

## IFS Applications™ gives Polish market leader competitive edge

**Facing competition for the first time, Hutmen chose component-based IFS Applications™ to provide the business applications that were required to enable it to compete in an open economy. Now Hutmen can access the business-critical data that it needs to ensure improved profitability and efficiency. And the flexibility of IFS Applications means that Hutmen can grow the system effortlessly as its business expands.**

Hutmen, with a 40% share of the Polish non-ferrous metals market, was founded in 1918 when Schaefer & Schael steel company was established in Wroclaw, Poland. Hutmen produces printer's metal, tin and lead binders, and bearing metal. With a current workforce of 830 employees, annual revenue is in excess of PLN 300 million.

### The problem

Until the late 1990s Hutmen was effectively protected from competition. When it came, mainly in the form of foreign imports, it was obvious that Hutmen would have to fight for its place in the market and that change was required.

Jan Tkocz, responsible for modernizing the management system, comments: "In order to face competition, we knew we would have to precisely monitor production and administrative costs. This requires tools that enable the management to react quickly to market changes and be competitive. Moreover, the financial situation of the company was not good, the first sign that change was long overdue."

### The solution

Jan Tkocz continues: "Since 1994 we had reviewed about 15 integrated MRP II systems. We had determined that the Unix system best suited our needs."



Finally, Hutmen opted for IFS Applications, which enabled gradual implementation, was adapted to the company's specific needs and did not require any break in the production process. Such an approach seemed to guarantee success.

### Implementation

IFS Distribution™ and IFS Financials™ were implemented first, with IFS Manufacturing™ and IFS Maintenance™ to follow as Hutmen require them. The distribution and financials solutions had to go live by January 1 2000 to allow the introduction of major changes in the accounting system from the beginning of the year. The database, financial and material flow systems were replaced by the new ones simultaneously. "It was a risky approach, but it worked. And the backups we had prepared turned out to be unnecessary," recalls Jan Tkocz.

“We had our doubts,” Tkocz continues, “but IFS convinced us to go ahead. We gained a lot of experience. We got to know the system in detail concerning distribution, document release, accounting, etc.”

While adapting the system to company requirements, the general tendency was not to introduce too many changes. In IFS Distribution, for example, a thorough analysis showed that it sufficed to make 20 of 52 possible modifications.

The new distribution database was created by updating data from old systems, transferring the data automatically. The documentation will be stored and made available for inspection for the next 5 years. Also, databases for capital assets, warehouse records and customers were moved to the new system.

### **Benefits**

IFS Applications went live on 1 January 2000. Now, after several months of monitoring the system, its benefits have become more apparent.

The entire finance and accounting system, material management, such as the technical warehouse, and finished products warehouse the raw materials warehouse as well as commerce and sales are fully operational. Moreover, IFS Applications is integrated with a separate payroll system that transfers data to the IFS solution. And IFS Applications shares a common vocabulary with the “old” part of the system in the areas of technology and production.

The benefits have increased as the skills of the users become better. For example, accounts for January 2000 were closed at the end of February; now Hutmen can close by the 15th of the following month.

The implementation of the system has also enabled significant management changes, such as the establish-

ment of 7 new profit centers. This would have been impossible without access to information gathered by an integrated computer system.

Jan Tkocz comments: “Swift access to reliable information from one source helps us make quick market decisions, which increases profitability. With the Board making full use of the capacity of the system, internal communication between managers in the company is now very efficient. In particular, we highly value access to current daily information on sale prices or raw materials prices, which enables immediate decisions and adjustments to the current price situation in the market. We also have a growing number of well-trained employees who are able to make good use of the capacity of the system. The benefits are felt throughout the company and they will be reflected in figures after the end of the year.”

Hutmen plans to implement IFS Manufacturing™ by January 1 2002. Other systems for maintenance, human resources and payroll are waiting in line. The company also plans to set up an e-commerce department.

Jan Tkocz concludes: “In our market profit margins are low, with leaders reaching 4-5% earning capacity. With IFS Applications, we are totally focused on reaching and exceeding this level in the future.”

### **Software:**

IFS Financials™, IFS Distribution™

### **Hardware:**

IBM RS6000/AIX operating system,  
Oracle database system,  
Workstations – Pentium II/III,  
Windows 98 & NT computers