



Abhijeet Group: Achieving Purchasing Excellence with Procurement Software from SAP

Growth-oriented organizations inevitably reach the point where they have to address their procurement procedures. Facing complex supply management challenges, Abhijeet Group looked to SAP® software for the **robust and scalable process controls** it sought. The group's diverse business needs were met in a new, organization-wide approach to material and service purchasing.

Executive overview

Company

Abhijeet Group

Headquarters

Nagpur, India

Industry

Mill products

Products and Services

Power, steel, mining, roads, cement, and ferro alloys

Employees

3,000+

Web Site

www.abhijeet.in

BUSINESS TRANSFORMATION

The company's top objectives

- Strengthen controls on price and quality in all purchase areas
- Enhance procurement decisions by giving better access to more accurate information
- Reduce supply management costs by eliminating manual data processing and exchange

The resolution

- Established centralized procurement and automated transaction processes
- Empowered stakeholders with detailed information and analytics
- Improved contract creation, maintenance, and compliance procedures

The key benefits

- Lower material and service costs through increased purchasing efficiencies
- Better supplier performance visibility and more insight into divisional spends
- Reduced contract creation cycle time using relevant information and more collaboration

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TOP BENEFITS ACHIEVED

-30%

Contract bid process cycle time

-60%

Purchase order creation cost

+30%

Spend under management

See more metrics ►

“SAP SRM provides a 360-degree view of our procurement and supply functions. It has significantly improved system transparency both internally and externally.”

Vijay Singh, General Manager – IT, Abhijeet Group



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Resolution

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Future plans

A clear need to adopt cutting-edge procurement processes

Abhijeet Group is a diverse collection of companies engaged in the power, steel, mining, roads, cement, and ferro alloys business. It is one of India's fastest growing corporations and has set itself ambitious growth targets in all areas of operation.

With steel and power divisions that both have major plants in three states, Abhijeet has become a heavy user of mineral resources. To ensure the consistent supply of raw materials that meets demand in terms of both quantity and quality, Abhijeet has also expanded its activities into the mining sector, where its major outputs are coal and limestone. In addition, the group is a significant player in the development of India's highway network. It is currently engaged in projects that will over a five-year period complete 10,000 km of roadwork and associated infrastructure.

Abhijeet has established clearly defined goals for each business activity, has the capabilities to achieve them, and is going through a rapid expansion phase as a result. To sustain its impressive growth trajectory, the group must ensure internal processes keep pace with its new levels of business. In the capital-intensive industry sectors where Abhijeet operates, efficient procurement is a critical success factor. A longtime user of SAP® products and services, the group has expanded that relationship with a range of innovative procurement processes. The aim: to cost-effectively secure the supply of materials and services in the quantities needed while meeting all industry quality standards.



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Building scalable systems that support business growth

For Abhijeet, growth demanded operational streamlining while presenting the opportunity for economies of scale. This meant centralizing procurement processes through one resource center. In a visionary approach, the group set out to optimize basic transactional process methods and develop strategic sourcing capabilities for long-term cost savings, using a three-point approach.

The SAP Supplier Relationship Management (SAP SRM) application underpins all procurement processes. It has improved the speed at which purchase orders are raised against contract, and it has established a framework to encourage vendor collaboration. "With SAP SRM we now have full transparency," explains Vijay Singh, Abhijeet's general manager for IT. "We no longer have to depend on manual intervention for integration with back-end systems."

Taking procurement a step further with predictive analysis, Abhijeet implemented the SAP Spend Performance Management rapid-deployment solution. This shows exactly where spend is occurring and provides structured analytics tools

for informed decision making across all defined groupings. The application delivers optimum flexibility for analysis of data residing in different systems.

The SAP Contract Lifecycle Management application simplifies the time-consuming contract creation process. Approvals and negotiations in collaboration with internal and external stakeholders are facilitated, and contract clauses are more uniform and easier to understand. That simplifies compliance tracking, which directly affects the value derived from every contract.

With a visionary approach to the issues at hand, Abhijeet set itself up to achieve the procurement excellence it was seeking.

"Our procurement staff members have been able to implement better workflows, and suppliers have greater visibility into our bidding and reverse auction processes."

Vijay Singh, General Manager – IT, Abhijeet Group



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Achieving real savings in every aspect of supply

With SAP procurement software, Abhijeet Group has seen significant improvement in the cost of acquiring goods and services. Task automation has reduced the cycle time in several key purchase processes, increasing employee productivity by 30%. The overall purchasing cycle time from request to receipt has gone down 30%, reducing delays in supply and the cost of holding stocks.

Process enhancements mean the contract creation cycle time has decreased by more than half. "There's

been a considerable reduction in the effort required to complete purchasing contracts," says Singh. "There's also now minimal scope for errors to occur." Clearer data visibility has directly contributed to an increase in the spend amount being managed strategically by the central procurement team.

With ongoing support from the team at SAP Consulting, Abhijeet Group completed deployment of all three SAP procurement solutions on time and within budget.

KEY BENEFITS

-30%

Contract bid process cycle time

+30%

Spend under management

+30%

Supplier evaluation process efficiency

-60%

Purchase order creation cost

-80%

Invoicing errors

+30%

Contract compliance



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Maintaining an impressive growth path through innovation

Abhijeet has ambitious plans for securing the maximum return on its IT investment. Having established the powerful new processes enabled by SAP SRM, the group plans to expand the application's use across the entire procurement operation in all its 22 active business units. Standardization of material and service procurement throughout the organization is the next major step toward the final objective – to consolidate all group purchases for the best price and quality. Recognizing that the benefits of its SAP solutions reach wider than procurement, the group has also begun leveraging them to create efficiencies around its sell-side and finance contracts.

Abhijeet is on a path of innovation using three key SAP applications that provide smooth integration of all aspects of the procurement function. Says Singh, "We are excited about the new ways we are finding to use our SAP tools in this critical aspect of operations."

