



JK TYRE & INDUSTRIES LTD.

RACING AHEAD WITH INTEGRATION OF ENTIRE VALUE CHAIN

QUICK FACTS

Industry

Automotive

Revenue

Rs37.3 billion (€553 million)

Employees

7,000+

Headquarters

New Delhi, India

Web Site

www.jktyre.com

SAP® Solutions and Services

SAP® Business Suite applications including SAP ERP, SAP Supplier Relationship Management, and SAP Customer Relationship Management

Implementation Partner

IBM India

Key Challenges

- Standardize nonuniform business processes across locations
- Eliminate disparate, nonintegrated, homegrown systems
- Improve performance by replacing unreliable solutions
- Increase inventory visibility
- Support decision makers with accurate, real-time information

Implementation Best Practices

- Knowledge transfer with "train the trainer" methodology
- Single blueprint for multiple locations
- Use of audit services from SAP at every stage of implementation
- Full commitment from top management
- Clearly defined goals and objectives
- Presence of all functional heads on implementation committee

Financial and Strategic Benefits

- 1/3 of project cost recovered in first year
- Positioned to achieve 3-year payback
- Improved operational efficiency through integrated business processes
- Increased process agility and performance
- Achieved company-wide consistency of information
- Supported decision makers with complete and accurate data
- Centralized credit control
- Improved inventory management

Why SAP Was Selected

- Ability to meet company's business process needs
- Tightly integrated, robust, full-featured business software
- Best fit based on evaluation criteria
- Successful demonstration of solution concept
- Leadership position in the enterprise application software market

Low Total Cost of Ownership

- Completed project on time and within budget
- Retired most legacy systems
- Used standard processes across all locations
- Kept support infrastructure lean
- Lowered cost of operations for running data center
- Developed location-wise champion to provide initial support

Operational Benefits

- Reduced days sales outstanding
- Reduced raw material inventory level
- Improved in-house customer satisfaction level
- Improved employee productivity by 20%

A leading tire company in India, JK Tyre & Industries Ltd. wanted to retire its multiple disparate legacy systems across widespread locations and bring all major business processes into one platform. The company selected SAP® Business Suite applications to integrate the entire value chain. Following a successful phased implementation, JK Tyre has improved productivity and operational efficiencies while making its supply chain more efficient.



“We have been able to seamlessly integrate our business processes, improve operational efficiencies, and reap tangible benefits with the implementation of SAP software.”

S. S. Sharma, Chief General Manager (IT), JK Tyre & Industries Ltd.

www.sap.com/contactsap

Consolidating on a Single IT Platform

JK Tyre & Industries Ltd., one of the leading players in India's tire industry, is the pioneer of radial technology in the country. The company has four manufacturing locations in India and over 150 sales offices, carrying and forwarding (C&F) agents, and feeder warehouses, plus a distribution network of over 4,000 dealers. The software applications at the various plants were location independent with limited integration.

The business processes of JK Tyre were largely isolated, so a lot of effort was spent in compiling and reconciling data, which led to less time for planning. This also resulted in a time lag between sales and operations planning. As business expanded, managers found it increasingly difficult to track the stock position at each location and had very low visibility of inventory levels. Also, in the absence of a holistic view of information enterprise-wide, senior management was unable to make informed decisions.

JK Tyre understood the criticality of uniform and integrated business processes running on a single IT platform throughout the expanding organization. To replace its homegrown applications, the company followed a rigorous vendor selection process. SAP emerged as a clear winner ahead of Oracle and others, as it offered a tightly integrated package that best met the company's business process needs.

Migrating to Success

To mitigate the challenge of migrating simultaneously across all locations, JK Tyre used a phased approach and a single blueprint for the implementation. The team showed exemplary commitment to the project, fully supported by top management, which resulted in the project being completed on time and within budget. Effective change management was ensured by following the “train the trainer” methodology, resulting in over 1,300 users getting trained.

Enabling Efficient Business Processes

With the entire company now under the umbrella of SAP® software, JK Tyre is enjoying consistent, standardized processes and more accurate data and has already begun to realize benefits. Previous manual activities, such as the preparation of departmental management reports, dealer credit management and control, and daily stock reconciliation, have been automated, leading to substantial improvement in worker productivity.

Stock availability at different locations and in transit can now be viewed online, and stock can be transferred to the location where it can be liquidated immediately, which has helped reduce finished-goods stock significantly. Faster and more accurate demand forecasts, coupled with improved logistics control and planning, have enabled JK Tyre to slash the level of raw-material inventory. Credit management and control can now be exercised centrally on a day-to-day basis along with

online visibility of outstanding credit by location, size, and period, which has helped reduce days sales outstanding by about eight days. Dealer credit settlement and claims processing have also been centralized and automated, resulting in faster response time and greater customer satisfaction.

Supporting Expansion Plans and Profitable Growth

JK Tyre is now working to implement additional functionality within SAP Business Suite applications and is looking at increasing the coverage level of SAP software in the organization. While the SAP Supplier Relationship Management application, for example, would be expanded to cover all its dealers, the company is also considering new applications to improve budget planning and synchronize manufacturing operations with the enterprise. These efforts would support imminent expansion plans and profitable growth for years to come.

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