

 infor

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 PHITOMAS

CASE STUDY

Engtek establishes manufacturing innovation and resilient execution with SyteLine

As a world-class supplier of industrial products, Engtek designs and manufactures key components for multinational corporations. Engtek has attained global recognition as a manufacturing powerhouse devoted to excellence and innovation in quality products and services, with an uncompromised guarantee for total customer satisfaction. Through progressive installations of state-of-the-art machinery, Industry 4.0 technology, and productivity initiatives, Engtek Group is committed to delivering world-class quality and cost-effective solutions.



Industry

Industrial Manufacturing

Employees

1,300

Infor product

Infor SyteLine®

Revenue

270 million Ringgit (2021)

Website

engtek.com

“ With Infor SyteLine, the components currently in production and their status are always known to us. We saw a major improvement in our cash conversion cycle, which was substantially shortened by forty percent.”

SEAN SOO KAH WAI
CFO

Engtek grows its business across the United States, South America, Europe, and Asia with Infor SyteLine

Amid surging orders and the need to manage workflows across multiple manufacturing plants in Southeast Asia, Engtek needed a new ERP system to support its next phase of growth. Infor® SyteLine was selected and deployed in 2011 to simplify and automate its manufacturing processes.

“Where previously one machine would be attended to by an operator, the same operator can now handle a minimum of five to six machines today,” says Sean Soo Kah Wai, the CFO of Engtek. Given the hundreds of machines that Engtek operates, this represents a quantum leap ahead in efficiency.

Newfound visibility into production

“We had so many difficulties tracking the flow of parts across the shop floor in the past. With Infor SyteLine, the components currently in production and their status are always known to us,” observed Sean.

The benefits are not limited to tracking progress on the production floor. Inventory status is now instantly accessible while the accuracy of stock data was significantly improved. Sean added, “All the data we need is immediately available for analysis to further improve our efficiency and production output.”

The SyteLine implementation for Engtek was deployed by Phitomas Sdn Bhd (Infor business partner), which played a pivotal role in the integration work and ensuring that all requirements are met. According to Engtek, Phitomas excelled with their knowledge and responsiveness at each step of the way.

“ With SyteLine, we can review real-time sales and inventory figures in terms of invoice generated with auto AR posting and the current inventory level. There is total transparency at every level of our organisation for greater production efficiency, sales target tracking, and collection tracking.”

SEAN SOO KAH WAI
CFO

Businesses challenges

- A new ERP was needed to support the rapid growth of Engtek.
- There was no single system to manage the workflows of hundreds of machines across multiple sites.
- Shop floor productivity and progress of work-in-progress goods were opaque to management.

Improved cash conversion cycle

“We also saw a major improvement in our cash conversion cycle, which was substantially shortened from the historical average of 120 days to a mere 70 days,” said Sean. This achievement was attributed to several factors linked to the deployment of SyteLine.

For a start, the automation of various processes through SyteLine improved the traceability of jobs, in turn shortening the time needed to complete orders. Moreover, the integration of invoicing and financial modules meant that there was no longer a need to manually verify work-in-progress (WIP). Invoices from the sales module will flow to finance, where it can be quickly verified and posted without delay.

As the bulk of expenditure at Engtek revolves around the purchase of raw materials under cash terms, the shorter cash conversion cycle gave Engtek greater business flexibility and kept borrowing to a minimum. Indeed, the improved cash position allowed Engtek to fully pay off the bank loan taken for its privatisation in just five years—three years ahead of schedule.

Greater accuracy and transparency

“Apart from financial data, we can review the real-time production output and machine utilisation with a simple bar code scan of the job order. There is total transparency at every level of our organisation for greater production efficiency,” said Sean.

Another benefit of automation is the ability to get back to customers with timely, accurately costed quotations. Though all quotations are still vetted individually by finance, erroneous quotes are minimised, which given the large orders that goes to Engtek, is hardly trivial.

“I think a good ERP such as SyteLine is vital for our organisation. If we are still using an older generation of ERP system, I don’t think we will be able to manage the current volume, drive our profitability, and shorten our cash conversion cycle as well,” summed up Sean.

Business results

- One operator now manages up to six machines, a 600% improvement.
- Saw a 40% reduction in cash conversion cycle.
- Proper production planning with ability to track sales, inventory, and AR in real time.

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INF-2721016-en-US-0622-1