

WITH BUSINESSOBJECTS, TOSHIBA GAINS AN EDGE IN THE CONSUMER ELECTRONICS RACE

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Stephen Marlow, executive VP, Toshiba America Electronic Components, Inc.



Industry
Manufacturing

Business Pain
Toshiba needed additional support for data-driven decision-making, key to its Six Sigma initiative to improve processes, product development, and competitiveness.

Why Business Objects?
Dashboards and reporting tools access both financial and ERP systems to inform executive and managerial decisions.

Business Objects Products and Services
BusinessObjects XI Release 2

BusinessObjects Data Integrator

BusinessObjects Dashboard Manager

BusinessObjects Performance Manager

BusinessObjects Knowledge Accelerator

Business Objects Global Services

CHALLENGE

In few industries is the pace of change as relentless as in consumer electronics. A company producing the latest and greatest cell phone has no time to rest and is typically busy designing and testing future models before the current one is in stores. For consumer electronics manufacturers worldwide, this is a common story. To win the race to provide market-leading products, many of the best manufacturers work with Toshiba America Electronic Components, Inc. (Toshiba), designer and builder of high-quality electronics components for product manufacturers worldwide.

Just like its customers – and in collaboration with them – Toshiba must constantly innovate, producing more powerful and versatile products faster than competitors. Core to the company’s strategy is its Six Sigma program, which focuses on transforming the company through a customer-centric, data-driven corporate culture that continuously improves business processes and rapidly develops new products and services in response to customer needs.

Toshiba’s existing data systems couldn’t furnish the data-driven, decision-making environment core to the Six Sigma methodologies integral to Toshiba’s business processes. “We had to go to too many data sources, and we didn’t have a single version of our data,” explains Stephen Marlow, executive vice president at Toshiba America Electronic Components. “At the same time, we were going through a major upgrade of an Oracle enterprise resource planning (ERP) system. We had a choice – upgrade what we were already using or transform our business with a business intelligence (BI) solution.”

Toshiba decided to invest in a comprehensive BI solution for easy-to-access, up-to-the-minute data and analytic information. “We deal with a fast-growing global market, and we’ve tripled our business over the past three years,” says Marlow. “We intend to keep doing that without expanding our employee base significantly, so we need to help employees work smarter by giving them the information they need – when they need it, and how they want to see it.”

APPROACH

Toshiba realized a comprehensive solution through the expertise of several vendors, including BI from Business Objects, an SAP company, and financial planning tools from Percentix, a Hyperion partner. Malcolm Wood, director of business analysis and strategic planning at Toshiba, says, “For our BI solution, we chose to focus on the architecture of the infrastructure to give us a foundation for growth, and then developed solution sets on top.”

Toshiba wanted to use best-in-class tools. “For us, that meant Business Objects for our BI capabilities and Percentix for our budgeting and planning tools,” says Wood. “Only Business Objects could integrate all our data across both systems and deliver the reporting we needed.” As its BI base, Toshiba implemented BusinessObjects™ XI Release 2, a complete suite of performance management, information management, reporting, and query and analysis tools. The company’s solution includes BusinessObjects Data Integrator, BusinessObjects Web Intelligence®, BusinessObjects Performance Manager, and BusinessObjects Knowledge Accelerator for Web-based learning and support service.

Business Objects Global Services was integral to deploying Toshiba's data management, reporting, and analytics platform. Global Services experts included a project manager and BI specialist to help integrate Toshiba's various data sources. "The Business Objects Global Services team was key to our success in implementing a solution that matched our vision," says Wood. "They helped us resolve issues that arose, dealing gracefully with multiple shifts in priorities and requirements. They also helped with timing during different stages and hand-offs between groups."

Business Objects solutions enable Toshiba to tie data from its ERP and online analytical processing (OLAP) systems into a data warehouse – delivering a single source of data for both financial and business-side reporting. "They say invention is 90% perspiration and 10% inspiration," says Wood. "For us, putting together the data warehouse was the perspiration part. Now we are benefiting from the inspiration we get from BI."

The Business Objects solution provides Toshiba executives accurate near real-time measurements of the key performance indicators (KPIs) related to their initiatives. Executives can access and mine data to look for exceptions that alert them to risks and opportunities to increase sales or profitability. All this data is dynamic, and with BusinessObjects, each division tailors views of data, filtering out what's not directly relevant to help focus on a particular area – whether that's bookings, inventory levels, or cash flow.

The new BI solution helps decision-makers see, for example, if sales of one particular semiconductor are growing more rapidly than expected. If so, it's time to call the customer and get an understanding of projected sales, and to make plans to ensure production tracks demand. If analysis shows that a semiconductor has more potential than a similar model, executives start thinking about opportunities to promote it as an alternative to customers. The new system also provides better insight into predicting business patterns, such as the typical demand cycle for a type of product.

In addition to serving executives, the Business Objects solution delivers information to the business operations teams and even customers. Before implementing BusinessObjects, line managers relied heavily on Excel spreadsheets that had been manually updated with supply data, inventory turns, and classified inventory. Using BusinessObjects, staff now has insight into what's going on, checking current inventory levels and inventory turns to pinpoint the products for which they should carry the most inventory. Toshiba tracks production against promised ship dates, finds out which inventory is where, and responds to customer queries. Because the Business Objects solution is fully integrated, if users notice a spike or a drop – for example, in inventory of a given product – users can drill into the system to see what else is going on that might be related to the event.

RESULTS

"At Toshiba, we want to make IT stand for *innovation* technology, so our objective is to look at the entire spectrum, and make each of our processes world-class," says Marlow. "All over the organization, Business Objects helps transform our business by giving us insight into data that impacts product development, inventory levels, and delivery schedules."

For instance, like most high-tech companies, Toshiba needs to keep a close watch on its cash cycle – the time it takes to get from paying to receiving money for the product. "It's hard to change something, or prove that you've changed it, if you can't measure it," says Marlow. "BusinessObjects delivers the metrics we need to see how we're doing, so we can tweak our business to improve the cash cycle or inventory levels."

Another example of the power of timely information is Toshiba's migration of its sales representatives' balanced scorecard from Excel to Business Objects dashboards. "Now our reps can log on and get insight into how well they're doing across a series of variables," says Wood. "This provides management measurement of activity across direct sales and through distribution channels, which helps us fine-tune our pricing and production strategy for optimal profitability. But maybe even more significant is the motivation this provides our reps. The

scorecard information drives them to try even harder, showing them exactly what they need to do and when they need to do it, in order to reach targets that offer additional rewards.”

Going forward, Toshiba needs to take advantage of every opportunity for greater operations efficiency. Already BusinessObjects is helping Toshiba's staff identify those opportunities by providing an integrated view of the company and systems that reveals relationships across different areas. But Toshiba plans to leverage BusinessObjects even further – sharing BI capabilities with customers and suppliers to differentiate itself through closer relationships and greater commitment to mutual success.

Opening up access to relevant data to suppliers and customers utilizing Toshiba's BI capabilities makes sense in today's business environment, in which Toshiba might be working on a product that involves a design house in the United States, a contract manufacturer in China, and a service house in Canada. All parties need timely information on customer demand, design progress, and manufacturing capacity. When it might take 12 weeks to manufacture a product, accurate, relevant, and timely information is key to ensuring expectations are met.

“We and our customers and suppliers want the latest information on progress against lead time goals, accounts receivable, work we have in process, and if there are price agreements or a need to renegotiate,” says Wood. “We envision management dashboards that use data from our supply base and our customers, so we can all manage towards our mutual goals in a more cooperative way. It's a collaboration in which we work together and share information at every step of the way, from the initial design stages all the way through to the products on the shelves.”

Wood also looks forward to the value that SAP can add to the Business Objects solution. “We believe SAP has a good focus on market segmentation. Going forward, we hope to tap that expertise to help us further our own unique proposition,” he says. “I'm looking to SAP to enhance our current approach with an even sharper edge on predictive analytics and market-specific solutions.”

InfoWorld recently recognized Toshiba's BI system as one of the Top IT projects of 2007, for the use of technology & innovation towards the pursuit of business goals.

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