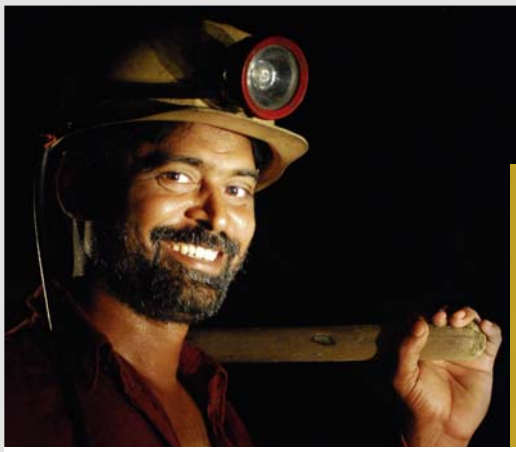

# SINGARENI COLLIERIES COMPANY LIMITED

## USING INTEGRATION TO ENHANCE AGILITY AND INNOVATION

## QUICK FACTS

**Industry**
Mining

**Revenue**
US$1.423 billion

**Employees**
70,000

**Headquarters**
Hyderabad, India

**Web Site**
www.scclmines.com

**SAP® Solutions and Services**
SAP® ERP application

**Implementation Partner**
SAP Consulting organization

Singareni Collieries Company Limited faced operational issues due to poor integration among multiple IT systems. The SAP® ERP application and the SAP Consulting organization have helped the company improve decision making; adopt best practices in finance, logistics, and HR; reduce manual data entry, and enhance materials management. Improved inventory visibility has enhanced replenishment, reduced stock-outs, and increased productivity.

### Key Challenges

- Provide integrated view of operations at various locations
- Support real-time data capture and processing for supply-chain functions
- Improve inventory visibility
- Reduce paperwork and manual processing
- Streamline payroll process for transferred employees
- Reduce IT maintenance and other costs

### Why SAP Was Selected

- Mining-focused functionality
- Market leadership in enterprise software
- Broad experience and strong track record
- Strong references from comparable public sector enterprises in India
- Global presence and support infrastructure

### Implementation Best Practices

- ASAP methodology deployed
- Hardware and infrastructure rented for blue printing and implementation
- Project managed by steering committee
- IT staff trained on SAP® technologies
- Software developed before implementation for smooth data migration
- Clear policies set for managing process change and adopting best practices

### Low Total Cost of Ownership

- Reduction in support for legacy applications
- Reduction in manual data reentry due to fewer interfaces between applications
- Fewer points of failure at application interfaces
- Better governance and control of applications

### Financial and Strategic Benefits

- Real-time information for more effective decision making
- Better materials management to help meet annual production targets
- Reduced time for settling sales orders and improving customer satisfaction
- Central management of business continuity initiatives via IT disaster recovery mechanism

### Operational Benefits

| Key Performance Indicator | Impact |
|---|---|
| Time to process sales orders | -50% |
| Days to close annual accounts | -50% |
| Time to settle advance payments | -40% |
| Duration of purchase requisition cycle | -98% |
| Time to generate coal bills | -95% |
| Unmanaged spend | -55% |

"Today, SCCL is a truly integrated enterprise. As we continue this journey, we hope to leverage other functionalities and develop a robust business intelligence platform that will further enhance decision making."

**J. V. Dattatreyulu,** Director of Operations, Singareni Collieries Company Limited

**www.sap.com/contactsap**

Singareni Collieries Company Limited (SCCL) currently operates 13 opencast and 42 underground mines in four districts. The challenge for SCCL was to integrate and streamline operations at multiple locations for enhanced decision making and business consolidation.

"Our distributed IT architecture had made this difficult," says B. Bhaskar Rao, head of the IT department at SCCL. Manual integration of processes for purchasing, sales and distribution, finance, stores, and payroll resulted in duplicated data entry and paper-based processing that wasted time and caused errors. In addition, the company could not process data for logistics and financial supply chains in real time. Inventory visibility was poor, and distributed handling of payrolls for employees who moved from mine to mine led to errors that had to be manually corrected.

## Best Practices Smooth Implementation

To handle these challenges, SCCL chose financial, controlling, materials management, quality management, payroll, and sales and distribution software in the SAP® ERP application. Key to this choice were strong SAP references from comparable public sector enterprises in India. Also important were SAP's global support infrastructure and mining-focused functionality.

One of the first public sector companies in India to undertake a large-scale, enterprise resource planning (ERP) implementation, SCCL rented the hardware it needed early in the implementation rather than trying to purchase it. This minimized procurement delays that are typical in public sector installations. IT employees were thoroughly trained on SAP technologies and now maintain the software with little external support. Development of certain applications prior to implementing SAP ERP facilitated data migration.

## Greater Visibility in Real Time

With SAP ERP in place, information is more visible throughout the enterprise and available in real time. This, plus an alert framework within the application, has significantly improved decision making. Integrated materials management has given SCCL better control over stock and inventory. Timely provisioning of spare parts and other items for maintenance, repair, and operations has increased the availability of essential equipment and made it easier to meet production targets.

"We have reduced the overall cycle time for sales order processing from months to days, cut the time for settling advance payments made against sales orders, and increased customer satisfaction," adds N. V. Rajasekher, superintendent engineer for marketing and movement at SCCL. There has also been a significant decrease in the time needed to close annual accounts.

"Singareni is the first company in India to use an SAP solution–supported balance sheet in the first year the new software was implemented," notes M. V. Subba Rao, chief general manager of finance and accounts at SCCL.

The company can now manage and control spending at the enterprise level. The new software, which supports 300 to 400 items related to material requirements planning, has significantly reduced the purchase requisition cycle and eliminated accounting at individual store locations.

Increased integration has also facilitated better procurement policies, encouraged collaboration with suppliers, and significantly reduced stock-outs at plant locations. In addition, paper consumption related to the accounting process has dropped significantly.

"The four SAP modules we've added are like the first floor of a building that will help us build many floors in the future," says M. Sathyanarayana, ERP project manager at SCCL.

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