

SESHADRI VISWANATHAN, DORF KETAL

## “The key benefits of our IT consolidation were centralised infrastructure, better manageability and a single identity”



Dorf Ketal Chemicals, headquartered in Mumbai, is a global player in process chemicals and additives for refineries, petrochemicals, fuels, lubricants and oilfield industries with subsidiary offices in USA, Netherlands, Brazil, China, Bahrain and Singapore. Dorf Ketal is the fastest-growing provider of formulated specialty chemicals to downstream hydrocarbon markets and the market leader in organometallic catalysts and cross-linkers serving a broad range of applications and industries. The firm's innovative chemistries are reflected in numerous patents and a corporate vitality index of more than 35%. The company has also made a string of acquisitions globally to further consolidate its position. It is also one of the few companies in India who have got the *Responsible Care* accreditation.



to know more about how the IT consolidation exercise unfolded and the benefits that accrued to the company.

Excerpts from the interview:

### When and why did Dorf Ketal feel the need to streamline its IT infrastructure across regions?

Let me first give you a fair idea of the history of our company and the way it operates. This will give you an understanding of the need for IT consolidation.

The company has grown aggressively since last 22 years by way of innovations and acquisitions globally, with operations in USA, Singapore, Middle East, Brazil, Europe and China. The company operates a global distribution network with supply points in all these major regions. Dorf Ketal has the state-of-the-art manufacturing facilities in India – at Taloja, Mundra, Dadra and Brazil. Within the large segment of speciality chemicals, the customised solutions and specialised services the company offers have helped it secure a unique position while serving the refinery and petrochemicals verticals. Dorf Ketal marked its presence internationally through the acquisition of businesses from UOP, ExxonMobil, Intech Polymers and DuPont.

The company was an early adopter of IT per se. In 2004, when it was early days for the company, they had

implemented a world class ERP platform. Beyond a point, any company has to leverage on its' IT setup to enjoy benefits of scale and economy. That is where IT came in for the company. Then came the need to consolidate. We had different mailing systems; with even country-specific email addresses. There was no single identity. Each entity used different ERPs.

So the mandate was to get into consolidation mode. We consolidated on infrastructure, applications and technologies. The consolidation started off with operational efficiency and the by-product of that exercise was cost savings. We moved infrastructure and services from the US to India. We also created a global support centre in India. From multiple ERPs, the move was to one, across the enterprise – Oracle EBS. From multiple mailing platforms, the transition was to a single global mail exchange. This helped us achieve process efficiency and economies of scale. We have some more serious plans for IT consolidation of the global ERP platform. We are now into the last leg, where we move on to Brazil and expand the ERP there. After that the focus will be on other business applications. Mostly everything in future will roll out of single location so management is easier, efficient and also cost-effective.

### How vital is it for a traditional chemicals manufacturing firm to invest in a state-of-the-art IT platform?

Everyone is aware of the wafer-thin

margins that one has in the traditional chemicals manufacturing business. Even speciality chemicals have a life-cycle of two to three years, after which they also become commodities. Margins in such cases drop from 30% to 40% to just around 10-12%. Fixed costs are also very high in manufacturing, especially in the chemicals vertical. When you invest in the manufacturing activity – like new plant, equipment etc., the visible business output is much higher compared to the investment in IT infrastructure. This thought process is pretty common globally within the manufacturing industry. In our case, the company, which has been known for his innovation and aggressiveness, first invested in IT infrastructure and saw the benefits coming in. When benefits were proven, there was no looking back. Traditionally not many Indian companies do that even today. Even global companies – barring a few – don't even have a clear IT road map in place.

### **What were the key challenges faced when integrating the multiple internal IT platforms?**

The first challenge was moving people from their comfort zone. Each geography had the comfort of having their infrastructure and support next to them, to take care of their needs. Since consolidation was conceptually new, the initial doubt was: "Will it work?" Another key challenge was that I was also new – having joined Dorf Ketal only in January 2013. We approached this situation in a logical manner – briefing each location about the transition and the benefits of consolidation in terms of efficiencies of process and cost. Once they had a proper understanding the path ahead was clear and we managed the change.

### **Is the integration process now over or is it still work in progress?**

It is almost done. Infrastructure

is already over. ERP consolidation is 90% done.

### **What were the criteria you adopted when bringing down the number of IT vendors? How do you address monopoly or disruption concerns when working with few select vendors?**

The key criteria were not to compromise on the levels of support and services that our people were already used to, in their respective geographies. We used that level as a benchmark and promised that the level of services they would get post-consolidation would be beyond that. We could give them more because of locally available skillsets and the economies of costs due to India cost advantage.

Even in support mechanism, we created a full-fledged Global Support Center. We created the infrastructure in such a way that we have five mediums for a user to get access to this Support Center: Telephones, IP phones, Conferencing Tools, IM and, of course, email. This ensured that we are just a click or a call away whenever support is needed.

We contracted companies who were domain experts for the various support and implementation services we needed. We engaged with KPIT for ERP-related activities in the form of a full-fledged Offshore Dedicated Center (ODC) from them. KPIT has been supporting us on the ERP consolidation on the Oracle platform across our business functions/locations. KPIT's ODC for Dorf Ketal ensures timely application support, infrastructure management and zero downtime. Since KPIT is an Indian company with presence in US, South America and Asia, we will use them to support us with IT rollouts in new locations as well. For all communication, security and infrastructure related activities,

we have engaged Magnamious Systems, again a long-term partner with Dorf Ketal.

### **What would you describe as the key benefits that the company gained by consolidation of the IT platforms?**

Key benefits were manageability, efficiency and one common IT platform. We got everybody to work on a single platform. Infrastructure was centralised and is handled by experts. Even though we had infrastructure in the US, it was totally left to the vendor to support; we only had co-ordinators. We could not have the luxury of a full-fledged IT department in that region as duplicate infrastructure would be a huge cost burden in our kind of industries, where budgets are really stretched out.

### **Were the targeted efficiencies achieved in terms of skills, costs and ROI in the consolidation exercise?**

It is a journey that has just started. We have a window of 3-5 years during which we will get the projected ROI. But efficiencies, yes we have already started getting the results.

### **Are chemical companies now more aware of the need to better manage its IT resources and ready to invest in state-of-the-art technologies and solutions for achieving efficiencies on par with global standards?**

In industry, people know and are aware about it and want to go ahead with it. But the moment they realise the kind of investments that would go into, they tend to back out and give it a low priority. But slowly companies are doing it, but not with the conviction that is needed.

Companies like us who have invested in IT stand to benefit from it.