

**Goals:**

- Take ERP in-house to reduce costs, improve security, and extend ERP benefits
- Coordinate front- and back-office operations
- Support a model of continuous business development
- Improve access to information from around the organisation

**Challenge:**

- Integrate financials across an organisation of five business lines
- Manage engineering requirements emerging from continuous product improvements
- Meet a rapidly encroaching deadline

**Solution:**

Cincom CONTROL<sup>™</sup> and CONTROL Financials

**Key Results:**

- Full implementation and training in nine months
- Improved decision-making and reporting capabilities
- Streamlined financial operations
- Better communication across departments
- New capabilities to address future opportunities

# Benefits from Cincom's ERP Solution Echo Even to Sonar Manufacturer's Back Office

Cincom raises the bar on flexibility, integration, and future functionality at Thales Underwater Systems

**Situation:**

Thales Underwater Systems was created in 1996 with the merging of Thomson Sintra Pacific and the sonar activities of GEC-Marconi. With a turnover of more than AUD\$110 million, the Sydney-based engineering and manufacturing company employs more than 500 people in designing and manufacturing underwater sonar equipment for defence, and such civilian applications as offshore oil exploration.

Although TUS had previously outsourced its Enterprise Resource Planning (ERP) system to a service provider, they now wanted to take the system in-house, but with full functionality, and before the year was out.

"The initial catalyst was Y2K compliance," said Peter Quinlan, Operations Director for TUS. "The ERP outsourced to the service provider was not compliant, and we felt improvements to that system would be excessively costly and not a good investment anyway, as the system had other limitations."

Moreover, TUS needed to blend its back-office activities with those in the rest of the organisation. Linkage among various TUS units would give its financial staff a better picture of the organisation's overall performance and allow them to create more meaningful reports.

Beyond these strategic motives, TUS wanted to reduce the cost of ownership, improve security and extend the ERP benefits.

On the financials side of the business, Management Accountant Troy Vegvari had known the difficulties in preparing reports with outdated information. Plus, "we also wanted something that would enable us to continue doing our current activities, while at the same time allowing for future uses. And we wanted something that would give us an easy path to information from around the organisation," Mr. Vegvari said. "Extracting information from our previous system was cumbersome and it needed a great deal of IT administration."

## Enter Cincom

Cincom approached TUS in 1999, just as the company was choosing an ERP provider from a short list of other major vendors. "By the time we talked to Cincom about bringing the ERP in-house ... we were highly educated, sceptical customers," said Mr. Quinlan.

"Ours is not a conventional manufacturing operation," explained Mr. Quinlan. "We manufacture very complex products and we approach each product as a mini-project in itself. We might work on up to 100 projects, of varying scale, at any one time and these are spread between five separate business lines. To some extent, these business lines operate as sub-businesses in their own right, with their own personnel, resources and budgets."

Besides anticipating 2000, TUS identified four main reasons to change the ERP system and bring it in-house:

- A more cost-effective solution that ended its dependence on an outside service
- Security enhancement by taking the system in-house
- An end to the "islands of information" that resulted from disparate business systems
- More accessible and timely analysis of information

*"We always need to get the maximum performance out of our very high-tech products, and that can mean frequent high-tech change, often on a large scale."*

Rapid implementation was imperative to beat the immovable Y2K deadline. Strategically, the company sought increased capability to support new initiatives and continuous improvement of its business processes.

Engineering change control was another concern.

"Our customers expect us to improve our products continuously," explained Mr. Quinlan. "We always need to get the maximum performance out of our very high-tech products and that can mean frequent high-tech change, often on a large scale." The new ERP system had to be flexible enough to support the culture of change that arises from constantly looking for ways to improve products. This meant coping with unusually deep bills of materials and with complex tracking of serial numbers of the numerous components within products – two capabilities offered by Cincom CONTROL.

Finally, "We do a monthly close, with our reports output by the fourth working day, with the next two days for management reports," said Mr. Vegvari. "Previously most of this time would be spent compiling the reports."

## "An Hour of Hell"

Giving the Cincom representatives one hour to acquaint themselves, Mr. Quinlan was impressed by the company's obvious understanding of his business needs and its experience in handling complicated aerospace and defence industry operations.

"I gave Cincom an hour of hell at that meeting, but they demonstrated real knowledge of this type of business," said Mr. Quinlan. "They made it clear their product would work for us."

Co-ordinating the design and technical implementation of the ERP system for TUS was Business Systems Manager Malcolm Boadle. For Mr. Boadle, the key to ensuring that the ERP was both functional and used widely was by having personnel responsible for the key business areas take ownership throughout the selection and implementation process.

"Our team of 'shirt-sleeves managers' knew they had a vested interest in making sure the system met their particular requirements," Mr. Boadle said. "They were tasked with satisfying themselves that the system would help execute their particular duties and effectively run our business."

Mr. Vegvari summarized the decision: "When we were conducting our technology assessments, we looked at a number of systems, including SAP® and Oracle®. We chose Cincom because of its price and the package of capabilities it offered, and the fact that it best suited our business requirements. It was also reassuring to know that other businesses in similar areas to us were using Cincom."

## The Big Bang Implementation

A team of Cincom and TUS personnel completed the initial installation of the ERP suite of finance, manufacturing and engineering applications in October 1999. Cincom achieved a "big bang" style of implementation, taking the new system online as the old system went offline, thus allowing TUS to save money by terminating its outsourcing arrangement as soon as possible. "The implementation was very quick for an operation of our size – about 8-9 months, including training," Mr. Vegvari said. "We had a tight deadline and Cincom came to the party and met it. The Cincom people were excellent; they were quick, professional, answered our questions and were obviously well-trained."

"We have certainly improved our decision-making and reporting capabilities," said Mr. Quinlan. "For instance, we recently had a corporate restructure. Getting the necessary in-depth reports from the service provider would have been very difficult and time-consuming; the CONTROL system enabled us to access the required data without needing additional resources."

"CONTROL is definitely a step forward from our old system," Mr. Vegvari agreed. "It's a full ERP system, covering manufacturing, projects, purchasing, automatic ordering, as well as accounts payable, accounts receivable and general ledger. It has consistent Windows®-based screens that we all feel familiar with, which has resulted in more efficient training. CONTROL:Financial™ in particular is very logical. It works very well for accountants."

"Our financial operations now are a lot more streamlined," Mr. Vegvari added. "CONTROL Financials provided easy access to its data to enable us to generate the reports we needed. Now they are automatically produced so we can spend more time analysing the results."

"As far as the integration is concerned, most of the information flow is from the operations side to financials, straight into the general ledger," Mr. Vegvari said. "There's no unnecessary entering of information, no carrying numbers across. It's a lot more streamlined."

## "An Exemplary Result"

"These comments are understandable," said Paul Hargreaves, managing director of Cincom's Australia/New Zealand operations. "CONTROL Financials was actually created by accountants. It was designed specifically to provide users with high-integrity financial information, and fail-safe linking to external feeder systems and integration with other CONTROL modules to provide accurate and up-to-date financial data."

Mr. Boadle cites greatly improved interdepartmental relations as a significant benefit of implementing Cincom CONTROL, saying the selection process opened up strong lines of communications that still exist between personnel in different departments.

"All up it was an exemplary result in terms of achieving our goals and value for money," said Mr. Quinlan. "Cincom has provided a more cost-effective solution that gives us better integration of information, increased flexibility and more streamlined financial processing. The improved access to information enhances our decision-making capabilities."

"Future capabilities we are considering include a bidding and estimating tool, after-sales repair facilities and some of the new web-based tools being developed by Cincom," said Mr. Quinlan. "The Cincom system was a good solution in terms of serving our primary engineering and management needs and because it is an evolving system, we are confident it will develop with us."

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