



“SAP has been a partner in our progress. If we start illustrating the innumerable benefits that SAP has brought in, the list will go on and on – it is endless,”

Chirag Gandhi, Manager Systems & Projects

Encube Ethicals Pvt. Ltd.

AT A GLANCE

Company

- Name : Encube Ethicals Private Limited
- Managing Director : Mehul Shah
- Head Office : Mumbai, India
- Plant Location : Goa
- Industry : Drugs & Pharmaceuticals, a Contract Pharma House
- Products : Ointments, Creams, Gels
- Employees : 90
- Revenue : INR 17 Crores
- Web site : www.encubeethicals.com
- Implementation Partner : Coconut Software

Challenges & Opportunities

- To find an IT solution that is sustainable for short-term and long-term needs.
- Integration

Objectives

- Automation
- A single technology platform

SAP® Solutions & Services

SAP® ERP 2005 (ECC 5.0)

Implementation Highlights

- Time-frame : 4 months
- Top Management's Support
- Extremely rapid implementation
- Highly dedicated team

Why SAP

- A robust, integrated solution
- Met company's requirements-positioned for future growth
- SAP is the international industry standard

Benefits

- Improved business insight
- Clear visibility across supply chain
- Effective utilization of stocks
- Online debit and credit voucher booking
- Online profitability reports and transparency
- Reduction in communication and correctional costs
- Enhanced competitiveness

Existing Environment

- In-house developed Foxpro Program
- Database : SQL 2000
- Hardware : HP ProLiant Servers
- Operating System : Windows 2000

ENCUBE ETHICALS PRIVATE LIMITED

Background

Encube Ethicals Private Limited is a well-known contract manufacturing company in the pharmaceutical sector dedicated to topical preparations such as Ointments, Creams and Gels. The company's manufacturing facility in Goa, which was commissioned in March 1998, has been approved by international regulatory health authorities like Health Products and Food Branch Inspectorate (HPFBI)-Canada and TGA Australia. Other accreditations include ISO 9001:2000, WHO-GMP, and Japanese FDAs (for OTC Products). Encube's major customers are Galderma, Aventis, Unimark Remedies, Micro Labs, Zuventus Healthcare, Nicholas Piramal, Sandoz, Sanofi Synthelabo, etc.

The need for SAP

The company was running outmoded systems which could no longer keep pace with its expanding operations. Encube was facing a myriad problems with processing efficiency, because the re-entry of the same data several times resulted in inaccuracies and data inconsistency. It was taxing for the employees and costly for the company as there were problems in reconciliations and delayed payments.



“Managing data was becoming tedious which often led to a lot of irregularities especially with our loan license clients,” says Chirag Gandhi, Manager Systems & Projects, Encube Ethicals Private Limited. In view of these limitations, the company initiated a search for technology solutions and considered PeopleSoft, Baan and SAP. It was obvious that the company needed a single, totally integrated system that would allow networking with online processing of information, guaranteed data integrity and security, efficient order processing, procurement, improved stock distribution, as well as complete control for accounts payables and receivables.

“We needed an information architecture that would permit flexible adaptation to satisfy local laws as well as meet international regulatory requirements. Further, we wanted a vendor who would give us long term support capable of meeting our growing needs in the future,” adds Gandhi.

Encube looked for an enterprise software package that had a clear business process orientation and embodied technology leadership in the areas of administration, production, sales and distribution. The company was impressed with the implementation of SAP at Aventis, which is one of its major customers. “This way, we got quite a good exposure to SAP and we thought that SAP’s in-built features would suit our requirements perfectly,” says Gandhi. Also, the company felt another plus point was that SAP has rapidly become the accepted international industry standard.

Implementation

The project went live in August 2005. It was completed in a record time of 4 months with support from Coconut Software as the implementation partner. There were 9 members from Encube and 7 members from Coconut Software involved in the implementation. Today, there are 20 users who have taken the implementation well. “Though the implementation was smooth, it was quite challenging as it brought about a transition from the old software which we were working with, and users took time to catch up,” says Gandhi.

The modules implemented are : Financials (FI), Controlling (CO), Sales & Distribution (SD), Material Management (MM), Production Planning (PP), Quality Management (QM), Plant Maintenance (PM). All the functions of the plant and the

Corporate Office are integrated on SAP and are connected by leased lines.

With SAP, the company expected to achieve improvements in key areas such as Service Delivery, Production Planning and Purchase.

Benefits

Pre-implementation, Encube’s business processes were not integrated and data lacked consistency and accuracy, which lead ineffective decision-making, lack of flexibility and inefficient use of resources. This resulted in higher incidence of data entry errors and higher costs of error processing.

“We wanted consistent, integrated information available across all corporate levels to support decision-making in our various divisions by optimizing our processes and greatly improving our information availability,” says Gandhi. Essentially, SAP® ERP serves as an integrated platform for recording, updating and consolidating information in real-time.

“Being a contract manufacturing company and operating in the service industry, we need to service our clients all the time. We should be in a position to provide the latest, accurate data to our clients at any point in time,” says Gandhi. After SAP, information is available across the organization within seconds. This advantage enables the company to completely redesign communications with its most important partners and customers— as well as the content and quality of its information.

“Data is now available immediately and in different forms. We can deal with our customers with a new found confidence since data is accurate and coming out of a system that is well-known,”

says Gandhi.

Earlier, with the legacy software, the Production Plan was made once a month and sent to the Head Office. “After we received the Production Plan for the entire month, we would re-enter this data since this software was not available online and then estimate the requirements for raw materials, packing materials etc. In the meantime, if there were any changes, we would not

know about them on time and we would end up doing all the wrong things,” says Gandhi. With SAP, information on the availability of raw materials or stock can be communicated in real-time. “Now, we also have weekly Production Plans, especially for raw materials which have a shorter lead time. This is done in co-ordination with the Production Staff,” adds Gandhi. With the availability of real-time information, the stores staff is also aware of the exact position. Employees execute the day-to-day business processes in a consistent, uniform manner.

Better planning has helped in reducing inventory levels, leading to improved control of stock in the company. Production, planning and materials management has become tighter and credit control has improved. The result is optimized inventory throughout the supply chain and improved replenishment planning, with better fill rates and fewer stock outs. “Monitoring has become easier with the ready availability of reports. We can see which inventories are not moving from the past 90 days, 60 days or 30 days. We can attack areas which need immediate attention and take immediate decisions,” says Gandhi. As inventory control can be conducted in real-time, surplus and stagnant inventories can be avoided, and in addition, other errors can be prevented. With improved stock control, the company can now forecast stock ordering as well as forecast when and which stock will expire. Previous stock losses have almost been entirely eradicated, and are now within acceptable levels. SAP has revitalized the entire production process and enabled real-time management, so that the company can develop better business strategies in a timely and effective manner.

Centralization of applications has brought in transparency, reduced reconciliation work, made internal audit easier and faster, and has integrated production and costing. “Accurate accounts receivable data is available at the time a customer initiates a sales transaction,” says Kirit Vora - Manager,Accounts. The implementation of SAP ERP has created a tech savvy environment in the organization which has helped in enhancing the image of the company. “When MNCs and potential business partners conduct audits to check out our strengths and capabilities, they look into three aspects –Engineering Practices,

Production Practices and Systems. In terms of Systems, SAP has given a clear, definite edge over our competitors,” says Gandhi. As decision-making is quicker, Encube has an advantage in being able to respond to customer needs better and relationships with customers have improved.

“We are in a better position to serve our customers and react appropriately to their needs. In fact, our customers have noticed the difference and have appreciated the company’s improved service levels,”
says Gandhi.

Further, the competitive advantage the SAP ERP solution provides has enabled the company to deliver the best value to its customers.

Today, Encube has a single, fully integrated system, which has positively changed the company’s working methods and reporting abilities, boosted productivity and staff morale, and reduced costs, all by a large magnitude. There have been time savings and manual processes have been eliminated. Employees can now quickly produce reports and without logistical headaches. Everything is now accomplished with the click of a button. Any user can produce the reports they need immediately, and they have much more flexibility in report customization and management. Productivity and efficiency have improved dramatically, as has the ability of the staff to simply get their work done.

Future Plans

Gandhi sums up the substantial benefits derived from the implementation of SAP ERP at Encube. “If we start illustrating the innumerable benefits that SAP has brought in, the list will go on and on – it is endless,” says Gandhi. SAP ERP now serves as a key enabler of Encube’s future business developments. Already, the company relies heavily on the system to determine fast and intelligent business strategies that will drive its long-term growth. “SAP has given us an edge. It has been a partner in our progress,” confirms Gandhi. Being a satisfied SAP customer, the company plans to go for SAP® NetWeaver™ BI in the near future.

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