

Success Story

**A leading process
manufacturing
company cuts down the
working capital requirement
by 15% with SAP solution**



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At a Glance



Profile

- A process equipment manufacturing company that manufactures and executes projects on turnkey basis



Business need

- Monitor the execution of every project at the client customer locations
- Cross plant inventory management to optimize purchasing for multiple projects
- Material traceability in all phases of the projects, to meet statutory compliance
- Material traceability across multiple client locations
- A solution for inventory management for their client projects located at multiple locations
- Automate all export and import processes



Solution

- Implementation of SAP ECC 6.0 EHP 4



Outcome & Benefits

- A 15% decrease in working capital through inventory optimization
- Project progress tracking available at every level of execution
- Increase in the visibility of material inventory across locations and projects
- Adherence to Indian statutory laws for all material tracking compliances
- Improved control on subcontractors
- Enhanced accuracy in product costing as cost could be broken down and drilled down into details
- Profitability analysis reports made available to management for every project
- Automation of all EXIM related processes



Technologies

- *SAP ECC 6.0 EHP 4 including - FICO with profitability analysis, SD, PP, QM, PM, HCM (PA, OM, PMS), EXIM, customized MM and PS modules.*

Client Overview

The client, an ISO 9001 – 2008 certified company, is a leading discrete manufacturer with delivery capabilities spread across multiple countries. They are specialists in providing end-to-end services i.e. from designing to commissioning of food processing plants. They have undertaken multiple projects where they have installed large fabrication vessels, crystallizers, reactors, heat exchangers and more for core industries.

Quick facts

- Industry - **Process equipment manufacturing**
- Headquarters - **India**



Business need

The client is a process equipment manufacturer and executes projects on a turnkey basis by installing equipment at their customer's location. At any given point in time, multiple projects were executed by the client at different customer locations. Such manufacturing and installation projects were challenging and executing them at multiple locations added to the complexity of such large-scale projects. To support their operations, the client had a homegrown ERP system along with Tally and Sixth Sense ERP. The client considered every customer as a separate account and wanted to track the growth of these accounts and monitor any projects in these accounts, closely. Monitoring the performance of each account at any given point of time was not possible in the current IT landscape. Lack of access to detailed information on project execution was a major lacuna in the system. The client could not track the projects closely or know what resources were allocated to a particular project and how they were being utilized.

In addition to this, the existing IT backbone lacked capabilities to cater to diversified business needs. One major pain area where the current system proved inadequate was low visibility of their inventory at multiple locations and the consumption of materials in different projects. They would like to monitor the material usage in different projects and curb any wastage. Also, the central purchasing department wanted to aggregate the material requirements from multiple projects and take advantage of lower quotes for bigger orders (big buy).

Certain statutory regulations required complete material tracking from procurement to final usage in the projects. This was especially important for those products that have been imported or to be exported, as a part of Export-Import (EXIM) policies of the Indian government. Multiple sub-contractors worked on a project and often used the same material and added value to it, before being finally utilized in the equipment installed at customer sites. Material traceability is a statutory regulation that had to be adhered to. With all the above factors, the current IT needed to be ramped up to provide the necessary consolidated reports.

Business need synopsis

- Track the progress and growth of individual customer accounts
- Monitor the execution of every project at the client customers
- A solution for inventory management for their client projects located at multiple locations
- Aggregate the material requirements from multiple projects and buy at lower quotes for bulk material buying
- The solution should enable the client to monitor material usage in different projects
- Material traceability at all the phase of the projects to meet statutory compliance
- Automate all export and import processes.

How YASH delivered

YASH is a gold partner of SAP and was chosen by the client to implement this project because of its previous experience and capabilities. Our process knowledge helped to design and implement a solution that addressed both the current and future needs of the client. YASH had configured SAP ECC 6.0- EHP 4 and customized it to fit the client requirements.

With multiple subcontractors working on same material in a project, traceability of material was a great concern. YASH designed a product traceability report that could trace the materials at any time during the project execution. The logistics report was created in such a way that it helped the client to comply with all export and import (EXIM) laws easily and enjoy the statutory benefits.

At any given point in time, the client had multiple projects running simultaneously. Often the material requirements of the projects were same. By clubbing the requirements of all the projects, the client wanted to take advantage of bulk buying at a lower quote. YASH created a customized solution for the client-specific material requirement planning (PP-MRP), as the out of box SAP solution does not have the cross plant material requirement planning feature. This ensured that material requirements from multiple projects were aggregated and purchased in bulk quantities at a lower quote.

Since the client had global supply chain operations, global trade of exports and imports were an integral part of it. Hence, the client had to comply with all export and import regulations of the home country along with the regulations from exported or imported country. To ensure that all these rules were complied with, SAP EXIM had been configured. This allowed them to handle and track Export promotion schemes, licenses management, Pre and Post-shipment documentation and Letter of Credit (LC). An efficient report system was also created for inter-organizational and external customer use.

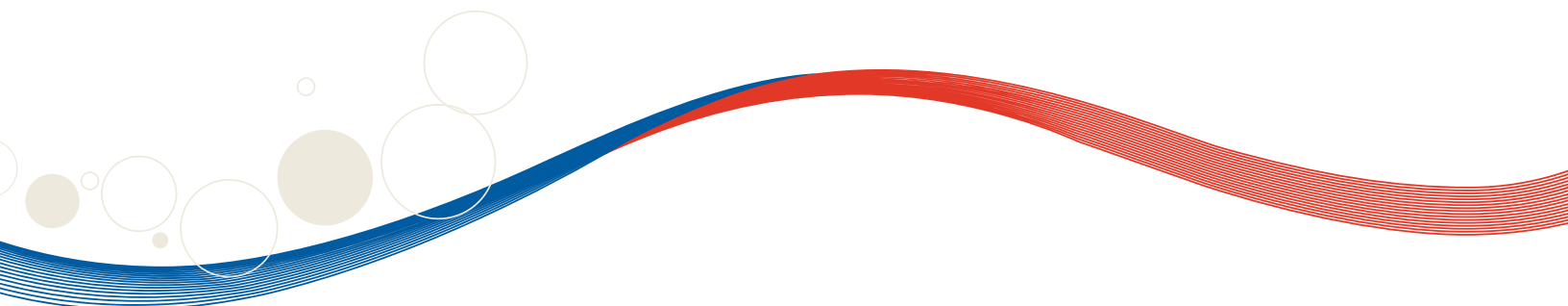
SAP project systems (PS) had ensured that all the client projects were tracked. It paved the way to allocate resources like funds, manpower, and material to each project and monitored closely on their usage. Tracking the progress of the project at every stage was made possible with SAP project systems (PS) along with personnel who were responsible for individual tasks assigned.

At the implementation stage, YASH followed its proprietary agile methodology: S-IMPLE (Streamlined – Implementation) to assure the outcome of the project was along the client expectations. The implementation was planned in such a way that there was minimal disruption to the client operations. The Agile delivery model adopted for this project ensured that the project completion was quick without any glitches.

Furthermore, YASH had ensured the client had in-house maintenance capability with detailed KT (knowledge transfer). The methodology that was followed for KT was 'Train the Trainer' where key users were identified and trained on multiple aspects and who could, in turn, train their end users as per their job requirement. A complete system documentation was delivered to the client for easy reference

Business impact

- The client is able to track the progress of all projects, at every stage, and monitor the utilization of resources allocated to the particular project.
- Transparency in inventory levels at different project sites had resulted in a 15% decline in working capital.
- The client had access to a robust system that is capable of closely monitoring the project cost and track individual tasks in a project.
- By aggregating the requirements from multiple projects, the client was able to enjoy lower price quotes associated with bulk material buying (bulk buy).
- Budgetary overruns have decreased as the management had access to reports that helped to monitor project progress on the basis of allocation Vs. the actual expenditure on the project.
- Increased customer satisfaction with on-time completion of projects by the client.
- Profitability analysis reports were available to the management to track the performance of every project.
- With the help of logistics reports, the client could comply with Indian statutory regulations with regards to sub-contractors by completing all the formalities within 180days of work completion, with no deviations.
- Improved operational efficiency by automating the manual steps in export and import processes.



**For more information contact YASH today
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About YASH Technologies

YASH Technologies focuses on customer success. As a leading technology services and outsourcing partner for large and fast growing global customers, the company leverages technology and flexible business models to drive innovation and value throughout its customer's enterprise. YASH customer centric engagement and delivery framework integrates specialized domain and consulting capabilities with proprietary methodologies and solution offerings to provision application, infrastructure and end user focused Right-Sourcing services. YASH is a SEI CMMI (Level 5) and an ISO 9001:2015 certified company with U.S. and India headquarters and regional sales and development offices globally with customers spread across 6 continents.



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