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ONKYO

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Onkyo Corporation: Streamlining Global Production, Sales, and Order Management with SAP® Solutions

In a competitive marketplace, Onkyo Corporation's products are famous among sound experts. In order to accelerate global budget planning and improve the accuracy of monthly reports, the company chose the SAP® ERP application and the SAP Business Planning and Consolidation application. Now **the budget process is more efficient, and production, shipment, and inventory status can be reviewed in real time.**

Executive overview

Company
Onkyo Corporation

Headquarters
Osaka, Japan

Industry
High tech

Products and Services
Consumer audio and video products; original equipment manufacturer (OEM) of audio devices for PC, TV, and cars; high-resonance music service provider

Employees
2,291 (2012)

Revenue
¥43.41 billion (US$477.8 million) (2012)

Web Site
www.jp.onkyo.com

Partner
Softes Co. Ltd.
www.softes.co.jp

BUSINESS TRANSFORMATION

The company's top objectives
• Streamline annual budgeting activities
• Centralize data by integrating master information
• Ensure data consistency

The resolution
• Centralized management of budget and document preparation data with the SAP® Business Planning and Consolidation application
• Enhanced production, shipment, and inventory (PSI) management with the SAP ERP application
• Automated and integrated systems processing a high volume of monthly production requests and shipping instructions

The key benefits
• Access to real-time updates on PSI status
• Greater operational efficiency with integrated systems
• Reporting that allows feedback on operations

Read more ▶

"This project is the first step toward a total integration of our operations, from the factory through sales and across subsidiaries. With SAP solutions we are realizing continued benefits every day."

Akihiro Takada, General Manager of Sales and Marketing, Onkyo Corporation

TOP BENEFITS ACHIEVED

86%
Faster PSI budget planning at headquarters and across subsidiaries (7 days to 1 day)

80%
Faster aggregation and preparation of monthly data (5 days to 1 day)

80%
Faster aggregation of production purchase orders (5 days to 1 day)

See more metrics ▶

Consolidating spreadsheets leads to inaccurate data

Onkyo Corporation is a global audiovisual equipment manufacturer focusing primarily on original equipment manufacturing. As the business grew, the management of budget processes for production and sales was becoming more complex. The sales departments of subsidiaries in the United States, Europe, China, and Japan were creating budgets separately using spreadsheets and submitting them according to the business ledger and planning schedule distributed by the corporate office. The head office had to consolidate those spreadsheets to create an overall budget plan. They were also used to create a monthly production, shipping, and inventory (PSI) plan and the purchase order (PO) release for production. Not only was the process tedious and time consuming, it had to be performed twice – once to generate the prebudget analysis and again to generate the actual budget.

Koji Sonoda, manager of subsidiary business and international sales at Onkyo Corporation, recalls, "The process of manually consolidating data from multiple spreadsheets had a high potential for error and was extremely time consuming. The head office would generate a master report on production data and send it to the subsidiaries. The subsidiaries would then, in turn, update the activity report and send it back to the head office. Finally, the head office would have to redo the master report based on the changes submitted by the subsidiaries."

It was clear that Onkyo Corporation needed to work more efficiently and ensure data consistency by unifying master data management. The company decided to transform its budget, production, and sales management processes with the SAP® ERP application and the SAP Business Planning and Consolidation application.

Maintaining flexibility and consistency across global subsidiaries

The project was launched in December of 2011, and SAP Business Planning and Consolidation was implemented in September 2012. The following month, the SAP ERP application was live and operational. The power users in the Onkyo sales and system divisions were involved in the implementation, and Softes Co. Ltd. was engaged as the implementation partner, providing guidance and support as the project developed.

The original system that had been adapted to the sales management structure of the Japan office was also being used in other offices. The new SAP ERP application would allow overseas offices to manage sales in accordance with local requirements. This meant that the sales plan could be developed over several months, then production purchase orders could be issued, and, finally, stock could be allocated. SAP ERP was also easily integrated with the SAP Business Planning and Consolidation application.

With SAP Business Planning and Consolidation, detailed and controlled dimensions can be established for a required table that serves as the model. "Our main setting served to clarify PSI management information. Then we added the missing items as we got them from each sales subsidiary, agency, and factory," says Sonoda. "The hard part was ensuring consistency across the overseas sales subsidiaries, each of which had different billing cycles from the head office."

Almost all monthly production purchase order data is automatically transferred from the SAP Business Planning and Consolidation application into the SAP ERP application, and instructional data reports are then sent back again.

"What sold us on SAP Business Planning and Consolidation was the user interface, which is similar to Microsoft Excel spreadsheets. So we were able to start using it without making changes to the original system."

Koji Sonoda, Manager of Subsidiary Business and International Sales, Onkyo Corporation

Increasing efficiency with centralized data and real-time reporting

Onkyo is now greatly benefiting from the move from spreadsheet-based data aggregation to integrated data management. Eliminating the need to reenter data multiple times has reduced errors, improved efficiency, increased consistency, and greatly simplified the management of PSI.

"Master data integration allows data to be aggregated in one location and eliminates the lag time of sending data from one team to the next," says Sonoda. "For example, when a production purchase order is cancelled, we can now record that cancellation in real time."

Calculating the budget based on constantly changing product information, for example, used to require a lot of effort. Now reporting is fast, allowing the sales division to monitor new products and follow trends on core products that are important to long-term sales. Once a report is created, the latest information can be accessed at any time.

KEY BENEFITS

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Executive overview

Company objectives

Resolution

Business transformation

Future plans

Conducting training and expanding usage

Currently, the sales division at headquarters, which is in charge of creating the budget, uses the new system most frequently. But the plan is to expand usage to the sales divisions at each subsidiary as well as to the product planning divisions. Meanwhile, Onkyo plans to establish a management committee for SAP Business Planning and Consolidation to establish operational procedures and conduct trainings across the sales, production and sales management, and product planning divisions.

"We must ensure the delivery of products to our domestic and international customers. To do this, the head office needs accurate back-order information from overseas offices to provide feedback to the production division," says Akihiro Takada, the general manager of sales and marketing and executive officer at Onkyo Corporation. "This project is the first step toward a total integration of our operations, from the factory through sales and across subsidiaries. With SAP solutions we are realizing continued benefits every day."

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