group, it sourced for another more cost effective solution which had all the functionalities required by its diverse business operations.

“We felt that Navision could better cater to the needs of the whole group. Compared to other systems, Navision is definitely more cost effective. It is easier to implement, is more user friendly and the reports generated are generally better,” he adds. He said the Group also had the flexibility to “pick and choose which Navision module we want rather than get the whole suite.”

Yap says that *“with Synergistic Innovations guiding us in the implementation, we feel we are on safer ground.”*

He says that Navision’s intuitive Windows interface, which was similar to Microsoft Office, meant that the learning curve for the company’s staff was not as steep as expected. He says that the consistent Window interface had reduced training costs.

According to Oon of Synergistic Innovations, Navision is a *“very stable product.” “We have been supporting QL Resources for almost four years. So far, we have not encountered any major support issues,” he adds. Yap was also happy with the advantages of the Microsoft platform. “It’s a self sufficient platform, we don’t even need to have an IT department,” he says. Essentially, the Group outsource its requirements for IT solutions, networks and infrastructure to*

Synergistic Innovations.

“With Microsoft, you are assured of the advancement in technologies. There’s no stagnant technology. Furthermore, Microsoft resources are readily available and it is not difficult to get support.”

Ahead of the Competition

By providing real time access to financial and business data, the Navision solution has made the company’s management more agile and able to respond quicker to changing market situations. Yap says that the instant extraction of information in real time allows managers to forecast the market demand and respond to customers enquiries promptly.

“Its drill-down features allows individual transactions to be explored by department heads, information can be shared to make effective and timely decisions.”

“If you know your cost structure and profit margins in real time, you can monitor your parameters and key performances indices (KPIs). This arms us with key competitive advantages,” he adds.

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