

Microsoft Dynamics 365 Integrated ERP Implementation Service

Revamping the ERP systems of overseas group companies with Microsoft Dynamics 365 to ensure reliable global rollout, stable operation, and centralized data management.



Hitachi Construction Machinery, a global manufacturer of construction equipment, generates over 80% of its sales from overseas markets. With support from Hitachi Solutions Group, the company revamped the core business ERP systems of its overseas group companies using Microsoft Dynamics 365 and rolled them out to locations across Asia and other regions. In addition to supporting core operations, the integration of the system infrastructure enabled centralized data management, making it possible to visualize global operations and perform data analysis.

Challenges

Revamping ERP systems for overseas group companies and deploying on schedule across all locations

High-quality deployment and ensuring stable operation post-cutover

Enabling Japan HQ to centrally manage overseas data and promoting data utilization

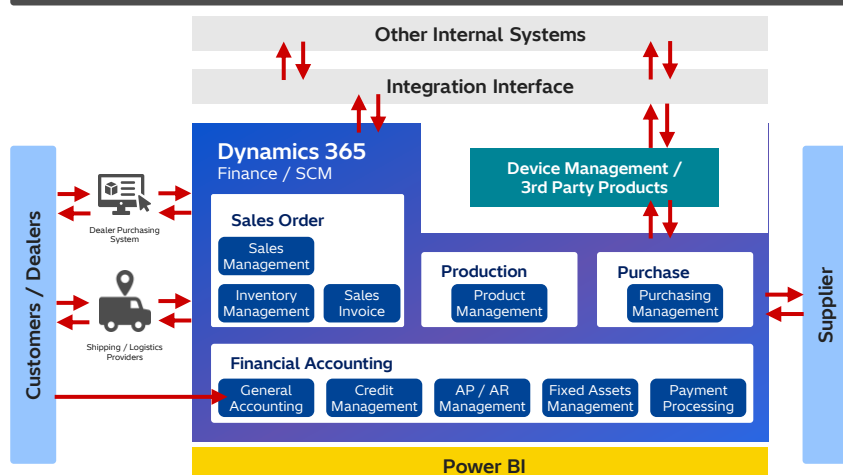
Results

Efficiently deployed to each country using a standardized template, achieved through close local communication

Achieved reliable implementation and stable operations at every site supported by strong technical

Unified data enabled global business visibility and data analysis across all locations

Summary Diagram



HITACHI

Reliable Solutions

Hitachi Construction Machinery Co., Ltd.

Address 2-16-1 Higashi-Ueno, Taito-ku, Tokyo

Founding October 1, 1970

Number of Employees Consolidated: 26,230 employees, Non-consolidated: 5,862 employees

Business Manufacturing, sales, rental, and after-sales service of construction machinery, transportation machinery, and environmental-related products.

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BACKGROUND: Revamping the ERP systems of overseas group companies

Hitachi Construction Machinery Co., Ltd., which focuses on the manufacturing and sales of construction machinery such as hydraulic excavators, wheel loaders, and dump trucks, operates globally. As of the first half of fiscal year 2024, overseas sales account for 85% of the company's total revenue. The company is also actively leveraging IT, with services such as "ConSite," which comprehensively manages information such as the operation and inspection status of customers' construction machinery.

Since the 1990s, Hitachi Construction Machinery has accelerated its overseas expansion, growing its business across Asia, Oceania, Africa, the Middle East, Europe, and North America. As part of this expansion, the company implemented ERP systems focused on accounting and supply chain management (SCM) for its overseas group companies, including dealers and wholesalers. However, in 2015, due to system aging and other factors, the company began considering system overhaul. It decided to adopt a package-based approach and moved forward with product selection.

"It was essential that the system could manage cost and profit information on a per-machine basis, among other necessary functions. In addition, we emphasized the importance of long-term stability and ease of global deployment," said Mr. Onaka, discussing the requirements. The company also had in view the development of a platform that would allow centralized management of data from overseas group companies.

After careful consideration, the company chose Microsoft Dynamics 365. "As a well-established major product with a strong track record, it is well-suited for global expansion because skilled engineers and consultants are readily available around the world. We also felt confident about the long-term continuity of the service. We decided to develop a template at the Japan headquarters and then roll it out sequentially to each overseas site," explained Mr. Onaka.

INITIATIVE: After gaining the trust of the local teams, implementation began

The system construction and global deployment were fully supported by Hitachi Solutions Group, primarily consisting of Hitachi Solutions and Hitachi Solutions Asia Pacific. Mr. Ban explained the reason for their selection: "We trusted their strengths in global deployment. The ability to flexibly cover all regions of the world without being biased towards specific countries or regions was attractive."

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The project began template development and infrastructure design and construction in 2017. “At first, we struggled with designing cloud networks, security, and multi-tenancy, but thanks to the advice from Hitachi Solutions Group, we were able to make appropriate decisions,” Mr. Ban recalled. Mr. Nojiri also mentioned, “Hitachi Solutions Group is well-versed in 'Dynamics 365' and deeply understood the operations of our company and our overseas group companies, which allowed us to systematize without discrepancies.”

The new ERP system, named “IDMS (Importer Dealer Management System),” began its global deployment starting in Oceania in 2018. Representatives from Hitachi Solutions Group joined on-site with Hitachi Construction Machinery to support the implementation.

“When I visit overseas bases, I always make an effort to let project members of various nationalities get to know me as a person first. By becoming ‘comrades who have shared the same pot of rice,’ we foster a sense of unity to accomplish the task together. Hitachi Solutions Group representatives also communicated well with the local employees, which allowed for smooth progress.”, Mr. Nojiri said.

Initially, other vendors were responsible for a country where the schedule was significantly delayed, but Hitachi Solutions Group took over and managed to recover the situation, demonstrating their high recovery capability. Regarding flexibility, Mr. Nojiri expressed trust, saying, “Dealers have slightly different business processes in each country, but they managed to handle everything without any issues.”

Additionally, the close collaboration between the local and Japanese teams, effective governance during implementation, and the skillful tailoring of the system showcased the practical capabilities of Hitachi Solutions Group.

EFFECT: Achieved a global rollout with a level of quality that satisfies even Japanese corporate standards

The global deployment of IDMS was completed at 17 locations as of October 2024. Mr. Onaka shared the following insights:

“The most significant achievement is that we were able to ensure the implementation of quality that satisfies Japanese companies at each overseas location. We have laid the foundation for streamlining business processes across the entire group. It is also remarkable that we were able to increase the number of countries where we deployed without increasing the number of our headquarters team members,” said Mr. Onaka.

After the full-scale operation, we have continued stable operations while utilizing Hitachi Solutions Group's global maintenance service “G-AMO”.

“As a core system that cannot be stopped 24/7, it continues to operate worldwide. Hitachi Solutions Group also considered optimizing our operational support system, including personnel allocation, after the implementation,” said Mr. Ban.

Mr. Nojiri also praised the ease of stable operation, stating, “We didn't face many difficulties during development. The individual capabilities of each member of Hitachi Solutions Group are strong, and their response is quick, so we felt assured.”

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With IDMS, the system infrastructure has been integrated and standardized, enabling the establishment of a platform for centralized management of data from overseas group companies.

“We can now obtain data from overseas locations at the Japan headquarters, making global management visualization possible. Additionally, we are advancing data utilization through BI analysis both at the Japan headquarters and at each location. The overseas locations also have a good reputation,” said Mr. Onaka.

OUTLOOK: Promoting system optimization through the utilization of AI and other technologies

In the future, we will continue to expand the deployment of IDMS to other countries, including Canada. Simultaneously, we will also carry out system expansion and optimization.

“We would like to work together with Hitachi Solutions Group on building a global ecommerce site and advanced SCM reforms using ‘Dynamics 365 Intelligent Order Management’,” said Mr. Onaka.

One example of this is the utilization of AI. Mr. Ban mentioned, “As part of user support, we are planning to introduce AI chatbots. We also want to broadly utilize AI for data analysis and other purposes.”

Hitachi Solutions Group will continue to support their global expansion with the power of IT.

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