

SAP Customer Success Story



Mahindra & Mahindra, a leading Indian auto-maker, needed to streamline cooperation with its component and systems manufacturers. By implementing the supplier-enablement capabilities of the mySAP™ Supplier Relationship Management (mySAP SRM) solution, the company has eliminated time-consuming manual processes, reduced errors, and taken a significant step towards a truly collaborative environment.



MAHINDRA & MAHINDRA

THE FAST TRACK TO SUPPLIER INTEGRATION

Mahindra & Mahindra is the flagship company of the Mahindra Group – India's leading manufacturer of tractors, light commercial vehicles, general-purpose utility vehicles, and auto components. The company exported 1,607 vehicles and 4,769 tractors to the United States, Europe, and South Africa in 2003. Based in Mumbai, India, the group is represented in over 23 countries, has 12,000 employees, and generated revenues of US\$2 billion in fiscal year 2004.

THE WAY FORWARD

Like all automotive companies, Mahindra & Mahindra finds that nurturing collaborative relationships with suppliers is crucial to success in a fiercely contested industry. It is a simple equation: close, long-term relationships help to increase productivity, efficiency, and reliability – not to mention lower costs and higher quality.

Mahindra & Mahindra has a clear strategic vision: to create a fully collaborative environment in which suppliers can deliver exactly what the company needs, when it needs it, and at a competitive cost.

FIRST STEPS

At the heart of this vision is an electronic platform that can seamlessly connect the company with its partners. Initially, the company introduced a homegrown portal. Although it represented a step forward, the portal was only an information source displaying relevant data off-line from the company's back-end SAP® R/3® system environment. Suppliers could get

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details about purchase orders, scheduling agreements, delivery schedules, status of the supplies they make, and payment status. But they could not perform transactions on the portal to confirm orders, deliveries, and so on.

The portal was a good test of the company's vision, but it was not a viable option for the long term. To create the truly collaborative environment envisioned by Mahindra & Mahindra, it needed a more powerful solution.

LEVERAGING THE POWER OF SAP SOFTWARE

The company performed comprehensive business-case analysis and found that the capabilities of the mySAP™ Supplier Relationship Management (mySAP SRM) solution could deliver the functionality it needed. The solution also fit well with the company's existing R/3 landscape. “We selected mySAP SRM because it is from a tried-and-trusted vendor and easily integrates with our environment,” says Krishna Nabar, head of business solutions at Mahindra & Mahindra's corporate IT unit.

SMOOTH IMPLEMENTATION

Implementation kicked off in March 2003, and was completed swiftly in around five months. The project, which was guided by the AcceleratedSAP™ (ASAP) methodology, was carried out by the company's IT subsidiary, Mahindra Consulting, assisted by SAP Consulting. They were actively supported by SAP Asia's SRM Regional Group and Mahindra & Mahindra's business users.

Working together, these IT specialists linked 16 purchasing organizations and integrated nine back-end R/3 systems with the SAP Supplier Self-Service (SAP SUS) application, the Web-based front end that provides access to the supplier-enablement capabilities of mySAP SRM.

SAP SUS was deployed in conjunction with the various materials management systems at Mahindra & Mahindra, creating a portal for end-to-end e-procurement, with bidirectional, real-time information flow between purchasers and suppliers. Integration with multiple R/3 systems is achieved through the open exchange infrastructure of the SAP NetWeaver™ technology platform. This innovative approach shortens and simplifies implementation, as no changes need to be made to materials management software or the processes it supports.

BRINGING A STRATEGIC VISION TO LIFE

Mahindra & Mahindra is now using the highly intuitive portal, with single sign-on, to source its direct materials, such as components and systems. It plans to extend use of the portal to indirect materials such as tools, and services such as facility repair and maintenance.

Mahindra & Mahindra can send scheduling agreements, delivery schedules, and amendments to purchase orders at the push of a button. Suppliers can transmit acknowledgment of purchase orders and invoices. These flow directly into the company's back-end materials management software, eliminating an error-prone, labor-intensive paper chase and accelerating the procurement process.

Mahindra & Mahindra and its partners can now track orders, from end to end, minimizing errors, eliminating duplicate orders and invoices, and avoiding costly delays. Suppliers can also help purchasing organizations prepare for incoming goods through electronically transferred advanced shipping notifications.

A WIN-WIN SITUATION

The seamless exchange of real-time information has led to a significant drop in phone and fax communications to check on order status and an increase in productivity on both sides. And, because suppliers manage address and contact data themselves, Mahindra & Mahindra has reduced time-consuming administrative overhead.

Greater visibility of its suppliers' delivery capabilities enables the company to keep inventory to a minimum, improving cash flow, while safe in the knowledge that materials will be delivered just in time. Furthermore, thanks to full integration with Mahindra & Mahindra's back-end processes, the new system eliminates

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communications errors, and ensures data consistency throughout the back office. What is more, Mahindra & Mahindra can now evaluate supplier performance and see exactly which suppliers are giving it the best deal – and the best service.

The supplier portal also has an analytics tab that takes the user to Web-based SAP Business Warehouse analytics, which give the supplier the following:

- Confirmation that the material is received by Mahindra & Mahindra
- Status of the supply (for example, under inspection, accepted/rejected with reasons for rejection, bill passed, payment processed with check number in relation to the invoice number)
- Bill passed – Payment not processed
- Payment report
- Materials sent to user for further processing
- Line rejection report
- Amendments to purchase order/scheduling agreement

Based on their newfound insight, suppliers can better plan their own capacity, optimize inventory, and track their own performance in terms of quality, price, and reliability.

Acceptance of the new system is high. Already, more than 50 suppliers have signed up: Mahindra & Mahindra expects this figure to soar to around 600 by the end of 2004 and to 1000 by the end of second quarter in 2005.

Nabar is full of praise for the new solution, “Quite simply, mySAP SRM offers us a better way of collaborating with our suppliers.”

A SPRINGBOARD TO THE FUTURE

Mahindra & Mahindra has now taken the first step toward a truly collaborative environment. Ultimately, the company plans to source all of its direct materials via the new system, and estimates it will soon be handling around 2,000 transactions per day. The company is already looking at plans to extend the scope of the system, including electronic exchange of product design data and full integration with key suppliers' back-end systems.

AT A GLANCE

Solution	mySAP™ Supplier Relationship Management (mySAP SRM)
Solution components	SAP® SRM 2.0, including SAP SUS 2.0, SAP BW 3.0B, and SAP XI 1.0
Hardware platform	HP, Dell
Operating system	Microsoft Windows NT
Database	Oracle
Number of users	mySAP SRM – 1,000 expected
Number of sites	16 purchasing organizations
Length of implementation	Rapid – five months