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Peter J. Weymouth, B.Sc., and Daniel J. Brody, MBA, MCP, CNS—STEELMAN Software Solutions Inc., Toronto, Ontario.

Realizing the Promise of Information Technology in Steel Service Centers

By Peter J. Weymouth and Daniel J. Brody

A sign on the office wall of a past client's Chief Information Officer proudly declared "I.T. PRODUCED ZERO TONS OF STEEL THIS YEAR." While at first this seemed more sarcastic than helpful, we've come to realize that this statement describes the true role of Information Technology (I.T.) in the world of steel production and distribution. I.T. does not run a service center—it exists primarily as a value-added service, which delivers tools that allow higher levels of efficiency, customer service and control. It is essential that I.T. does not become an impediment to performance improvement and growth.

Unfortunately, a large number of service centers today have yet to realize much of the promise that I.T. offers. Given the tightened purse strings seen throughout the steel and I.T. industries in recent years, many smaller companies have even avoided investing in I.T. at all, or have built homegrown systems to address immediate needs. This approach rarely returns the kind of value a commercial system offers, yet often costs nearly as much (or more) in the long run as obsolescence creeps in and maintenance costs escalate. There is a large gap in terms of capability, total cost of ownership and performance between the tier-one generalists and the established industry-specific specialists. This was the impetus behind the creation of Steelman, which is built entirely on industry standards delivered through the Oracle 9i E-Business Platform.

Recent trends are now bringing once unimagined performance and integration capabilities to the general population at an affordable price. Companies are moving away from yesterday's departmentalized computing environments towards more centralized, standards-based solutions that embrace the Internet. In this paradigm, services such as database, applications, business intelligence, reporting and security, are distributed across multiple low-cost servers that share a single integrated database and single sign-on. Such an environment has the advantage of being highly scalable at a dramatically low incremental cost. Long-term sustainability of the system is also greatly enhanced, as systems are built using standards-based technologies that are widely supported.

Most important, the corporate chaos that was brought about by departmentalized computing can be virtually eliminated by replacing multiple, disparate and often incompatible applications and databases with an integrated system. To successfully improve production and warehouse performance, sales, finance, and operations have to work together. This is easier said than done, since the three groups have different goals and priorities, and may even be considered as separate entities. Years ago, when the pace of business was slower and customer expectations were lower, this separation was acceptable. Now, a great deal of your company's success hinges on how well the finance manager can communicate and work with the sales and warehouse manager.

Taming corporate data and improved tools are also now providing corporations with

unprecedented capabilities to get to the real “business intelligence” hidden away in their database. In the past corporations had to resort to extreme measures to cleanse the raw data across various departments to feed expensive Business Intelligence (BI) tools, and as a result, this capability was rarely exploited. By exploiting BI, service centers can gain insight into sales or pricing trends and relationships that are not otherwise easily identified. No advanced understanding of databases or programming is required. Instead, office and even warehouse personnel can use the capabilities directly, with minimal training.

If you have worked at more than one service center, then you already know that each one is different. Different processes. Different systems. Different problems. Different people. Service centers need systems that can be personalized via business rules to meet their specific needs, without having to suffer the pain and cost of customizing the software. The “portal” is today’s integration focal point. It grants companies and even individuals the ability to manage the corporate information that pertains directly to them through a common, personalized web page with a single sign-on password. Portal-based technologies can also provide a cost-effective bridge to integrate wireless devices, such as cell phones or Intermec Technologies industrial handheld scanners, enabling users to interact with the system in the warehouse / production area, or anywhere in the world.

To help realize this potential, software vendors must become more than just suppliers. The vendor can and should actively participate in the overall success of the implementation long after the software has been installed. By leveraging the distributed power of the Internet-based technologies, technology providers can effectively free the service center from the time-consuming and costly task of maintaining and supporting their software and technology infrastructure, allowing the service center to focus its resources on their core competencies instead of I.T. The vendor can provide either a “your-place” or “our-place” managed solution to relieve some, or all, of the I.T. management burden from the service center.

Modern Metals
© Modern Metals
Phone: 312/654-2300 Fax: 312/654-2323
info@modernmetals.com