

## Komatsu (Changzhou) Construction Machinery



### About the company.

An 80 year-old-conglomerate founded in 1921, Komatsu now holds investments in more than 140 companies. Komatsu specializes in companies that manufacture construction machinery, industrial machinery, transportation and logistics machinery and metals, and also operates in high tech fields such as electronic engineering and software.

Komatsu (Changzhou) Construction Machinery Co., Ltd was founded in 1995 and is located in the national high-tech district of Changzhou. The company occupies a 34 acre site adjacent to the Shanghai-Nanjing Railway to the south and the Shanghai-Nanjing Expressway to the North, an ideal location boasting excellent transportation links.

Komatsu (Changzhou) Construction Machinery Co., Ltd manufactures and sells construction machinery and spare parts, such as Komatsu WA series loaders, PC series hydraulic diggers, and off-highway dump trucks. It also provides after-sales services for its products. The company's operational philosophy is "clients and quality before everything else." In addition to supplying its clients with top-quality products, the company also actively leverages the success of Komatsu in other parts of the world to bring modern systems of management to China.

“ Infor [has] thoroughly satisfied our demands for controllability in management processes and real-time production management. ”

YANG FAN, IT DIRECTOR OF KOMATSU (CHANGZHOU) CONSTRUCTION MACHINERY CO., LTD.

# Customer Profile

## Setting the strategy.

As its business continued to grow in China, the senior management of Komatsu (Changzhou) Construction Machinery Co., Ltd began to need better operations management. Specifically, the company sought four things:

- Better management controls (i.e. costs, labor, equipment, materials, and inventory)
- Data-driven decision-making in management
- Optimization of operational processes for greater efficiency and the elimination of manual recordkeeping systems
- The ability to meet clients' customized product requirements

## Getting business specific.

The goals of the parent company's management reflected what they'd seen in Komatsu's overseas branches. In 1999, after lengthy consideration, Komatsu settled on Infor ERP SyteLine for all its overseas branches as a solution to the problem of complex Bills of Materials (BOM) and highly-personalized product requirements, while Komatsu's head-office adopted Infor ERP Baan LA+SAP to solve financial control problems.

"Most of our products are manufactured on a custom-made basis, with different parts being used in each unit, so the costs weren't the same," said Yang Fan, Komatsu's IT Director. "SyteLine offers many configurable processes and its 3-level structure aids product development. SyteLine performance to price ratio is impressive and it's a perfect answer to our needs considering our complicated BOM and highly-customized products."

## Seeing results.

In early 2000, Komatsu officially launched its ERP project. Company management attached a great deal of significance to the project. The general manager personally participated in the project's weekly meetings and made final decisions on issues concerning process optimization in various operations departments. Thanks to Komatsu's global product code system, the ERP implementation only required data entry by company

### facts at a glance:

> company .....	Komatsu Construction Machinery Co., Ltd
> solution .....	Infor ERP
> product .....	Infor ERP SyteLine
> platform .....	Windows server 2003
> database .....	SQL Server 2000
> industry .....	Machinery
> revenue .....	RMB 1.6 billion Yuan
> country .....	China

staff. The first-phase online operation of PSS+MRP was realized after three months. After that, functions for receivables, payables, costs, financial affairs and fixed assets occurred in rapid succession.

According to IT director Yang Fan, several major benefits followed the successful implementation of ERP. To begin, data-driven management now makes it possible to analyze every machine based on budgeted costs for terms of materials, direct labor, fixed costs, variable costs, and outsourcing costs, as well as the income and gross profit from each machine. At the end of each month, actual costs are compared with budgeted costs in order to identify discrepancies and formulate corrective action. In addition electronic status boards yield greater visibility of performance data so that all departments can stay up to date with production and inventory status in real-time. Beyond that, Just-in-time (JIT) production practices now reduce costs and inventory levels, reducing error rates and shortening delivery lead times. But a more important benefit, product traceability, means that if a product requires servicing several years after sale, all of the materials used when it was built can be confirmed very quickly. The company can also respond much more rapidly to frequent changes in market demand. By taking advantage of APS, the timeliness and accuracy of production scheduling, production planning and purchase planning have been dramatically improved. Most important, the use of bar coding has improved real-time operation and yielded better accuracy in purchasing, production and use of materials.

## Komatsu (Changzhou) Construction Machinery

In addition, better relationships with end-users and agents as well as more effective management of contracts and sales orders has resulted from linking CRM with ERP. Online supply-chain management lets suppliers download their own purchase orders from a website and check the delivery status, acceptance rate and payment status of every purchasing order. The introduction of bar coding has made it possible for parts to enter storage within two hours, which improves efficiency and reduces errors.

“Infor is the third-largest supplier of management software in the world. Its products are world-class and infused with large amounts of management experience,” Yang Fan says. “They have thoroughly satisfied our demands for controllability in management processes and real-time production management. The Infor 360 website also has a good Q&A section in which many users have had their problems solved. In the future, we will consider upgrading the system to Infor ERP SyteLine 8.0. Furthermore, Infor business intelligence software is also being evaluated.”

### Doing business better.

In 2007, Komatsu's annual revenue exceeded RMB 1.6 billion Yuan. This year, the company's cash flow is expected to exceed RMB 2.5 billion Yuan. With market demand exceeding supply, the company's senior management seeks to reduce costs even further, increase profit margins and bolster production capacity and efficiency without increasing investment. The company has already formulated its future IT strategy and plans to upgrade its system to Infor ERP SyteLine 8.0. In addition, the company is also evaluating Infor business intelligence software to help it respond more quickly to rapid changes in the market.

### About Infor.

Infor acquires and develops functionally rich software backed by thousands of domain experts and then makes it better through continuous innovation, faster implementation options, global enablement, and flexible buying options. In a few short years, Infor has become one of the largest providers of business software in the world. For additional information, visit [www.infor.com](http://www.infor.com).

“ SyteLine's performance to price ratio is impressive and it's a perfect answer to our needs. ”

YANG FAN, IT DIRECTOR OF KOMATSU (CHANGZHOU) CONSTRUCTION MACHINERY CO., LTD.

## Customer Profile

**Local Address**

Local Address

Only one address to add  
HQ address as 2nd address

Contact your local  
Infor office regarding  
availability of products  
in your region.

**Infor Corporate Headquarters**

13560 Morris Road  
Suite 4100  
Alpharetta, Georgia 30004  
USA  
Direct: +1 (800) 260 2640

**INFOR™**