

WINNING COMBINATION

“Technologically driven” is the New Age mantra for the gems and jewelry industry in India.

BY ZAINAB S. MORBIWALA

Despite a tradition of close-knit, family-run businesses that stretches back for decades, the gems and jewelry industry in India is meeting the challenges of modern marketing head on by opening its doors to young, dynamic and technologically savvy individuals eager to see where new technology can take them. From implementation of the latest Enterprise Resource Planning (ERP) programs to creating the most up-to-date websites, the gems and jewelry sector is well on its way to becoming one of the most technologically advanced industries in India. And, although it is only now catching up with its competitors around the globe when it comes to information technology (IT), it is advancing quickly and aggressively and may, perhaps, in a few years, be in the forefront of technological innovation in the worldwide jewelry industry.

PRACTICAL APPLICATIONS

Kalpesh Vaghani, partner, Kapu Gems, says, “Information technology allows a systematic and transparent approach in each and every transaction and this has really helped us. Since its adoption, we have witnessed double-digit growth each and every year. Even during the most recent global recession, the fact that we had IT systems in place was very beneficial. In 2009/2010, we achieved a positive growth of more than 60 percent as compared to the previous year.”

Shree Ramkrishna Export (SRE) was in the news recently for the launch of its B2B website. With the company’s young scion Shreyans Dholakia heading its IT team, SRE takes pride in being one of the most advanced technologically driven companies in India.

“Initially, the use of IT within our organization was limited, as we were then dealing in smaller-size goods,” explains Dholakia. “As we moved more into large-size goods, we optimized the use of IT. When we began our operations,

around 40 years ago, everything was done manually, which consumed time and in turn decreased efficiency and productivity. As we began modernizing our machinery, we found a lot of positive change resulted, which was reflected in our balance sheets as well. That is when our chairman decided that we would never compromise on IT implementation. For the past decade, we have focused on employing the latest technology to make us more efficient and relieve the work pressure on our employees.”

Dholakia uses a customized ERP application he developed to help calculate the parameters of a rough stone and also to predict the best grading results of finished goods. In other SRE technology applications, adds Dholakia, “We have linked these ERP systems with our Human Resource Information System (HRIS), to provide automated results of employee appraisals. As a result of implementing this system, we were ranked 14th in the SAIL HR Awards for Indian manufacturing industries.”

POSITIVE RESULTS

Dimexon, a Diamond Trading Company (DTC) sightholder and well-known name in the diamond industry, implemented SAP programs, German-named software that translates as Systems Applications and Products, in 2006, and there has been no looking back. According to Rajiv Mehta, chief executive officer (CEO) and chief operating officer (COO) at Dimexon, “SAP enabled Dimexon to develop a single integrated system of data and records throughout the country. All data compilations are done online in real time, which ensures timely and accurate information. The reports are generated and made available online, which helps manage information at all times, thus solving the issues of data inconsistency and duplication.”

Besides helping develop a single integrated system of data,

IT implementation helped Dimexon with inventory and data management, as well as maintaining transparency. "Daily sales reports from various offices worldwide can now be consolidated online," Mehta goes on to say, "which gives us an automated comparison and tracking of same-product sales across offices. This helps in tracking the value from rough purchase to polished sales. The production and dispatches from various plants also can be tracked, bringing better control of inventory and resources."

Explaining how ERP-SAP implementation helped revolutionize the gems and jewelry industry in India, Mehta says, "Successful ERP-SAP implementation in Dimexon benchmarked gems and jewelry industry operations and its business ecosystem and, across the value chain, benefited Dimexon Group as a whole. Dimexon launched its ambitious ERP implementation project, Project SMART, in May 2006. SMART was developed for the manufacturing and trading of polished diamonds for Dimexon Diamonds Ltd.'s various offices, which are located in prominent business centers, including India, Dubai, Hong Kong and China. The company, with a workforce of more than 12,000 employees, uses state-of-the-art technology, including laser cutting machines and characteristic analyzers for its manufacturing operations."

For Kapu Gems, the implementation of IT has allowed the company to sell more than 58 percent of its diamonds online through its website. "We can give computerized matched parts to our customers," says Vaghani, "whereas earlier, we had to manually search before we could fill orders, which took a lot of time. Today, customers can view our inventory online and can order whenever and whatever they require. We are one of the approved manufacturers of CanadaMark™ and we can track our diamonds directly from procurement to payment."

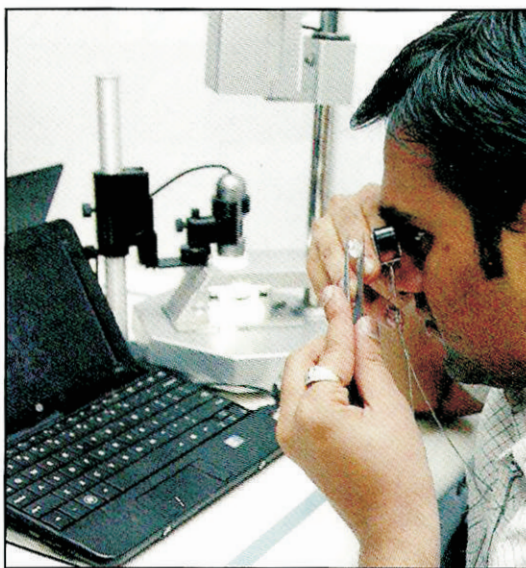
Vaghani sums up the overall benefits: "IT helps to increase productivity as the entire process becomes standardized and systematic, thereby saving time and effort from time-consuming tasks. With strong Management Information Systems (MIS) reports and easy data accessibility, we can determine the buying patterns of our customers, identify which goods are moving, interconnect manufacturing, grading, pricing and sales and thereby speed up sales and delivery and satisfy the customers. Last, but not least, we can provide the right product at the right price because we can easily gauge which goods are actually moving in the market."

INDUSTRY SPECIFIC

Fauna Technologies is an IT system provider to such well-known names in India's gems and diamond industry as D.A. Jhaveri, Kapu Gems, Asian Star, Lallubhai and Sons, etc. The company has been making inroads in the industry by developing customized technology systems to meet the requirements of individual companies. Pradip Pillai, Fauna Technologies' director, draws an interesting comparison between the use of IT in India versus other countries. "Compared to markets like the U.S., U.K., Japan, Hong Kong and Israel, the Indian gems and jewelry market is still behind in terms of IT awareness and usage," he says. "The diamond industry always has been more of a labor-intensive industry rather than technology driven. But, with the Indian

domestic market growing at a faster pace, technology will be needed to support the business in the future. In the Indian gems and jewelry market, companies spend a lot of time in price-bargaining, re-doing certain things and tedious, routine tasks. It takes some time to communicate the advantages of using IT in an organization to streamline some of these jobs."

Once a company is convinced of the benefits of technology, Pillai says, the next task is "selecting between similar software. For example: Oracle-based software is virus proof, bug-free and self-expanding according to the volume of



IT worker at Kapu Gems. Photo by Fotocorp.

business. SQL-based software, which stands for Structured Query Language, is cheaper in cost, but not as expansive. Selecting the right software is very important as it can make or break the organization. Either it will help increase the overall productivity and efficiency of the organization or it can lead to huge losses in terms of waste, delays in production and delivery and, ultimately, dissatisfied customers. IT in a company should be across all operations — it needs to be appropriate from the buying and selling to HR, business intelligence, marketing, etc."

For the gems and jewelry sector in India, IT has become an integral tool to help the industry survive and compete in the modern business world. Companies using technology to its fullest operate more efficiently, are more productive and respond to customers more quickly. The proof lies in the fact that the growth rates of companies that have implemented a strong IT system to back their businesses have outpaced their competitors who have not implemented such programs. ♦