

CASE STUDY

Microsoft Dynamics

Customer Solution Case Study – Farabi Petrochemicals Improves Efficiency with Business Management Solution



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PETROCHEMICALS



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Microsoft Dynamics Customer Solution Case Study

A Petrochemicals Company Improves Efficiency with Business Management Solution.

Overview

Country: Kingdom of Saudi Arabia

Industry: Petrochemicals

Customer Profile

Farabi Petrochemicals is a global leader in producing Linear Alkyne Benzene (LAB) and Normal Paraffin.

Business Situation

The firm had numerous disparate IT systems that needed to be consolidated into a single integrated solution that supported its complex business processes and operations.

Solution

Farabi Petrochemicals partnered with Infosys to deploy a flexible, scalable solution based on Microsoft Dynamics AX 2009, reducing total cost of ownership and helping to meet the firm's business needs.

Benefits

- Improved productivity
- Integration with Manufacturing Execution systems (MES)
- US\$75,000 annual savings
- Better information management
- Rapid implementation

“Farabi is committed to being a globally recognized regional leader in petrochemicals. With help from Infosys, implementation of a strategically important solution such as this is in line with our vision.”

– **Mohammed Ibrahim Al-Bibi,**
President,
Farabi Petrochemicals

Farabi Petrochemicals needed to streamline its infrastructure with integrated business management tools. However, its disparate IT infrastructure was not integrated and the home-grown system was unwieldy and difficult to manage. The company wanted a state-of-the-art enterprise resource planning (ERP) system to help plan, monitor, and control operations. By partnering with Infosys, Farabi replaced its existing systems with a single ERP instance powered by Microsoft Dynamics AX 2009. The resulting implementation was completed in less than 10 months—one of the fastest deployments in the petrochemicals industry. As a result, Farabi has simplified business and operational processes, increased efficiency and productivity, and enhanced planning, and decision-making mechanisms.

Situation

Established in 2002 in Al-Jubail Industrial City, Farabi Petrochemicals is the primary petrochemicals company in Saudi Arabia. The firm primarily focuses on the production of normal paraffin and linear alkyl benzene. It also produces heavy white oil, light white oil, and heavy alkylates as by-products.

Executives at Farabi needed a clear view of operations costs, customer orders, company transactions, logistics, and reports. Since departments worked independent of each other, reporting and data-sharing across business units was time-consuming and prone to errors. In addition, managers did not have a real-

time view of production data, sales, and financial reports. As a result, efficiency and productivity suffered. The problem was compounded as the business grew, because the system could not ensure seamless data-flow and unified control across the expanding organization.

Farabi wanted a robust and easy-to-use system that could integrate with the company's existing infrastructure to provide real-time visibility into company-wide data. Management realized that improving on business intelligence could enhance efficiency as well as speed up decision-making.

Solution

After extensive research, Farabi identified Microsoft Dynamics AX 2009 as the enterprise resource planning (ERP) solution best suited to fulfill its requirements. Optimally suited to help the company overcome its challenges, it provides a clear view of business data by synchronizing, among other things, supply and demand management, purchasing and requisitioning, and storage and inventory. Microsoft Dynamics AX delivers a single view into all sales, operations, procurement, and financial activities using familiar applications that are available globally.

The firm chose Microsoft Gold Certified Partner Infosys as its preferred partner to deploy the Microsoft Dynamics AX solution. Farabi reengineered its business processes based on benchmarked global best practices, and with help from Infosys and its extensive knowledge of the technology, Farabi implemented the solution at its Al-Jubail plant.

The deployment was started in early 2010 and went live 10 months later. The Microsoft Dynamics AX solution supports almost the entire range of the company's activities, addressing more than 3,000 business requirements and 200 reports covering 20 business areas. The system incorporates a Saudi payroll module that handles all payroll-related requirements, and a plant maintenance module was developed to cover all maintenance activities including planning, executing, and tracking. With Microsoft Dynamics AX in place, Farabi can track financial performance of assets by attaching maintenance-related costs to individual asset components. AX automation is not just limited to Financial Accounting but also to other business-enabling functions including Facility change, Engineering Service, Support ticket management, and

Performance appraisal management. Also powerful budgeting tool 'Forecaster' helps the organization's budget planning, and dynamic BI application 'management reporter' provides comprehensive statistics to the management for better insight.

Benefits

Microsoft Dynamics AX has proven to be a powerful, affordable solution tailored to the business needs of Farabi Petrochemicals. With this solid foundation, Farabi is now better prepared to meet its growth plans and business challenges. As a testimonial to the success of the program, Mohammed Ibrahim Al-Bibi, then President of Farabi Petrochemicals stated: "Farabi is committed to being a globally recognized regional leader in petrochemicals. With help from Infosys, implementation of a strategically important solution such as this is in line with our vision."

Business Insight Improves Productivity

The reporting and business integration framework of Microsoft Dynamics AX improves implementation, integration, deployment, and use of business performance management features for Farabi. Streamlined and integrated processes have increased overall efficiency and resource utilization by cutting out data duplication and manual errors.

Powerful business analysis tools help provide real-time insight into the financial performance of projects at each stage, improving efficiency of the Projects department by 20 percent, while the balanced score card module has helped the Business Excellence department increase productivity by more than 50 percent.

Sales orders are also more efficient and profitable with Microsoft Dynamics AX. Farabi can now verify sales orders against the costs of specific raw materials—protecting its margins in the face of fluctuating commodity prices.

HR Department Saves US\$75,000 a Year

With Microsoft Dynamics AX, payroll ledger transactions can be processed and posted with a single click of a mouse. As a result of the optimized processes and improved accuracy provided by the HR and payroll modules, Farabi has potential annual savings of more than US\$75,000. The electronic workflow approval process makes further savings possible, with a reduction in stationery expenses of around 50 percent.

"We're able to realize tangible business benefits in most of the areas covered by Microsoft Dynamics AX 2009. With seamless data flow, the integrated business solution is becoming a key driver of efficiency across the organization."

Muhammed Rafeeq,
Project Management Officer,
Farabi Petrochemicals,

Better Information Management Cuts Reporting Time and Boosts Efficiency

To meet the pressures of managing raw materials, formula development, production planning, and regulatory compliance, Farabi now has a flexible system in place to standardize financial reporting and increase access to real-time information.

The ability to quickly and easily share information, including unified charts of accounts and dimensions has helped ensure quicker month-end closing and better management reporting. The time needed to map month-end activities and financial closing reports has been cut from 10 to two days. In addition, the time between requisition and purchase order has been reduced from seven to two days, and the lead time for payroll process has been cut from 60 to 4.5 staff days—a reduction in effort of more than 90 percent.

With more visibility of inventory, procurement is simplified and the company can minimize losses through efficient tracking and control procedures.

Rapid Implementation Meets the Needs of a Growing Business

Through the rapid deployment of the system, Infosys has helped Farabi reduce the total cost of ownership while enhancing efficiency.

“The solution has improved our productivity and given us tight integration between all industry functions, including manufacturing operations and plant maintenance, so we now have better inventory control. Unique product costing is achieved through standard product features with minimum manual intervention and less chance of error.”

Abdullah S. Al Sharif,
General Manager, Finance and General Administration, Farabi Petrochemicals

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enable you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of

a learning curve for your people, so they can get up and running quickly and focus on what’s most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial,

customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics

For more information, contact askus@infosys.com



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