

## QAD MFG/PRO eB2 Opens Door to EDI ECommerce and Agile Response to Global Customers

### The Company: Innovating for Precision Machine Tools

ANCA is a specialist multinational manufacturer and supplier of precision CNC (Computer Numerical Controls) tool and cutter grinding machines. The company's products are used in the manufacturing process, specifically in a range of high-precision tooling, grinding and resharpening applications.

The company was established in 1974 by two engineers, who pooled their complementary and high-level mathematical and technical skills to design and manufacture innovative CNC components for use in the manufacturing process of machine tools. These were the first such components to be made in Australia.

Encouraged by the company's early success, ANCA expanded its product range in the early 1980s, developing and marketing complete CNC tool grinding machines that combined leading edge technology with operational simplicity.

***ANCA chose the improved functionality of QAD MFG/PRO eB2 to launch into EDI ECommerce, and in the process, achieve its vision of seamless intercompany transactions across international boundaries.***

*David Stubbings, Group Finance Manager, ANCA*

This expansion launched the company into a major growth phase and led to the construction of an advanced machine tool manufacturing facility in Melbourne, Australia—where ANCA is still headquartered today—and significant investment in research and development, and

customer support infrastructure. Today the company employs more than 300 people and sells over 95 percent of its products outside the Australian market through its distribution and customer-support facilities located in Germany, the United Kingdom and the United States.

With an annual turnover of approximately \$70 million, ANCA is a relatively small manufacturer by world standards. However, it is the only global supplier of CNC

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*David Stubbings, Group Finance Manager, ANCA*

tool and cutter, and punch grinding machines that has all of its core competencies based in one location. This includes research and development, and the design and manufacture of both grinding machines and the sophisticated electronics that support them. In this way, the company is able to respond quickly to market trends and the specific needs of its customers around the globe.

### The Challenge: Manual Processes and Inconsistent Reporting

With ANCA exporting the majority of its products to key markets in the U.S., Europe and Asia, the geographical isolation of the company's manufacturing facility from its customer base and distribution centres has created some unique administrative and systems challenges.

While ANCA had been successfully using MFG/PRO as its operating platform since 2001, intercompany transactions were still being processed manually between the company's four operating environments. While these environments or databases—one for each of ANCA's four locations—were physically located on one server in Melbourne, they were networked only at a basic level. This was not only inefficient, but also labour intensive.

According to ANCA's Group Finance Manager, David Stubbings, one of the key problems presented by

the system was trying to account for stock in transit between Australia and the company's international distribution centres.

"From an accounting perspective, we may have sold a machine to our US branch in September, but they didn't buy it until October. This created considerable problems in our accounts reporting," says Stubbings. The company also had difficulties in keeping track of its stock in transit.

***"We can reconcile and consolidate the company's global financial results much more quickly."***

*David Stubbings, Group Finance Manager, ANCA*

"When you send freight around the world, it can take a variable period of between four to eight weeks from the time inventory leaves Australia to when it reappears at its destination. This meant that we were forever doing intercompany adjustments in our reporting," Stubbings says. "If we were a group of companies all located in the same area, tracking stock wouldn't be a problem because the disappearances and reappearances of stock that had been shipped would happen almost instantaneously; however, this is not the case."

Further, the company's manual order processing procedures, together with cross-cultural differences between the head office and ANCA's three international distribution centres, led to inconsistencies in the processing of intercompany transactions at each stage. These ranged from seemingly minor things like transcription and pricing errors, to more substantial issues created by differences in accounting specifications and standards between countries. All of these issues required considerable time and effort to correct and reconcile.

"We needed a system that tracked stock through the process, so we could tell where a piece of equipment was at any given time. We also needed the accounting system to go with it so that we didn't have to do all of the transactions manually at each stage of the process," Stubbings said.

Ultimately, ANCA's vision was to achieve seamless intercompany transaction processing across international boundaries. This had to encompass all stages of transaction processing—from purchase orders, to sales orders, to shipment, to payment and finally, to management reporting. So ANCA set about designing and implement-

ing a major system modification that would effectively move the company into EDI ECommerce, and in the process, deliver efficiencies in all of these key areas.

### **The Solution: Integration and Automation to Enable Excellence**

A key part of the project involved reviewing and upgrading the company's operating platform. Stubbings explains, "We had been using QAD MFG/PRO for some time, but we didn't want to base a major system modification on the older version we were running. So once we put together a new business process design, we talked to QAD about upgrading to MFG/PRO eB2 which had the level of functionality we needed to be able to move to EDI ECommerce."

Of particular interest to ANCA was the automated consignment functionality of MFG/PRO eB2. By enabling stock to be recorded in the relevant distribution centre's database as 'received in transit,' the module would streamline transaction processing and eliminate the need for adjustments to intercompany reporting.

Commencing in late April 2004 and extending over a period of ten weeks, ANCA and QAD Australia worked collaboratively to upgrade the company's operating system, and implement the required system modifications using the enhanced functionality provided by MFG/PRO eB2. A further three months were allocated to fine tuning the new EDI system to ensure that it was running efficiently.

***Working collaboratively, ANCA and QAD upgraded the company's operating system and implemented the new EDI system—on time and on budget.***

To address the inconsistencies that were problematic under manual processing, QAD incorporated a series of validation flags into the system, along with specific modifications that recognized and allowed for differences in standards across international boundaries.

The project was completed on time and on budget, resulting in the complete automation of all six stages of ANCA's intercompany transaction processing.

Further, only minimal user training was required. “Our user base was already quite competent in using the basic functionality of MFG/PRO; therefore, no formal training was required following the upgrade to MFG/PRO eB2,” Stubbings said.

“As to EDI, we did some direct application training at QAD but we also had a core team working with QAD in ANCA’s head office to perfect intercompany transactions and make any minor system modifications that were

## **ANCA streamlined transaction processing and gained visibility into their stock with enhanced consignment functionality of MFG/PRO eB2.**

*David Stubbings, Group Finance Manager, ANCA*

needed.” Stubbings continued, “That core team, having learned the system processes, then trained the rest of our operators. This process included ANCA’s IT Administrator, Vasu Srinivasan, and myself going overseas to train the staff in our branches.”

### **The Benefits: Efficient, Effective Performance**

The efficiencies that have been achieved as a result of the company’s move to EDI ECommerce have been substantial and far-reaching.

“Now that our system is fully integrated, our stock is more visible and our administrative processes have been transformed,” Stubbings says. “For example, where we once had to manually raise sales documentation on receiving a purchase order, the system now does this automatically. From an accounting viewpoint, we can also reconcile and consolidate the company’s global financial results much more quickly. So the benefits have been very widespread. We are very happy with our new MFG/PRO eB2 system and we will certainly be upgrading to the latest versions of MFG/PRO as they are released.”

### **The Future: Foundation for Expansion**

The move to EDI ECommerce and MFG/PRO eB2 functionality has also provided the company with a solid base for future expansion.

“Currently, the company is experiencing growth in all of its overseas markets, and as we grow, we expect to be able to utilize the system’s extra capacity in inventory

## Highlights

### Company

<b>Company Name</b>	ANCA Pty Limited
<b>Industry</b>	Industrial
<b>Products</b>	CNC tool and cutter grinding machines, and punch grinding machines

### Solution

<b>QAD Solutions</b>	MFG/PRO eB2 for full EDI ECommerce functionality
<b>Sites</b>	Head office and manufacturing facility in Melbourne, Australia Three distribution centres in the U.S., U.K. and Europe.
<b>Implementation Time</b>	Stage 1: 10 weeks (MFG/PRO eB2 upgrade and system implementation)  Phase 2: 3 months (system testing and fine-tuning)
<b>Platform</b>	Dell Power Edge
<b>Environment</b>	Windows 2000

### Results

- Upgraded to QAD MFG/PRO eB2 software
- Designed and implemented a fully-integrated EDI ECommerce system networked between all sites
- Generated substantial efficiencies in inventory, administrative and accounting processes
- Provided additional system capacity to readily accommodate future growth

and accounting management processes without experiencing a corresponding increase in our administrative costs,” Stubbings concludes.

*Prepared by QAD in cooperation with ANCA Pty Limited.*



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