TITAN MINING ENERGY

EXTRACTING VALUABLE BUSINESS DATA WITH SAP® ERP

"SAP ERP has improved our operational efficiency, underpinning our production planning, finance and accounting, and materials management. We're in a strong position for our IPO and entry into export markets."

Prabowo, IT General Manager, PT Titan Mining Energy

QUICK FACTS

Company
- Name: PT Titan Mining Energy
- Headquarters: Jakarta, Indonesia
- Industry: Mining
- Products and services: Mining coal and minerals
- Employees: 260
- Web site: www.titanmining.co.id
- Implementation partner: Anabatic Technologies

Challenges and Opportunities
- Streamline and optimize business processes
- Prepare the business for public listing and full financial reporting
- Gain more control over mining operations
- Respond more rapidly to customer requirements and market fluctuations

Objectives
- Consolidate business data into a single centralized source
- Enable clear, accurate, and timely financial reporting
- Meet stringent financial and audit obligations with software-supported controls
- Automate manual processes for collecting data across all business units

SAP® Solutions and Services
SAP® ERP application

Implementation Highlights
- Close collaboration with implementation partner
- Intensive training for software users
- Use of change management processes

Why SAP
- Reputation and credibility in mining industry
- Accurate, real-time reporting functionality

Benefits
- Reduction of over 60% in the amount of time needed for purchasing processes
- Preparation for initial public offering (IPO) and entry into export markets of Australia and China
- More timely and reliable reporting
- Best-in-class business processes that enable better management of cyclical demand and pricing
- Ability to react with more agility to market fluctuations
- Better-informed decisions due to access to real-time, accurate information
- Tighter cost controls
- Optimized use of company resources

Existing Environment
- Database: DB2
- Hardware: IBM p520

TITAN

Headquartered in Jakarta, Indonesia, PT Titan Mining Energy has core business operations in mining coal and minerals. With production output increasing and an initial public offering (IPO) scheduled for mid-2011, the company wanted to establish a more robust enterprise resource planning (ERP) system. The SAP® ERP application has greatly improved the company's operational efficiency and productivity across many of its business operations, enabling Titan Mining Energy to look to future expansion with confidence.

The mining industry is a big part of the Indonesian economy and accounts for a substantial percentage of its GDP. With foreign investment flowing into this sector, mining production is growing quickly in Indonesia, which is one of the world's largest producers of tin, coal, and copper. In addition, the country produces significant quantities of gold and nickel.

More Timely and Efficient Response to Production Demands

As part of the Titan Energy Group, Titan Mining Energy has more than 20 coal mining concessions in Indonesia, covering a total area of more than 1 million hectares. Currently serving the domestic market with lucrative contracts from Indonesia's public utilities, the mining company is planning to expand its business into the export markets of Australia and China.

The company's business units had their own way of measuring output. Each department used its own best practices and provided information to the other business units using their own format, much of which was in the form of spreadsheet data. As Prabowo, IT general manager at Titan Mining Energy, points out, "Each business unit was running its own business system independently, so it was difficult to get an overarching view of company data as a whole. There were multiple inconsistencies and a lack of timely data. We had difficulty integrating different spreadsheets and converting the information from one measure to another, which impinged on our responsiveness to our customers' demands."

The company's planned move into export markets meant that it was critical to streamline and automate its business processes by replacing inefficient manual systems with automation and software support. As a result, the company was looking for an ERP solution that would enable employees to better calculate, plan, and track production in order to more efficiently meet all production demands.

Preparation for an IPO and Entry into Export Markets

With the IPO looming, it was imperative to streamline and automate the mining company's financial reporting and to ensure that Titan Mining Energy could meet the stringent financial and data security requirements of a public company. Its regular financial reporting took as long as one month to compile manually, which was not going to be adequate for a company that was about to become publicly listed.

The executive management team reached the conclusion that for the company to be IPO- and export-ready, Titan Mining Energy needed to invest in new technology solutions to help refine its business processes. Also imperative was the ability to perform a financial month-end report within hours – not weeks. With the help of Anabatic Technologies, an SAP partner, Titan Mining Energy evaluated a number of ERP software solutions specifically designed for the mining industry, including the SAP ERP application.

"With such a functionally rich package and comprehensive support for reporting, which is critical to our business, SAP ERP was hard to beat. Add to this SAP's worldwide reputation, credibility, and experience in the mining industry, and it was the only solution for us," comments Prabowo.

"With our foray into the export markets, we're going to go through rapid expansion, and SAP ERP will support us in moving ahead and achieving our goals."

Prabowo, IT General Manager, PT Titan Mining Energy

Experienced SAP Partner a Key Factor in Implementation

To assist Titan Mining Energy with the implementation project, the company relied on the rich mining-industry experience and deep expertise in SAP deployments of Anabatic Technologies. The project was delivered over a seven-month period, followed by one month of live training as well as change management support from Anabatic Technologies.

The software was configured to incorporate all the company's transactions for real-time updates so that an invoice, payment, coal shipment, and purchase show up immediately on the balance sheet. The solution is designed so that every business department can make use of this up-to-date data for planning and forecasting. SAP ERP also has the functionality to help the company more easily comply with governmental regulations in Indonesia and the intended export markets of Australia and China. The company is now ready for the challenges of a public listing. "Titan Mining is more organized, more pro-fessional, and in a great position for public listing with SAP ERP," says Prabowo.

Improved Operational Efficiency and Productivity

"In hindsight, we should have allowed more time up front for the change management process," Prabowo comments. "The implementation of SAP ERP has fundamentally changed how our business operates, and it's little wonder that many of our employees initially found this change difficult."

Prabowo continues, "However, now that SAP ERP is up and running, we've improved our operational efficiency and productivity. The application supports production planning, finance and accounting, materials management, and sales and distribution. What this means in real terms is that we're getting through much more work, faster. With the same headcount, we can achieve so much more. We've seen a 60% time saving in the purchasing supply chain. Significantly, our monthly financial reporting is down to less than two days, whereas beforehand it was taking a whole month. This has created a considerable cost saving for the business, and we can better employ our resources with more critical business operations."

"With SAP ERP, Titan Mining is extracting deep business value from company-wide data."

Prabowo, IT General Manager, PT Titan Mining Energy

Ready for an Expansive Future

With the planned IPO in the pipeline and SAP ERP in place, Titan Mining Energy is achieving greater profitability. The company has eliminated inefficient, resource-heavy, manual processes, taking advantage of the cost-control discipline supported by the software. Its board of directors can better manage fluctuating demand and cyclical pricing with more efficient and streamlined business operations. Business decisions are now made with access to real-time, accurate information from across all business units, enabling the company to better manage risk and adapt with more agility to market changes.

Now that Titan Mining Energy is IPO-ready, the company is looking to extend the rollout of SAP ERP to other companies within the Titan Energy Group. The main goal is to consolidate profit-and-loss reporting across the separate businesses from a single point of control. "With our foray into the export markets, we're going to go through rapid expansion, and SAP ERP will support us in moving ahead and achieving our goals," states Prabowo. "With SAP ERP, Titan Mining is extracting deep business value from company-wide data."

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