

An Eye for Business and an Ear for Technology

Navision Attain® Helps Oticon Manage Growth in a Competitive Market

Background

Former U.S. President Bill Clinton wears one. So do many other baby boomers and senior citizens, but you would never know it. Technology has made hearing aids so small that they are now peanut-sized devices that nestle snugly in the ear. If anyone knows about hearing aid technology, Oticon does. They designed DigiFocus, the world's first digital hearing aid, in 1996.

The company has flourished in recent years, even rising to the ranks of Forbes global top 20 list of small businesses in 2000. In business since 1904, Oticon now has millions of customers in more than 100 countries, with over 3,000 employees in 17 countries. The company is involved in every aspect of helping the hearing impaired including education, research and development, manufacturing, distribution and sales.

For Oticon, the increasing demand for hearing aids means a growing business and new challenges. To help deal with increasing competition, demands from customers and vendors and an expanding organization, Oticon decided to implement a new corporate software solution. They chose Navision Attain®, a cost-effective, end-to-end business solution for mid-sized companies. They wanted a core software solution that was affordable, easy to implement and served the needs of their diverse employees and business areas. They found a good fit with Navision.

"We are standardizing our ERP around Navision Attain and implementing it at all of our sites. We believe it's the path to realizing greater business efficiency and profit in many areas including financial data tracking and analysis, inventory and customer service. Navision Attain is perfect for Oticon because it is flexible, scalable and easy to modify."

Discovering New Dimensions

Oticon especially welcomed the new Dimensions functionality in Navision Attain. Dimensions allow Oticon to slice and dice almost any data so that they can easily track it, analyze it and use it in new ways. In the finance

area, Dimensions mean that Oticon can have a common general ledger throughout the company while still allowing for local flexibility.

"The entire Dimensions concept is very useful for a multinational company. It gives us the ability to define certain dimensions globally, while leaving others at the discretion of our local offices," says Svend Thomsen, CFO, Oticon.

Dimensions also create the foundation for improved data analysis and better background budgeting because the physical data is more complete and updated automatically. Management is better able to direct where business is going. They are able to look at all kinds of data including customer accounts, sales volume, territory breakdown and production volume, and all the statistics are there instantly.

"Dimensions on customer accounts, for example, enables an easy shift to new and unforeseen business models, meaning we can grow in all kinds of new directions," says Thomsen.

Navision Attain is also based on Microsoft standards, which enables Oticon to work more effectively.

"The link to Microsoft® Excel® from Account Schedules and Budgets is great and really shows that Navision views Microsoft as more than just a product logo," says Thomsen.

Bill Gibby, certified accountant for the Oticon company in the U.S., also received the new Dimensions functionality with enthusiasm.

"We were able to reduce 1,200 pages of general ledger balance to only three. It is much easier to extract information using Navision Attain, and the number of correlations we can develop is infinite. Anything is possible," he says.

Gibby also likes that he can give management exactly what they want when they come to him for a breakdown

Success Profile

Customer Name:
Oticon

Type of Business:
Manufacturer of hearing care solutions

Business Issues:

- International business
- Dimensional analysis
- Inventory tracking
- Customer relationship management
- Collaboration

Navision Solution:
Navision Attain

Technologies Used:
Microsoft® technologies

Return on Investment:

- Standardized system for international business units
- Enhanced data analysis and budgeting
- One general ledger
- Improved customer service
- Flexible on-the-fly production planning
- Serial number generation and tracking

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Jeppe Dalberg-Larsen
IT Manager
Oticon


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of the company's performance. He says it's easier to spot trends and new revenue opportunities on a very broad level as well as on individual accounts. The Veterans Administration, one of the U.S. company's largest clients, is such an example. Before going into a meeting with the Veterans Administration, management reviewed which hearing aids Oticon currently provides to them, how many repairs were made on those units and the costs. From this information, Oticon was able to identify what other products and services they could offer the organization.

"Sure it's possible to find this information without Navision Attain, but how long would it take? We would have to search three databases," says Gibby.

A Demanding U.S. Market

Oticon, Inc., the U.S. office in Sommerset, New Jersey, demands a lot from Navision Attain because it is one of the bigger and more complex Oticon companies. Business for them revolves around customer service almost more than the product itself.

"They work very differently. The U.S. is more customer-oriented while the European markets are more product-oriented. Customers are very demanding in the U.S. so our software system needs to be able to deal with features such as campaigns and bonus schemes," says Dalberg-Larsen.

There are 150 people at the U.S. office to process the 1,000 orders that come through the facility everyday. Navision Attain helps manage the flow and ensure the right products go out on time. Rush orders on hearing aids can be planned immediately from the sales order and orders can be modified at any point in the delivery cycle.

"This is a high-pressure environment. We have only five days to turn around an order from the time the impression lands on the loading dock until the final product is shipped out," says Lars Anderson, MIS Manager, Oticon Inc.

Improved Inventory Tracking

Tracking inventory has long been a challenge for Oticon, but Navision Attain is helping to change that. With Navision Attain, every hearing aid is given a serial number.

"We need to be able to track the whole process from production. That's important because we are selling

medical devices. From a legal point of view, it is absolutely critical that we can track our hearing aids," adds Dalberg-Larsen.

Information such as date of production and service can be attached to the serial number to help with later tracking and analysis. The ordering process is also much smoother. Oticon can identify the model of hearing aid the customer requests and locate it immediately in the system. Serial tracking also reduces the risk of losing a hearing aid along the distribution channel. Just one hearing aid can cost between \$200 and \$2000.

Planning for Growth

Navision Attain plays a key role in helping Oticon achieve its business objectives. Navision has given them the tools for today and the future. They can better predict upcoming demand using the detailed information stored in Navision Attain, and they are already planning for the future. Their plans include using Navision Attain to communicate electronically using XML documents and expanding the implementation to include employees in their production facility in Denmark.

"Oticon is using Navision Attain to help us meet changing demands and grow our business. That means we can concentrate on what we do best – providing hearing solutions to help people with impaired hearing to live the life they want with the hearing they have," says Dalberg-Larsen.

About Navision

Navision is a leading global provider of cost-effective and adaptable integrated business solutions that help companies in their quest to grow. The company has 127,000 customers worldwide, a global network of more than 2,200 partners, and over 1,000 employees in 26 countries. The Navision product line consists of Navision Axapta®, Navision Financials®/Navision Attain® and Navision XAL®. Navision a/s was created through the merger of Navision Software a/s and Damgaard A/S in December 2000. The company is headquartered in Vedbæk, Denmark. The U.S. headquarters are in Duluth, Georgia. You can learn more about Navision a/s on the Internet at www.navision.com or visit Navision US at www.navision-us.com.