Somnopro Group

Faster response to customer orders helps to grow revenues and boost business volumes by 15 percent

Overview

The need
Furniture manufacturer Somnopro Group realized that it needed tighter control over logistics to meet customer demand for faster delivery – otherwise, it would risk losing out to more agile competitors.

The solution
Somnopro Group worked with IBM® Global Business Services® to deploy Oracle JD Edwards solutions, providing a robust platform for strengthening logistics and rapidly fulfilling customer orders.

The benefit
Somnopro Group plans to accelerate delivery timeframes by up to 92 percent, improving customer satisfaction and competitiveness. This is expected to contribute to a 15 percent boost in annual growth.

Somnopro Group is one of the largest mattress makers in China, and produced the country's very first spring mattress in 1971. The company currently operates seven manufacturing centers and more than 1,300 retail outlets throughout China, producing mattresses, bedding and other furniture products for both domestic and international markets.

Meeting modern consumer demands

Over the years, Somnopro Group has established itself as the go-to choice for consumers in China. Maintaining this market-leading position has not been without its challenges: as competition intensifies and customer expectations increase, Somnopro Group realized that it had to modernize operations to keep pace with the demands of today's market.

A core concern was ensuring that orders reached consumers in a timely fashion – no easy task when Somnopro Group serves a customer base that stretches across the length and breadth of China.

Joining forces with IBM Global Business Services has helped Somnopro Group enhance its reputation. "IBM is well-established in China as a top technology firm. The collaboration between Somnopro Group and IBM has been a big boost to our own brand image, and gives our stakeholders and partners more confidence," says Zhenzhou Chen, General Manager, Somnopro Group.

Solution components

Hardware
- IBM® Power® 550
- IBM System Storage® DS4700

Software
- Oracle JD Edwards EnterpriseOne
- Oracle Database 10g

Services
- IBM Global Business Services®

Zhenzhou Chen, General Manager of Somnopro Group, explains: "In China, most customers expect to wait no longer than 72 hours for an order to be delivered. However, with our existing logistics network, the fastest we could deliver products was between three to four days and, in some cases, it could take as long as two weeks to make deliveries to more remote locations. With customers demanding a faster response, we risked being overtaken by more nimble competitors, capable of meeting these tight delivery windows."

To guarantee more timely processing of customer orders, Somnopro Group wanted to expand the reach of its production network by opening new factories, ensure that it was manufacturing the right amount of each product at the right location, and orchestrate the logistics process to ship orders in time.

Achieving this required clear insight into all aspects of operations and tight integration between different business functions. Yet without an easy way of monitoring and managing group-wide activity, Somnopro Group struggled to provide decision-makers with the information they needed to shape an effective manufacturing and distribution strategy.

Picking the right partners

Somnopro Group set out on an ambitious project to overhaul manufacturing and logistics operations, selecting Oracle JD Edwards EnterpriseOne as the key enabler of this change effort. This decision was driven by the solution's competitive cost of ownership and tight integration.

Having chosen the technology to drive its business transformation, Somnopro Group's attention turned to finding a partner that could expertly guide the implementation. This search led the company to IBM Global Business Services.

Zhenzhou Chen comments: "This was completely new territory for Somnopro Group – in the past, we mostly used computers for simple administrative functions like email, so making the move to an enterprise resource planning [ERP] solution was a huge leap forward. We were looking for a partner with strong experience and international reach – and IBM Global Business Services offered us this winning combination.

"Not only did the IBM consultants demonstrate a deep understanding of the Oracle software and a good track record of managing similar projects, they also had solid knowledge of the manufacturing industry. All of this convinced us that IBM would be able to deliver a best-of-breed solution that was adapted to our unique needs."

> *"Nearly every part of the business relies on the data generated by the Oracle applications, whether it is for planning activities, making decisions or preparing reports and forecasts."*
>
> — Zhenzhou Chen, General Manager, Somnopro Group

Running a better business with Oracle and IBM

Together with IBM Global Business Services, Somnopro Group designed and deployed a unified ERP platform from the ground up, built on a suite of Oracle JD Edwards EnterpriseOne applications, including Financial, Distribution and Manufacturing modules, and supported by Oracle databases.

With Somnopro Group's entire business running on Oracle solutions, it was essential for the company to ensure top levels of performance and availability for the new application suite. Any delays in accessing applications could prevent staff from obtaining the fast insight they need to ensure the smooth running of operations.

To provide a robust foundation for the JD Edwards applications, Somnopro Group implemented two IBM System x servers. An IBM Power® 550 server supports the underlying Oracle databases, and the company uses IBM System Storage® DS4700 to deliver scalable, high-performance storage at a low total cost of ownership.

"Running Oracle applications and databases on IBM Power Systems and System x servers provides us with a high-performing, reliable platform for getting the most out of our computing resources," says Zhenzhou Chen. "And the IBM System Storage solution provides high data availability and powerful backup capabilities, ensuring that business information is readily available around the clock."

"With a broader, better-run logistics network, we anticipate reducing the time taken to deliver customer orders to 24 hours or less – up to 92 percent faster than before."

— Zhenzhou Chen, General Manager, Somnopro Group

Managing change

Alongside the software and hardware implementation, IBM Global Business Services provided crucial change management support to help Somnopro Group restructure its business processes and adapt to the new ways of working.

Zhenzhou Chen recalls: "We are a traditional company, and naturally we faced some resistance when we started to introduce new systems and processes. It has been difficult at times to get people to understand the reasons behind the change and adapt accordingly. Drawing on IBM's best practices and experience is helping us transform mindsets and help people accept the new ways of working."

Beyond introducing new technology and processes, the project has brought about a number of changes to the organization itself. Somnopro has established a central department for organizing manufacturing and planning, and set up a new team that meets every week to forecast future trends and review the performance of different product sets.

Driving better decision-making

With its integrated Oracle application suite, Somnopro Group has standardized business processes and gained a unified view of enterprise-wide information. Employees can now work more effectively and make more informed decisions, helping the business run better.

"Our business processes and organizational practices have changed significantly since the IBM and Oracle solutions went live," remarks Zhenzhou Chen. "In the past, we had no easy way of accessing information on group-wide activity, and data did not play a big role in day-to-day operations. Today, all of that has changed – nearly every part of the business relies on the data generated by the Oracle applications, whether it is for planning activities, making decisions or preparing reports and forecasts."

"Better operational insight allows us to make much more informed decisions about running the business. For the first time, we can accurately track metrics like production capacity, inventory levels and market demand. Having solid information allows us to approach the board with more confidence when it comes to proposing new ventures – for example, with deeper insight into trends and demand in different regional markets, we can better predict the best locations to build new manufacturing facilities."

> *"Both our revenues and profit margins are showing healthy, year-on-year growth – and we believe much of that can be attributed to the IBM and Oracle solutions."*

— Zhenzhou Chen, General Manager, Somnopro Group

Expanding the business

With its business now unified on Oracle solutions, expertly deployed by IBM Global Business Services and supported by rock-solid IBM technology, Somnopro Group has the solid foundation it needs to drive further improvements to its logistics network.

Zhenzhou Chen explains: "Our ultimate goal is to build up a more extensive logistics network that links with our major distributors and retail centers to enable much faster product delivery. Having a unified and standardized technology platform in place is the first step to achieving this, as it provides us with the accurate, group-wide insight we need to make smart decisions about how to optimize logistics. With a broader, better-run logistics network, we anticipate reducing the time taken to deliver customer orders to 24 hours or less – up to 92 percent faster than before."

Sharpening competitive edge

Unprecedented operational insight and control is helping Somnopro Group to run a more efficient, profitable company, cementing its leadership position in the industry.

Zhenzhou Chen concludes: "Both our revenues and profit margins are showing healthy, year-on-year growth – and we believe much of that can be attributed to the IBM and Oracle solutions. The new platform is helping us control costs and increase efficiency of manufacturing operations, while giving us the insight we need to win new customers and capture greater market share. As a result, we are well on track to grow total business volumes by 10 to 15 percent in 2014."

For more information

To learn more about IBM and Oracle solutions, contact your IBM sales representative or visit: **ibm.com**/solutions/oracle