

Exploit Technology runs worry-free ERP on System i

Exploit Technology Co. Ltd, Taiwan's leading manufacturer of LCD backlight module diffusion and reflector sheets as well as hybrid optical films, sells its products to backlight module manufacturers around the world. To meet its growth and revenue targets, Exploit Technology replaced its outdated IT infrastructure with an IBM System i 520 server running the ARTS ERP system from LANSA Partner, Innatech Co. Ltd.

Innatech's Visual LANSA-based ERP software was selected after an extensive evaluation and the company also stood out for its ability to meet Exploit Technology's tight implementation schedule, with experts skilled in IT technology and relevant industry experience. The system was implemented in only eight months and as well as streamlining daily operations, its accuracy, scalability and integrated modules have paved the way for public listing initiatives for this rapidly expanding company.

The Challenge of Rapid Growth

LCD backlight module diffusion and reflector sheets are key components in a wide range of modern electronics products, including laptop computers, monitors, TVs, cell phones, digital cameras, PDAs and lighting devices. In the past, Taiwan-based manufacturers were limited to the cutting of diffusion sheets imported from Japan and Korea. Since Exploit Technology started its operations in 2002, Taiwan now provides a more complete and competitive service.

Initially, Exploit Technology had only one factory in Luju, Taoyuan County in northwest Taiwan. The company's manufacturing base soon expanded to another two plants in Nankeng, Taoyuan, with three assembly lines producing a total of around 3.6 million

15-inch panels per month. Along with a branch office in Tainan for clients in southern Taiwan, another plant was recently launched in Tashi, Taoyuan, along with opto-electronics plants in Suzhou and Ningbo in China.

In the early stages, Exploit Technology refrained from a large investment in its ERP system. "At the beginning, we ran a suite of ERP solutions with production and sales modules for financial management," said **Michael (Bao-chung) Lin**, vice general manager at Exploit Technology.

"The suite's functions and capabilities were rather limited and lacked integration. The individual components ran independently, as if they belonged to two different systems."

"When our company's growth picked up momentum, the ERP system not only



could not provide the support we needed for business expansion, it also became one of our challenges in operations."

"The system was implemented in only eight months."

There were three major problems with Exploit Technology's original IT system. The first was its inability to meet business growth as the lack of adequate reports from the system forced users to keep track of data in Excel or Word documents. This caused delays and the uncoordinated process also led to problems as serious as negative inventory balances. Inconsistencies in information held in various places made it even harder for the company to pinpoint where the mistake came from.

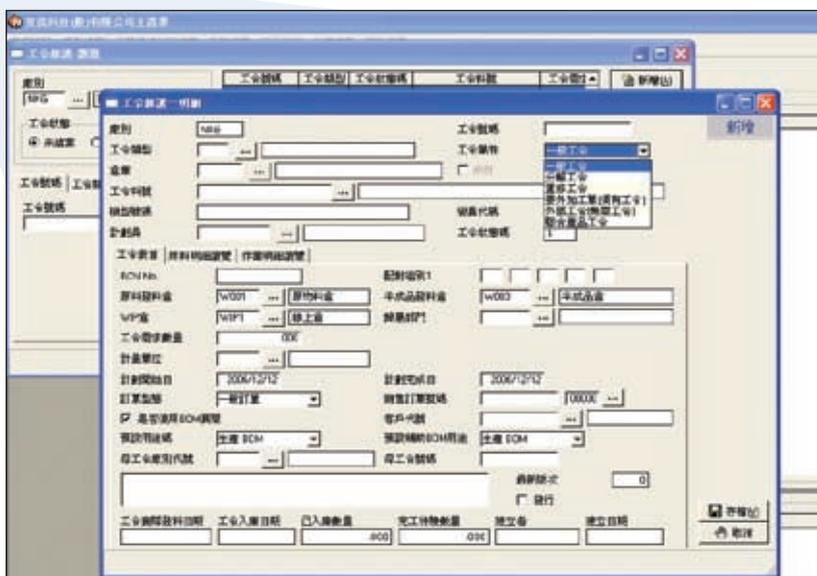
Secondly, frequent system errors and sluggish performance put end of financial period reporting several months behind schedule. The branch office in southern Taiwan had to mail all the documents to the home office for data entry and consolidation, which not only required twice the staff but also generated potential security problems.

And finally, the front-end production, selling and inventory system were not integrated with the back-end financial systems. The financial department had to re-key all the financial data provided by the front-end staff which was labor-intensive and lacked adequate quality control. Costs were also calculated manually in Excel, which was time-consuming and a further strain on the staff.

According to Lin, negative inventory was the most unacceptable problem. "Our shareholders might accept a negative revenue balance in the beginning, but they needed to know where we were losing money," said Lin.

"There had to be a clear and accurate balance sheet. When we saw the reports from the old system, we couldn't even convince ourselves they were accurate."

Knowing business was about to take off, continuing with the old ERP system was bound to bring forth even more challenges. Exploit Technology's management decided to implement a new ERP system and undertook the mission focused on consolidating internal processes and enhanced operational efficiency. The new system was also crucial to pave the way for future public listing of the company. →



Innatech Co. Ltd, the 2004 LANSA Asia Pacific Partner of the Year, provides cross-industry IT services and eBusiness solutions including the Visual LANSA-based ARTS ERP.

Ready to Kick Off

The project had an extremely tight deadline of only eight months from the kick-off meeting to the system launch date.

The company received briefings from five ERP solution providers and consulted with other companies in the electronics industry with similar IT experiences, before choosing IBM System i and Innatech's Visual LANSA-based ARTS ERP solution.

"We did not select Innatech's offering for the price, it was by no means the cheapest package we reviewed. What we needed was a vendor that could meet the demanding project schedule, while at the same time having comprehensive implementation experience," said **Martin (Chung-nan) Shih**, financial department manager at Exploit Technology.

Exploit Technology also has confidence in IBM System i – the server underlying the ERP system – its stability provides the low-maintenance and worry-free application environment that Exploit Technology sought.

IBM System i provides a highly secure infrastructure that frees the management team from the concerns of potential information leaks and IT administrators from the hassles of countering virus attacks.

"When we found out from the client that, along with their tight project implementation requirements, its IT infrastructure needed to be both secure and highly scalable to support future business expansion plans, we knew instantly that IBM System i would be the best option," said **Jennifer (Jingyuan) Lin**, sales manager of Innatech.

"Exploit Technology was pleased to know that the ARTS ERP solution would run on IBM System i, and they were very happy with the results after the system went live."

Focusing on Core Business Values

"Is there a cheaper package or server?" is one of the questions companies usually ask when offered a solution with IBM System i as the underlying infrastructure. Such was not the case with Exploit Technology.

"Our goal was clear," explained **Kevin (Yong-da) Chen**, planning department engineer at Exploit Technology. "We wanted to complete



As a leader in backlight technology in Taiwan, Exploit Technology plays an important role in the electronics manufacturing industry and is well recognized by investors.

the implementation on time and have accurate balance sheets, without the need for extra staff to maintain the server."

In addition to Chen, who is in charge of the new system, there is only one IT administrator responsible for the maintenance of the server.

"The operation and maintenance of the IBM System i was easier than we expected."

"Overall, the operating system, database and development tools of IBM System i and LANSA have effectively reduced IT infrastructure complexity," said Chen.

High System Scalability

Exploit Technology's new ERP system successfully met all expectations and addressed the problems in the old system. The company can now produce its business reports on time with up-to-date revenue and cash on hand figures. The new ERP system has also paved the way for future public listing initiatives.

The IBM System i plays a key role as the engine of Exploit Technology's daily operations. Lin considers the adoption of IBM System i520 as a means to safeguard the company's investment.

"The IBM System i and LANSA have effectively reduced solution complexity."

"With IBM System i520's strong scalability, we have capacity to spare. We plan to implement more B2B applications in future, which will also run on the same server," concludes Lin.

Price and platform are often seen as the main factors that companies take into consideration when implementing a new solution. However, whether an IT solution vendor has the capability to help its client adopt a solution with long-term vision and provide good total cost of ownership (TCO) may be the real driver that clinches the deal.

After all, the success of an IT system lies in its ability to let a company focus on its core business values instead of its IT infrastructure and this has certainly been exemplified by Exploit Technology's ERP project. ■

COMPANY AND SYSTEM INFORMATION

- Exploit Technology Co. Ltd, established in 2002, is Taiwan's leading electronics manufacturer of LCD backlight module diffusion sheets, reflector sheets and hybrid optical films with a capital of NT\$400 million. The company's products are sold to backlight module manufacturers around the world and are key components in a wide range of consumer electronics products, including laptop computers, LCD monitors, cell phones, digital cameras, PDAs and lighting devices. For more information visit: www.exploit.com.tw
- Exploit Technology uses a single IBM System i520 for its internal ERP operations and B2B transactions with its partners.
- Innatech Co. Ltd, based in Taiwan was 2004 LANSA Asia Pacific Partner of the Year and provides cross-industry IT services and eBusiness solutions including the Visual LANSA-based ARTS ERP. Customers include Everlight Chemical Industrial Corporation, China Container Terminal Corporation, Double Crane and Chunghwa Picture Tubes, one of the world's largest manufacturers of computer displays for Compaq, HP, IBM and other leading computer companies. For more information visit: www.innatech.com.tw
- This case study was originally published in IBM Systems Magazine, i5 Business Systems, December 2006 Asia Pacific Edition.