



Client Case Study

Rakon

Founded in 1967, Rakon now employs approximately 500 staff in New Zealand. The company's management team recognised the need for a flexible and fully-integrated, company-wide Enterprise Resource Planning (ERP) solution and chose SAP's All-in-One to improve its ability to manage materials, products, production, quality, sales, finished goods, forecasting and reporting.

Background

Rakon is a leading developer of high performance frequency control technology based on quartz crystals, with an annual turnover of NZ\$74 million. More than 95 percent of its business comes from exports and the company was recognised as the Supreme Exporter for 2005 at the New Zealand Trade and Enterprise Export Awards.

As one of New Zealand's leading exporters, Rakon recognised that it needed a world class information system to overcome the mounting costs of maintaining a legacy system and provide a platform for future growth.

Rakon's Information Services Project Manager, Brent Clarke, said it was imperative that the new system boosted the company's ability to understand the real costs of production and inventory. "The new system had to provide us with a view into the engineering and production operations within the business.

"The old system, which had worked fine for many years, had trouble coping with the growing business. Every time we went through a stock take, it would take us three or four months to get the final analysis.

"That was very challenging. We needed to have the absolute latest information at our fingertips and be sure it was accurate," he said. "Once we decided to get serious about upgrading our Information Systems (IS) platform we wanted to move quickly. We had endured the challenges of the old system long enough and didn't want to mess around with a low-end solution that would cause problems down the track."

The Solution

Mr Clarke said Rakon had reconsidered SAP – a previous evaluation had ruled it out because the expected cost was too great. After an expeditious, four-month evaluation of potential business software tools, Rakon opted for the SAP Business All-in-One Solution for Finance, Procurement, Warehouse, Production, Engineering and Sales.

Soltius was the chosen SAP implementation partner and, driven by a business goal to be live with the new system by the end of the financial year, the initial implementation was completed in just eleven

weeks, from January to April 2004, despite the challenges that Soltius had to overcome throughout the project, such as:

- The ability to meet the unique requirements of the high-tech industry
- Rakon's complex supply chain and large numbers of customers
- The ability to drive better decision-making through access to timely information
- The hundreds of product lines available.

"We had considered getting off our legacy system a few years before our 2004 move, prior to the release of the SAP Business All-in-One offering," said Mr. Clarke. "But we delayed the decision because of changing business forces in our market and the fact that we couldn't find anything that could satisfy our criteria and price range. It turned out to be a very good decision.

"We looked at most of the alternatives, but considered the challenges they presented with low level integration, fragmented functionality and inferior price performance as too difficult to overcome. When we once again got into serious considerations, I searched online for ERP solutions, and every search I did listed SAP Business All-in-One as a winner, in price, performance and functionality.

"We knew what we needed from the new application to achieve a business advantage. We were looking for a solution that would enable better inventory scheduling, so we could roll out better and more efficient production and sales processes. Money was a big driver. Our management supported the process and didn't mind which system we went for as long it was capable and cost effective," he said.

SAP Business All-in-One and Soltius

Mr. Clarke said that most of the solutions they considered had the ability to drill down into information in real time, which was important for Rakon. But they couldn't match SAP's flexibility and integration. He said Rakon had committed to other SAP Business All-in-One components, such as Business Warehousing and CRM, and was also inclined to install Workflow and Quality Management.

"We started the implementation in January and went live on April 1 with Sales, Financials Purchasing and Stores - it was frantic, but with Soltius' help, we achieved it. It was a longer process to get the production areas sorted, but that was largely due to the fact that we had a complex bill of materials, with master data issues rather than system issues."

Soltius had very strong consultants, who helped get the systems going in line with Rakon's business objectives and regularly offered, "a better way of doing things". According to Mr Clarke, as a result of the SAP implementation Rakon is more effectively running its business and managing its growth, .

"Since the implementation of SAP Business All-in-One, we have experienced a strong period of growth, which our robust system has been able to withstand without any issues. The stability of our systems and processes has also allowed us to engage with investors, thus driving further growth for Rakon."

