

Radio Frequency Company

glovia.com Project Accounting Automates Cost Control Process and Provides Enhanced Visibility for Budget Analysis

Who: Radio Frequency is a leading manufacturer of advanced industrial radio frequency (RF) processing systems for rapid heating and drying of materials such as paper, ceramics, food, textiles and plastics.
www.radiofrequency.com

Location: Radio Frequency is headquartered in Millis, Massachusetts where the company's manufacturing, service, and sales operations are located.

Business Problem: With manufacturing jobs that can last up to six months or more, Radio Frequency needed an automated solution to accurately monitor the costs and evaluate the status of these complicated and lengthy projects, quickly distinguish one-time labor costs, increase their overall planning efficiency, and provide visibility into these processes for the Project Managers and upper management.

Solution: Radio Frequency migrated to the current version of glovia.com to take advantage of project accounting and project resource planning functionality in order to improve project cost tracking visibility and evaluation as well as enhance their ability to plan and manage their complex projects.

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Benefit: With the current version of glovia.com implemented, Radio Frequency has been able to enhance and automate their work order and costing report processes eliminating several hours a day of manual compilation for accounting and project managers while greatly increasing the value, efficiency and accuracy of these processes.

Have you ever wondered how industrial products such as ceramics, plastics and textiles are dried? Or how crackers you eat become crispy? Or even how the glue at the top of your notepad got there? The answers lie in radio frequency (RF) heating and drying technology. Unlike conventional heating methods that rely on conduction to transfer heat to the center of the material, which can be a slow process, RF heating occurs instantly throughout the thickness of the material providing fast and uniform heating.

The company at the forefront of this RF heating and drying technology is Radio Frequency Company, Inc. (RFC). Founded in 1946, RFC is a total-system design and manufacturing company known for the most innovative and reliable RF heating and drying equipment in the world. More specifically, RFC designs and builds RF generators, applicators, automated handling systems, plus system instrumentation packages, and programmable logic control systems. RFC provides turnkey installation supervision plus field service, telephone consultation, and spare parts for over 3,000 systems in operation around the world.

RFC first implemented glovia.com in December of 1999 as part of their Y2K initiatives. "glovia.com has worked



very well for our company. The people at Glovia.com have been very capable technically and are readily available to assist us with our business needs. However, as we have grown and improved our business processes, we needed greater reporting and analysis capabilities, which are offered by project accounting and project resource

planning. As a result, we migrated to the current version of glovia.com to take advantage of the project accounting and project resource planning functionality it could provide us," states Frank Kosky, Corporate Controller and Assistant Treasurer for RFC.

The current version of glovia.com enables RFC to better evaluate bids and estimates and track the often difficult, ongoing changes to engineering, resources, and services for their Engineered-to-Order (ETO) equipment that have complex product lifecycles and long lead times. The flexible solutions framework in glovia.com immediately reacts to project changes to rebalance supplies, resources, and demands to help keep projects on time and costs under control.

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Monitoring Costs

Now live on the current version, RFC has the ability to better manage their complex projects, which can last six months or more, and stay on top of project budgets with instant access to timely and detailed cost information throughout the project lifecycle—from RFC's suppliers through the manufacturing process, installation at the customer's site, and into post sale service and support. "Our equipment has complex designs and manufacturing processes. An RFC unit is built in sections and broken down into the major components of the finished product. These major component assemblies themselves can incur budgets in the hundreds of thousands of dollars. One of the biggest issues we had before migrating was how Project and Accounting Managers as well as upper management could monitor how projects were performing against their budgets. We had no mechanism for monitoring this in real time with the detail we needed. Everything was done manually. Project Managers' time was absorbed by clerical work that the system can now do. Producing cost reports is now at the touch of a button," states Lisa Mitchell, Purchasing Manager for RFC.

Now with glovia.com Project Accounting, RFC has the ability to capture all project costs and provide all the information necessary to evaluate project status, avoid runaway costs, and ensure effective budget management. In addition, glovia.com also provides project-to-date totals enabling RFC to calculate and compare their estimates and budget projections with actual incurred costs and revenue.

"What we did in the past was to create a parent work order, with the BOM's for the major components. Then the Project Manager reviewed the work order report and manually opened all lower-level work orders related to the project under a single work order. This was both tedious and rife with potential for error. Now by using glovia.com Project Accounting, SEIBAN and PRP tools everyone can find all their relevant project data and related work orders by project. PRP creates all the work orders for made items off the bills of material of the major components, as well as creating purchase requisitions for material shortages all automatically. This frees up our Project Managers' time to focus on the critical aspects of project management allowing our managers to identify problems quickly and minimize their impact on budgets and delivery schedules. This is how their time should be spent," comments Brian Maley, IT Manager for RFC.

"Previously, manual costing reports would take significant accounting resources to compile a report from work order detail cost reports. But these could not be compared to the original budget. There was no opportunity for the Project Managers to get quick up-to-the-minute progress costing reports," continues Mitchell. "With glovia.com's Project Accounting, Project Managers can access costing information for ongoing projects, whenever required, from detailed reports that also include the dollar value of committed materials on purchase orders or work orders that have not yet been issued. A summary report will give upper management the cost break down of the major assemblies that compares to the budget. A project running over budget will now have visibility during the production cycle, not discovered at the end of the project when it's too late to react. Now we hope to be proactive to these situations as they arise. And since the reports drill down to individual work orders, the overrun causes can be pinpointed to a specific area which can be addressed now and for the future."

Another important area for RFC is the ability to use glovia.com as a method for evaluating the quotation process. "We are now able to accurately answer vital questions such as: Are we looking at all aspects of the cost? Have we got our labor hours correct on the work orders? Do we have our costs correct in the system? If we're estimating it's going to cost us X amount of money to make a unit, then at the end of manufacturing did our estimate come close to the actual? Being able to monitor this information and make sure we are staying on track and within budget is supremely important to timely and profitable management of our projects," comments Mitchell.

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Automating Project Management

glovia.com enables RFC to manage their complex projects more effectively, directing information to the people who



need it and organizing it by fiscal period or by assembly or both. The end-to-end solution manages everything from defining the project scope and developing realistic estimates and quotes to optimizing the use of resources and managing costs. Throughout the project lifecycle RFC can track all expenses and have total, enterprise-wide, real-time visibility into project status.

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glovia.com has also simplified and streamlined the capture of labor hours for RFC. "We have many one time costs, such as engineering costs, that had to be captured with on a work order. But by making this a separate activity within a project and posting the labor hours against that activity makes it easier to post and track these costs," continues Mitchell.

Prior to migrating, modifying and re-modifying project plans was tedious and made analysis very difficult. It was very time consuming and difficult to manually keep accurate records considering the complexity of our equipment." continues Mitchell. "Now the process has been automated using PRP which saves Project Managers valuable time and vastly improves accuracy enabling us to keep production, engineering and supply synchronized and complete our projects on time and on budget."

"This also keeps our Project Managers from being clerks for 'half their life' because they no longer have to manually open up each individual work order. Previously a very large portion of a Project Manager's day was spent on clerical duties instead of paying attention to what was happening on the plant floor. With glovia.com project managers are saving several hours a day in clerical duties," adds Maley.

A Winning Partnership

"Glovia is enabling us to improve our ability to plan and manage our complex ETO/MTO projects, all the while staying on top of our project accountability with timely and detailed cost and revenue information. As our requirements have changed, Glovia has been there and supported us with new functionality to meet our growing business needs and to help ensure our business is as successful as possible," concludes Kosky.

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