



## Standardizing a digital management platform with an eye toward improving operational efficiency across the entire company. AGC Chemicals Company revamps the core systems of affiliated companies to Dynamics 365

AGC Inc.'s Chemicals Company has built a core system that will become the standard for its domestic affiliates using Microsoft Dynamics 365. How did they move away from an aging system and build a strong foundation for future data utilization?

### Customer Profile

AGC Inc.

<https://>

[www.agc.com](http://www.agc.com)

### Partner:

Yokogawa [Solution Service](#)

[Corporation https://www.yokogawa.co.jp/about/yjp/](https://www.yokogawa.co.jp/about/yjp/)

### Products and Services

[Dynamics 365 Finance](#)

[Dynamics 365 Supply Chain Management](#)

[Power BI](#)

### industrial

[Chemistry](#)

**Size of organization:** [Very large](#) (over [10,000 employees](#))

### Country

[Japan](#)

### As a digital management platform that will be a weapon for the entire company

The AGC Group's mission is to provide unique materials and solutions that adapt to changing times and always support the lives of people around the world. The company's chemicals business, one of its core businesses, began with self-sufficiency in soda ash needed for glass manufacturing. Today, the company develops, manufactures, and sells a wide variety of products, including high-performance fluororesin products that support many industries and silica products that are attracting attention as materials that reduce environmental impact. The Chemicals Company has 23 group companies globally, with approximately 8,900 employees (as of the end of December 2021).

AGC is known for its "ambidextrous management" that balances offense and defense by "exploring new businesses" and "deepening existing businesses." Based on this perspective, the Chemicals Company has also been implementing various digital transformation measures, primarily at its factories.

However, because the core systems that should have been the foundation for promoting DX differed from company to company, the reality was that the company as a whole had not been able to achieve significant results. Therefore, from the perspective of "strengthening defenses," it was necessary to immediately standardize and streamline each company's business and work processes using an integrated core system, and to visualize management indicator data for the entire group.

The first step was a core system renewal project launched by three affiliated companies in 2018. Keisuke Kameyama, Manager of Business Team 2, Japan/Asia Branch, Group IT Delivery Center, Information Systems Department, AGC Inc., explains the background to this project as follows:

"The trigger was a rather down-to-earth story, but our affiliated companies were coming to us with complaints that their core systems were aging and that it was difficult to recruit new IT personnel," says Kameyama.

At the time, the core systems of affiliated companies were on-premise, and each company had been using different packages that they had customized independently for a long time.

This meant that there were limited personnel who could operate the increasingly complex systems, and so-called personal dependency was becoming an issue was.

"As the headquarters of the Chemicals Company, we had always wanted to have a system that would integrate business processes and data across the entire group and use them as management indicators, so we decided to take this opportunity to revamp the aging core systems of the three companies all at once," says Kameyama.

AGC has adopted Microsoft's cloud-based ERP "Dynamics 365 Finance" and "Dynamics 365 Supply Chain Management" as the new core system for its domestic affiliates in the Chemicals Company .

"Rather than just finding a system that meets the requirements of one company, we wanted a digital management platform that would improve operational efficiency across the entire company in the future and serve as a tool for data-driven decision-making. In terms of its suitability for process manufacturing, compatibility with Office products, global deployment, and comprehensive support, Dynamics 365 was the best solution . Some affiliated companies had already implemented the packaged product Dynamics AX , so Dynamics 365 also offered the advantage of unifying data within the group," says Kameyama.

Consideration of introducing Dynamics 365 began in 2018 , a time when the evaluation of the cloud was still uncertain. It was becoming difficult to secure the IT personnel required to operate core systems on-premise, so how did AGC make its decision? Kameyama and Yokogawa Solution Services Corporation (YJP) , the implementation partner, commented:

Michiko Kaneko, head of the ERP Consulting Group in the Consulting Department of the ERP Business Headquarters , answered as follows:

"The AGC Group was already using public cloud services,



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Manager, Business Team 2, Japan/Asia Branch, Group IT  
Delivery Center, Information Systems Department, AGC  
Inc.



Yokogawa Solution Services Corporation  
ERP Business Headquarters Consulting Department  
Michiko Kaneko, Head of ERP  
Consulting Group

"While we in the information systems department were not particularly averse to the cloud, our affiliated companies were concerned that a cloud issue could cause their core systems to stop working, which would be a problem. YJP has a long track record of implementing Dynamics 365 for process manufacturing, and they are able to implement actual cost calculations using Japanese

business practice templates. They also provided us with specific proposals regarding the availability

and security of cloud ERP , so we chose them as our implementation partner," says Kameyama .

"AGC came to us with the idea that they wanted to standardize the business processes of the entire company in the future and make management more efficient by making it possible for multiple companies to share a single system. Therefore, rather than making each company's system unique, we proposed and moved forward with a standardization implementation project with an eye toward horizontal expansion," says Kaneko.

In this way, the construction of a common system for domestic affiliated companies of the AGC Chemicals Company using Dynamics 365 under the "single system, multiple company usage method" has begun. I started tart.

#### Accumulating know-how for horizontal expansion

The project progressed through requirements definition, design and development, comprehensive testing, and the establishment of a common system for deployment to multiple companies. Just as it was about time for user testing, the COVID-19 pandemic led to the declaration of a state of emergency.

Tatsuhiko Maeda, Director of the Project Department at Yokogawa Solution Services Corporation's ERP Business Headquarters, and Tatsuyuki Shimokawa, Head of Project Department Group 1 , look back on how they dealt with the difficulties.

"At the time, I think no one knew what the future held. Some might have decided to wait and see, hoping that the situation would be resolved. However, we were able to forge ahead with courage and complete the implementation on schedule, which was a rare experience for us," said Maeda.

"Until now , when implementing ERP , it was common for project members, including the client, to meet in person to proceed with each process one by one . As an alternative, we made the most of remote meetings on Microsoft Teams and sought better ways to promote communication both inside and outside the project.

In doing so, we realized that requirements definition sessions and design reviews, for example, could be adequately handled remotely. On the other hand, we also realized that user education and other activities were inefficient unless they were conducted in person, so we set limits on the number of people allowed in each session and made adjustments to the schedule, such as the number and duration of sessions," says Shimokawa .

Kameyama says that once they overcame the difficulties of implementing the system at the first company, things went smoothly.

"It was really difficult at first, especially when we struggled to align our understanding of the master system. From the second company onwards, we had the expertise to implement Dynamics 365, so I think things went relatively smoothly.

The three companies involved in the implementation varied not only in terms of the products they handled and their business processes, but also in terms of their cultures, such as their philosophies and values, so we had to adapt to each company's circumstances .

"However, when considering the effects on the entire company, it is necessary to exercise some top-

down control from AGC headquarters. By adjusting the balance in this area, we were able to revamp

the core systems in a way that satisfied each company," says Kameyama. The introduction of Dynamics 365 at the Chemical Company will not end with the three companies, but is expected to be rolled out further across the board. For this reason, the implementation project itself was carried out with standardization in mind.

Shota Asai, 1st Group, Solutions Department 1, ERP Business Headquarters, Yokogawa Solution Services Corporation, explains how he handled cost accounting, which was part of the standardization effort: "At YJP, we have prepared a template called 'YOKOGAWA Japanese Business Practices Compatibility Function,' which adapts Dynamics 365 to business practices and actual cost calculations specific to the chemicals industry.

This time, too, we worked closely with AGC's accounting staff to determine the policy for the 'AGC Standards.' This kind of standardization not only made the implementation smoother,

but also brought the benefit of allowing us to communicate on the same level as the entire company," said Asai.

## Cloud computing enables highly efficient and high-quality management

Dynamics 365 is equipped with functions suited to the process manufacturing industry, such as recipe management. Kameyama and Takao Okamoto, Manager of the Information Systems Group in the Planning and Management Office at AGC Inc.'s Chemicals Company, say that not only has it made daily operations such as order placement and warehousing management, production management, quality control, inventory management, and cost accounting smoother, but it has also produced further benefits.

"Lot tracing is a very useful feature of Dynamics 365 for the process manufacturing industry. We can now manage the shipping deadline date in detail, and we can quickly track inventory status on the system, such as whether it is currently under inspection or being held by the factory. With the previous Excel management system, it took a long time to respond to customers about the status, so this is a great help," says Kameyama.

"The strong integration with Office products is very convenient. Not only can you download files as Excel, but you can also copy and paste Excel spreadsheets directly into Dynamics 365. We've also received positive feedback from the companies, who say that they're now able to control access, which was an issue before. Dynamics 365 has enabled us to improve governance. And by using Dynamics 365, all three companies no longer have to worry about maintaining their own server infrastructure," says Okamoto.

Okamoto continues to discuss the benefits of cloud ERP: "Dynamics 365 is regularly updated, and new features that weren't available when we first considered it are being added, making it easier to use. This is an unexpected benefit," says Okamoto.

**"It is not a system that only meets the requirements of one company, but also improves the operational efficiency of the entire company in the future.**

**If you want to create a digital management platform that will enable data-driven decision-making, you need to consider its suitability for process manufacturing and Office products.**

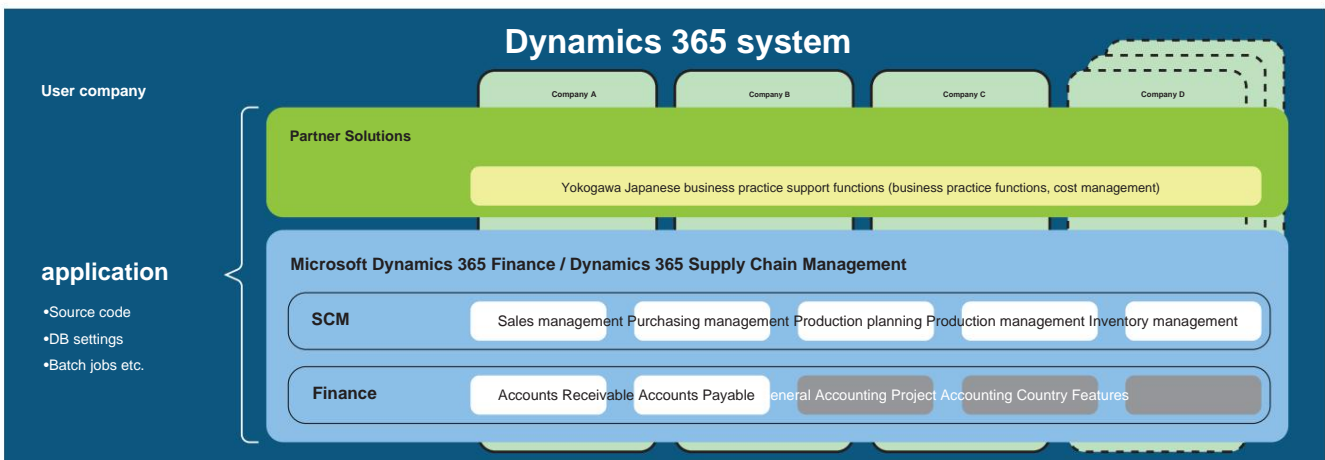
**Dynamics 365 was the best solution in terms of compatibility with other systems, global deployment, and comprehensive support."**

Keisuke Kameyama: Manager, Business

Team 2, Japan/Asia Branch, Group IT Delivery Center, Information Systems Department, AGC Inc.

AGC Chemicals Company Domestic Affiliated Companies Common System Multiple user companies use the "AGC

Chemicals Company Domestic Affiliated Companies Common System," a common application built with Dynamics 365 (single system for multiple companies).





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## Promoting company-wide management visualization

Okamoto envisions using core data that has been standardized under Dynamics 365 to visualize it using Power BI in the future.

"Rather than creating reports for each individual company, we want to visualize data from related companies from a common perspective. To that end, with the cooperation of Microsoft Unified Support, we will embed Power BI into the Dynamics 365 dashboard to further visualize management," says Okamoto .

Kameyama also said that they will continue to roll out Dynamics 365 to the Chemicals Company.

"Once a year, we hold a meeting with IT personnel from our domestic affiliates , and when we presented our use of Dynamics 365 at the meeting , we received a request to introduce it in our own company. It has also attracted attention from other companies. First of all, we would like to thoroughly develop it as a common system for the Chemicals Company," says Kameyama .

Microsoft's message is "Do more with less ." Dynamics 365 has reduced the maintenance and operation efforts that AGC had to make with its previous core system, and provided a foundation for data utilization. It will no doubt continue to be one of the tools in AGC's "ambidextrous management."

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**Takao Okamoto: Manager,  
Information Systems Group,  
Planning and Management Office, Chemicals Company, AGC Inc.**



From left: AGC's Mr. Okamoto, Mr. Mizukami, Mr. Kawase, Mr. Takada, Mr. Kameyama, YJP's Mr. Shimokawa, Mr. Asai, Mr. Maeda, and Mr. Kaneko

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