

Calsoft Newsletter

DECEMBER, 2006

“We’re passionate about IT”

Inventory reduced to half. And operation efficiency achieved from barcode integration.

Interviewed and Written by Hiro Ueno

Case Study Overview

Company Profile

Company : SANSHIN ELECTRONICS CORPORATION
<http://www.sanshinusa.com/>

Industry : Specialized Trading Company

Region : HQ/Los Angeles (Irvine)

Objectives

- To build Real-time Inventory Management System
- To streamline business operations
- To improve the speed and accuracy of distribution of goods to clients

Solutions

Microsoft® Dynamics GP (Great Plains)

Module	General Ledger Payables Management Receivables Management Inventory Control Sales Order Processing Purchase Order Processing Landed Cost Refund Checks 2D Barcode System, etc.
Number of Users	5 users
Cost for Installation	Phase 1: \$20,000 (*1) Phase 2: \$35,000 (*2)
Period for Installation	Phase 1: 2 months Phase 2: 3 months

*1 Fee for additional functions, such as Upgrade & Forecasting (Not include initial GP cost)

*2 Installation fee for the Barcode system

Benefits Achieved

1. Improved Operational Efficiency from integration of the Barcode System with Microsoft Dynamics GP.
2. Fifty percent cut in Inventory with the help of the new forecasting function.
3. Improvement in customer satisfaction from the Lot control (FIFO) in inventory.
4. Enhanced support to Sales from real-time status of orders and inventory.

Background

SANSHIN ELECTRONICS CORPORATION (SANSHIN CORP.) with headquarters in Los Angeles (Irvine district), a trading company specializing in the sale and trade of semiconductors and electronic parts, was established in 1998 with the purpose of cultivating the U.S. market as a subsidiary of Sanshin Electronics Co., Ltd. listed in the first section of the Tokyo Stock Exchange. SANSHIN CORP conducts a broad range of businesses handling mainly NEC-related semiconductors and electronic parts with global electric appliance makers including Sony and Toshiba.

Based on advice from a leading consulting firm, SANSHIN CORP. installed Microsoft Dynamics GP as an integrated system of accounting, ordering, and inventory managements, etc. The Dynamics GP software was previously implemented by a solution vendor, with which SANSHIN CORP. became acquainted at the time of the establishment of a U.S. office of the company. However, Mr. Murakami, the manager, deeply thought, “The system was not being utilized fully.” Customers demanded swifter and more accurate order processing and shipping every year. Mr. Murakami was required to solve the problem of how to improve the inventory management and streamline work processes under the limited managerial environment.

Phase 1: The “Forecasting” function of Microsoft Dynamics GP halves the amount of inventory.

For reconsidering the ideal state of the system in 2004, SANSHIN CORP. decided to change the solution partner to Calsoft Systems. What was the reason for this decision? The points Mr. Murakami emphasized for streamlining work processes were whether the new partner has the communication ability enough to understand the characteristic workflow of SANSHIN CORP. and whether the new partner has plentiful and reliable experiences of developing and operating Microsoft Dynamics GP. “These requirements were satisfied by Calsoft. It was reassuring that Calsoft’s proposal was much prompter than other companies,” recalled Mr. Murakami. After some meetings, SANSHIN CORP. and Calsoft agreed to first improve the inventory management. The essential functions of a trading company are to conduct “procurement” and “dispatch” functions on timely manner. If there are no stocks when a client orders, the business opportunity will be lost to a competitor. Meanwhile it is necessary to avoid the risk of holding an excessive amount of inventory. Mr. Murakami and Calsoft staff put their attentions to the fact that major clients notified the company of the order quantities 16 weeks in advance before the actual order, as prior information, and thus added the “Forecasting function” into Microsoft Dynamics GP system. As a result, this decision produced dramatic effects as expected. Mr. Murakami said, “Excessive stocks decreased obviously. The amount became about half of that before the installation of the system.”

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Phase2: The installation of the Barcode system realized the operation streamlining and the accurate LOT management

Next, the SANSHIN CORP. and Calsoft team installed the Barcode system into the product management in order to manage and operate its data with Microsoft Dynamics GP on a real-time basis. "When I was thinking of installing the Barcode system for the accuracy improvement and streamlining of our product management, one of our main clients requested the LOT management of products (FIFO management). We had to actualize the operation of a system for meeting this request in 3 to 4 months. We consulted with Calsoft before anything else, because we relied on the business analysis ability and development skill of Calsoft, that were demonstrated at the time of the addition of the Forecasting function," recalled Mr. Murakami. Firstly, SANSHIN CORP. and Calsoft analyzed the workflow. Then, they installed the two-dimensional barcode system of DENSO so that it works in conjunction with Microsoft Dynamics GP, and as a result, they succeeded in operating the system without having to alter the current workflow. The work processes have been considerably streamlined, and now, the inventory management at the warehouse of SANSHIN CORP. is basically conducted by only two workers. Its benefits were not limited to the streamlining of work processes. "It became possible to confirm when a product arrived and when it was dispatched on a real-time basis from any product-selling site. Then, the core of the trading company functions was fortified. It is difficult to quantify this, but the benefits on sales activities are immeasurable," Mr. Murakami mentioned radiantly.

For making the system installation successful

The intriguing point of this interview is that a series of processes from proposal, design, installation, and to operation were conducted very smoothly. Mr. Murakami described the secret to success as follows: "In order to operate an IT system properly, I think it is important to make efforts to facilitate the vendors' understanding, such as by preparing a chart for analyzing workflow, rather than leaving it all to vendors. Based on such relations, each party would be able to deal with their tasks comfortably." SANSHIN CORP., which has established the framework for the core business as a trading company through the installation of the Barcode system, is going to expand its businesses to new fields, such as the business of matching Japanese leading electric appliance makers with U.S. venture firms.

Mr. Murakami, a manager at SANSHIN CORP.



Barcode System in the Warehouse of SANSHIN CORP.



Two-dimensional barcode solution of Calsoft

- Fully compatible with Microsoft Dynamics GP (automatic information interlocking with the core system)
- Can be installed in a short period of time (2 to 3 months) at a low cost (from \$35,000)
- Optimization of inventory and streamlining of work processes (reduction of errors in order receipt, ordering, and picking)
- Supporting one-dimensional and two-dimensional barcodes
- Enriched functions (picking labels, stock reports, wireless operation)

IT Information

Production Control Software: TPiCS

Calsoft Systems provides implementation services of English version of TPiCS. TPiCS is a best-selling MRP software in Japan and has sold more than 8,000 licenses. Calsoft not only implements TPiCS but also integrate it with customers' existing systems, such as Dynamics GP and SAB Business One.

Customer List: Akebono Brake, Ajinomoto, Isuzu, NEC Tokin, Shimano, Sumitomo Wiring System. Etc.

TPiCS(Japanese) : <http://www.tpics.co.jp>

Please contact Kunio with Calsoft (kunio@calsoft.com) for more information.

Promotion

ERP Consulting

Calsoft Systems has a lot of experience in implementing business package software (ERP) and integrating it with other systems, such as a barcode system. Calsoft currently offers free initial consultations to companies interested in these services.

Dynamics GP : <http://www.microsoft.com/dynamics/gp/Default.aspx>

Business One: <http://www.sap.com/usa/solutions/sme/businessone/index.epx>



<Headquarter> 20300 S. Vermont Ave., #265, Torrance, CA 90502 • <URL> <http://www.calsoft.com>
<Chicago Office> 1827 Walden Office Square, #380, Schaumburg, IL 60173

For more information, visit our website: <http://www.calsoft.com/contact/inquiry.html>
Also please feel free to contact us via email: news@calsoft.com or Tel: (310)532-5000.