



АГРИСОВГАЗ
ИНДУСТРИАЛЬНЫЙ КОМПЛЕКС

Customer: Agrisovgaz
Website: <http://agrisovgaz.ru/>
Customer Size: 1,800 employees
Country or Region: Russia
Industry: Manufacturing
Partner: AFM Consulting
Website: <http://afmconsult.ru/>

Customer Profile

Agrisovgaz is a Russian industrial complex with over 20 years' experience working in compliance with international standards. It includes steel and aluminum structural plants, two conventional galvanizing plants and a manufacturing plant for steel and aluminum greenhouses.

Software and Services

- Microsoft Dynamics
 - Microsoft Dynamics AX

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Industrial Complex Automates Finance, Logistics, and Production

"Thanks to the ERP system, we have the opportunity to do cost planning and analysis per product unit, instead of per ton or group of products as we did before."

Dmitriy Kolbichev, CEO, Agrisovgaz

The AFM Consulting Company implemented financial, logistic and production Microsoft Dynamics AX modules at the Agrisovgaz Industrial Complex. AFM Consulting experts automated all key business processes: tax and management accounting, treasury, budgeting, inventory management, sales, manufacturing quality and production control. The new system provides control, flexibility and transparency for activities at the company's six business divisions.

Business Needs

Since the Agrisovgaz Company was acquired by Stroygazconsulting, the largest, most powerful construction group in Russia, the owners took certain steps to improve controllability of the acquired business.

Initially the company used a boilerplate method for cost calculation, which didn't yield separate financial results for each particular kind of production. The primary cost structure was not transparent due to an outdated cost accounting method among other things. Thirteen different

kinds of record-keeping IT-systems were used, and a significant number of procedures were posted manually, which made accounting difficult and reduced the reliability of routine reporting.

In this situation the company's management decided to divide the business into six divisions. They would all be managed separately; and specific financial results could be determined for each of them. Business process re-engineering couldn't be maintained without developing new accounting methods, along with the implementation



of an ERP system capable of processing required requests.

Solution

After careful analysis and consideration of further growth of the enterprise, ERP Microsoft Dynamics AX was chosen as a platform with many advantages: including flexibility and scalability. AFM Consulting Company, which has specialized solutions and major expertise in business processes for the machine-building and metalworking industry, became a business partner.

The company's experience in management consulting and in tax and management accounting was taken into consideration, since development of a methodology for cost calculation, budgeting and management accounting was one of the project tasks.

Implementation of this project is a strategic step in the important project of creating a modern industrial cluster in the Kaluga Region.

As part of the project, AFM Consulting experts have automated all of the company's key business processes: accounting, tax and management accounting, treasury, budgeting, inventory management, sales, manufacturing quality and production control.

AFM Consulting Company developed a cost-accounting methodology; replacing an abstraction cost model with a direct costing one. They also designed a new methodology for accounting and management records.

The following processes were automated in Microsoft Dynamics AX Production and Master planning modules implementation. This helped maintain a process for information reference on specifications and manufacturing processes for products and services, for planned and actual cost calculation, for operative planning and for production progress analysis and accounting.

The following parameters characterize the scale of the project: multi-user capability – 120; total number of users – over 300; number of items in stock – over 100,000; number of primary inventory documents (bills, acts, magazines, etc.) – over 280,000 per annum; number of warehouses – 205.

The AFM Consulting solution for machine-building and metalworking enterprises has been effectively implemented according to project targets. This solution allows for taking into account the conjoined combination of different industrial engineering models: production-to-order, assemble-to-order, make-to-stock; as well as managing product lines with variable characteristics (length, cover, packing, etc.), including flexible specification settings and the ability to implement different exclusive production-cost methods efficiently.

The project's primary challenge was the necessity to divide the company into several independent business divisions. To realize this goal, options for planning and formation of separate financial results for each business division were carefully designed. The solutions also addressed the issue of information flow management as part of design, engineering training and

operative management.

Benefits

"The project realized by AFM Consulting specialists has great strategic meaning for our company: the implemented ERP system has effectively improved our business. For instance, we have seen reduction of material assets by 8 percent, while providing better inventory management and production planning solutions. Thanks to the ERP system, we have gained the opportunity to do cost planning and analysis per product unit, instead of per ton or group of products as we did before. The system currently provides a basis for online management decisions." - Dmitriy Kolbichev, CEO of Agrisovgaz Company.

"As a result of this project's implementation, we have seen a three-fold reduction in management accounting time. Use of OLAP technologies helps solve problems related to flexible settings for management accounting, which may be set based on different standards. The system for monitoring client orders has become more effective – it now provides us with the option of tracking order status by using a special feature related to order number. Thanks to the Microsoft Dynamics AX implementation, the company has a flexible tool that provides improved management processes within a complex modern enterprise. This has raised the service level for clients and, as a result, increased the business' competitiveness." - Oleg Muratov, Consulting Director at AFM Consulting Company.