HALDIA PETROCHEMICALS

PROCUREMENT WITH THE LATEST SOFTWARE FROM SAP

QUICK FACTS

Industry
Chemicals – petrochemicals

Revenue
US$2 billion

Employees
1,000

Headquarters
Kolkata, India

Web Site
www.haldiapetrochemicals.com

SAP® Solutions and Services
SAP® ERP application, SAP NetWeaver® Portal component, SAP Solution Manager application management solution, SAP NetWeaver Business Warehouse component

Implementation Partners
SAP Consulting, PricewaterhouseCoopers LLP, and an in-house team

Haldia Petrochemicals Ltd., one of India's leading petrochemical companies, focused especially on streamlining procurement in its recent upgrade to the SAP® ERP application. By reengineering its processes to take best advantage of the new functionality, the firm made dramatic improvements in procurement cycle time and cost while improving vendor management, transparency, traceability, and inventory levels.

Key Challenges

- Automate and streamline the procurement cycle
- Improve interdepartmental integration and approval process
- Provide the audits and controls needed for smooth business operations
- Increase transparency across the organization
- Maximize utilization of available resources
- Eliminate manual and paper-based systems

Why SAP Was Selected

- Process integration via open standards
- Robustness, scalability, and ease of use
- Fit with business requirements
- Proven market leadership
- Strong product road map and focus on research and development
- Commitment to the Indian market

Implementation Best Practices

- Received strong management support
- Involved the most knowledgeable and committed end users
- Documented new processes thoroughly with input from key stakeholders
- Performed detailed analysis of existing processes
- Conducted extensive training and change management

Low Total Cost of Ownership

- Completed project in 12 months
- Developed in-house core team expertise, reducing reliance on external sources
- Used SAP® Solution Manager application management solution along with the standard ASAP methodology template

Financial and Strategic Benefits

- Automated the entire procurement cycle, thereby reducing labor costs
- Increased user satisfaction in procurement, maintenance, manufacturing, and finance
- Enhanced vendor performance evaluation capability and relationship management efficiency
- Fulfilled legal requirements via improved audit trails, traceability, and transparency
- Improved management's access to information and ability to plan and control operations
- Implemented online workflow approval system with real-time status reporting

Operational Benefits

Key Performance Indicator	Impact
Time required for all internal processes involved in a procurement	-40%
Procurement approval response time	-60% (from 15 days to 5–6 days)
Operating costs	-15% to 20%
User satisfaction	+40%
Approval and status reporting	From manual to online
Inventory carrying costs	Reduced
Inventory accuracy	Increased

HALDIA PETROCHEMICALS LTD

"SAP has provided the better solutions to run HPL's business, with integrated functionality so we have better process control."

Anjan Bose, Vice President, Head HR&A, and CIO, Haldia Petrochemicals Ltd.

www.sap.com/contactsap

Haldia Petrochemicals Ltd. (HPL) is India's second-largest petrochemicals company. It owns and operates a modern naphtha-based plant complex in West Bengal that produces a variety of chemical products.

Staying Current with SAP® Applications Brings Rewards

HPL has long employed SAP® software and the best practices SAP supports throughout the business and makes it a priority to stay current with its release levels. Each software upgrade over the years introduced new levels of automation in HPL's core processes, enabling smoother operations and better integration.

Every time HPL prepares for an upgrade, it closely analyzes its business processes to find ways to streamline them by taking advantage of improved functionality built into the latest release. In getting ready for its most recent project, upgrading to the SAP ERP application, the firm focused especially on the areas of procurement and materials management, where some existing processes were paper-based. HPL wanted to speed up the procurement cycle by automating and streamlining the internal processes involved, especially procurement approval, which was taking 15 days. HPL also wanted to improve productivity and resource utilization, reduce inventory carrying costs, improve vendor management, and ease regulatory compliance.

The implementation was a joint effort involving SAP Consulting, PricewaterhouseCoopers LLP, and HPL's own process experts. This team examined the functionality enhancements implemented in SAP ERP, mapped them against its goals, and redesigned business processes to take optimal advantage of them. As the project neared completion, the team created user manuals for these new processes and conducted thorough training.

Saving Time and Costs by Automating Procurement Processes

With its new software and processes, HPL has achieved its goals for the project. Efficiency and transparency are up throughout the organization, especially in procurement and materials management. A good example is management of the two-bid system HPL uses in its procurements, where vendors submit technical and price proposals separately, and price proposals are only opened for technically qualified vendors. Functionality in SAP ERP expedites the evaluation of both types of bids. HPL can now better manage letters of credit and waybills, which makes it easier to meet statutory requirements and control inbound and outbound logistics. The firm conducted a project to improve the transparency of its capital expenditures where the new functionality helped by linking all procurements with work breakdown structures.

On the vendor management front, HPL integrated SAP ERP with IBM Lotus Domino to implement a better system for registering vendors and evaluating their performance. The external service procurement functionality of SAP ERP helped the firm automate processes for purchasing the many services it engages for contract manpower, transportation, and other outsourced activities. All these improvements have resulted in time savings, removal of duplications, more effective reporting, and elimination of dependence on specific individuals. Procurement approvals now take only 5 or 6 days instead of 15, a big reason for the 40% reduction in the time it takes to complete all the internal processes that procurements entail. Such improvements were major contributors in HPL's stunning achievement of cutting overall operations costs by 15% to 20%.

With its integration, openness, and embedded best practices, our new SAP solution has helped us achieve better productivity and cost control, especially in the area of procurement," says Samir Mandal, general manager for IT at HPL.

Next, HPL plans to implement a vendor portal and systems to improve management and archiving of its documents using SAP applications. The company expects this to introduce even more benefits both internally and for its supplier community – further demonstrating the advantages of staying current with SAP software.

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