



MRF LIMITED

SAP ENSURES A SMOOTH DRIVE AHEAD FOR MRF LIMITED, A LEADING PLAYER IN THE TYRE MANUFACTURING INDUSTRY

“SAP has changed the way we work and for the better. We can’t do without SAP. In fact, MRF runs on SAP. We will look to SAP to meet our future business needs,”

Prince Azariah, Chief Information Officer,
MRF Limited

QUICK FACTS

Summary

- Name: MRF Limited
- Head Office: Chennai
- Industry: Automotive Supplier
- Products: Tyres
- Employees: 15,000
- Revenue: INR 5000 Crores

Website

- www.mrftyres.com
(new website under construction)

Key Challenges

- Reposition IT as a business enabler
- Overcome difficulty in managing and controlling disparate data
- Integrate all major business functions and achieve real-time management
- Increase efficiency to support rapid business growth

Project Objectives

- Consolidate all business systems into a single, integrated enterprise resource planning (ERP) system
- Provide a platform for free flow of information and a central data repository

Solutions and Services

SAP ERP

Implementation Highlights

- Time-frame: 9 months, strict adherence to time-schedules
- Top Management’s support
- Highly dedicated team
- Comprehensive change management

Why SAP solution

- Industry dominance
- Functions and features
- Met company’s requirements
- Positioned for future growth

Key Benefits

- Availability of reliable information at all relevant levels on real-time basis leading to improved decision-making and control
- Increased organizational efficiency
- Enhanced internal collaboration and increased employee productivity

Implementation Partner

- Siemens Information Systems Limited

Existing Environment

- Outdated legacy systems, failed implementation of Oracle Applications
- Hardware: HP Integrity Servers
- Operating System: HP-UX
- Database: IBM DB2



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MRF Limited is engaged in the manufacturing, distribution and sale of an extensive range of superior quality tyres for various kinds of vehicles.

The company's operations relate to manufacture of rubber products, such as tyres, tubes, flaps, tread rubber and conveyor belt, as well as specialty coatings for a variety of applications. MRF has six production facilities in India and around 80 sales offices. From its humble origins in 1946, the company has come a long way to become the market leader in the tyre manufacturing industry. MRF exports its products to over 75 countries worldwide.

Today, global tyre manufacturers have to plan and adapt to changes in customer demand, fluctuations in raw material prices and availability, while keeping pace with timelines for shipments; in the face of increasing competition in the global marketplace.

The Need for SAP

Before becoming an SAP customer, MRF was running several outmoded legacy systems that could no longer keep up with the company's expanding operations, and, as a result, the company was plagued with inefficiency.

Problems of slow availability of information, tedious manual entry and data transfer, lack of system flexibility, excess manpower utilization and costs started to have a negative impact on the business.

Consequently, the company was spending a lot of time in consolidating the information, getting the data together, and on time. It did not take long for MRF to know that it had to replace its non-integrated, independent systems if it wanted to gain strategic insight and higher productivity to manage rapid business growth.

The company wanted a flexible solution to allow IT to keep pace with changes while offering a low total cost of ownership. MRF decided to reengineer its entire IT landscape by implementing SAP ERP and SAP CRM solutions, based on the SAP NetWeaver platform.

A Core Team called the Power Users team was formed to determine the requirements of the company and the selection of a suitable ERP solution. MRF brought in IBM Global to facilitate the process and the Core Team was sensitized to the process of reengineering. The company did a detailed evaluation based on various criteria such as experience in the manufacturing sector and product-offerings; Oracle and SAP were short listed. MRF participated in a SAP summit which helped the company to take the final decision.

"SAP came out on top in terms of product superiority, post-sales support, and record customer satisfaction. We were confident that SAP will support our plans for continued growth," says Prince Azariah, Chief Information Officer, MRF Limited.

SAP offered a clear solution for MRF's manufacturing operations which include process as well as discrete production. "We have moved onto a mature product with SAP. We have made a very good decision in selecting SAP," adds Sathya Gautham, Manager IT Services.

Implementation

MRF chose Siemens Information Systems as the implementation partner after a thorough selection process. The project went live on December 1, 2007. There were around 60 members from MRF and

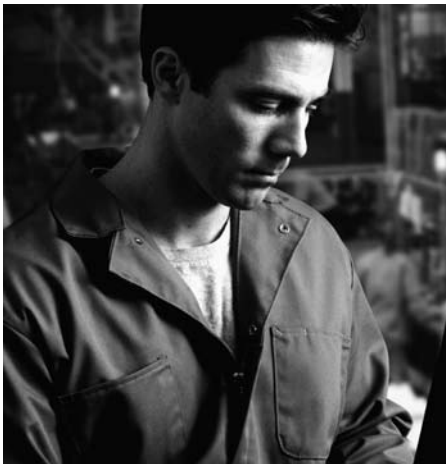
35-40 members from Siemens involved in the implementation process. The core team and the partner's team worked in full collaboration, while ensuring that the implementation was carried out according to time schedules.

"One of the complications was that our systems were in silos. Change management has been a big challenge," says Gautham.

There were many instances when MRF looked to SAP India and SAP Labs for assistance and support during the implementation. SAP ERP has been implemented at the company's Head Office in Chennai, 6 factories in Thiruvattiyur, Arakkonam, Pondicherry, Medak, Goa and Kottayam, and around 80 Sales Offices. MRF went in for all core modules including Financials and Controlling (FICO), Sales & Distribution (SD), Materials Management (MM), Production Planning (PP), Quality Management (QM), Plant Maintenance (PM), Human Resources (HR), and SAP NetWeaver Business Intelligence (SAP NetWeaver BI). Today, there are around 700 users who have accepted the implementation in a positive manner.

Benefits

With SAP ERP, the company has one harmonized, standardized and integrated solution. The solution has enabled MRF to transform its business operation management from time consuming and inflexible to real-time and adaptable. The users can now count on easy access to accurate, complete, and up-to-the minute information, thanks to centralized, integrated data. This has led to quicker decision making and improved business transactions for MRF.



"SAP is the best thing that has happened to MRF,"

Sathya Gautham,
Manager IT Services

The implementation of SAP has brought in a major shift in the work-culture in the company.

"The core team was clearly aware that they are responsible for creating their future. Earlier, we were a top-driven company. Now, we have close to 60 personnel at the middle management level who have been empowered to take business decisions, and who are advising top management on what needs to be done to set up processes in the company. There is so much of enthusiasm among the core team members and the end-users. Also, we used to be a very silo-ed company. With SAP, the Heads of different Departments look to these people for resolution of problems. We are seeing increased interaction and cooperation between different functions in the company. Most importantly, we have one single view of the truth which has brought in a tremendous change in the way we work," says Azariah.

SAP ERP has streamlined processes and enabled real-time management within the company. "On the very first day of

Go-Live, SAP introduced instant benefits in the company. We were pleasantly surprised to see more than 680 invoices coming in from our Sales Offices around the country.

When we saw the first invoice coming from our Chennai Sales Office, we were so excited –it was like a baby being born! Within the next day, all the Sales Offices had done their billing, which is very good," says Azariah.

"We are going to derive more and more benefits from the SAP implementation with time. There are so many instances like how we pay our truckers in Pondicherry, how we sell scrap etc., which can be resolved quickly and easily. SAP will make our lives easier," continues Azariah.

Currently, the sales team needs to manually go to the dealers to get the orders from them, which can be automated according to Azariah. With SAP, the sales team can monitor the order status from the office with the dealers logging into the system. This is just one

example of how IT can become a critical business enabler. The implementation of SAP ERP has created a tech savvy environment in the organization. Eventually, Azariah hopes to see a paperless office.

Future Plans

The company is already impressed with SAP's track record and the implementation of SAP ERP in the organization. "SAP is the best thing that has happened to MRF," says Gautham. The company has realized that SAP can play a major role in enabling efficient logistics, sales operations, safeguarding market share, and providing good customer service.

"SAP has changed the way we work and for the better. We will look to SAP to meet our future business needs. We hope to implement the SAP Supply Chain Management (SAP SCM) application in 2008 and the SAP Customer Relationship Management (SAP CRM) application in 2009. We can't do without SAP. In fact, MRF runs on SAP," concludes Azariah.

2008/02

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