

TITAN INDUSTRIES

TIME FOR AN EFFICIENT SUPPLY CHAIN

QUICK FACTS

Industry

Consumer products – consumer durables and appliances

Revenue

US\$200 million
(watch division as of 2007–2008)

Employees

2,500

Headquarters

Hosur, Tamil Nadu, India

Web Site

www.titanworld.com

SAP® Solutions and Services

SAP® Supply Chain Management application, including SAP Advanced Planning & Optimization component

Implementation Partner

IBM Business Consulting Services

Key Challenges

- Increase responsiveness to market demands by reducing manufacturing and procurement lead time
- Reduce demand and supply mismatch
- Reduce inventory imbalance in distribution channels
- Eliminate manual production planning
- Improve utilization of critical resources
- Reduce and optimize wait time and queue time

Implementation Best Practices

- Implementation by a 12-member core team with a variety of functional expertise
- Strong governance and guidance by a steering committee consisting of senior management
- Progress monitored along 6 key areas: business benefits, work schedule, project scope, team and infrastructure, stakeholder commitment, and risk assessment
- Strong support and process audits from the implementation partner, IBM Business Consulting Services

Financial and Strategic Benefits

- Common platform for collaborative forecasting
- Improved planning accuracy and on-time completion of production planning
- Improved decision making for production scheduling in constrained situations
- Transportation cost, route, and load optimized
- Improved distribution efficiency, leading to higher availability at carry-forward agents (CFAs), leading to increased sales
- Improved shop-floor alignment and machine utilization
- Greater visibility into assembly-plant-level plans and optimized production plans

Why SAP Was Selected

- Smooth integration of SAP® Supply Chain Management application with the existing SAP ERP application
- Best practices incorporated for the consumer products industry
- Competitive advantage over other planning solutions
- Scalable and robust functionality and product maturity of the SAP Advanced Planning & Optimization (SAP APO) component
- Organizational stability and future integration possibilities with other SAP solutions

Low Total Cost of Ownership

- Big-bang implementation of SAP APO functionality for demand planning, supply network and production planning, and detailed scheduling in 15 months
- Minimal integration requirements
- Elimination of need for external technical support
- Support from SAP in all phases of implementation

Titan Industries Ltd. manufactures India's largest and best-known range of personal accessories including watches, jewelry, sunglasses, and prescription eyewear. It is India's largest watch manufacturer and the 5th largest in the world. To tightly connect its entire supply chain and increase its competitive advantage, Titan implemented the SAP® Advanced Planning & Optimization component of the SAP Supply Chain Management application through its internal project "Connect."

Operational Benefits

Key Performance Indicator	Impact
Mean absolute percentage forecast error	-30%
Production planning lead time	-57% (from 7 days to 3 days)
Production alignment with resources	+8% (Titan brand) +3% (Sonata brand)
Sales	+20% (5% directly due to SAP APO)
Availability of finished goods	+8% (Titan brand at CFAs) +3% (Sonata brand at CFAs)



“We had evaluated other planning solutions such as i2 and Adexa. . . . However, the decision in favor of SAP APO was taken considering the product’s tight integration with SAP software and its maturity.”

C. S. Ramesh, General Manager – IT, Titan Industries Ltd.

Watching Its Growing Supply Chain

Titan Industries Ltd., which started as a joint venture between the TATA Group and the Tamil Nadu Industrial Development Corporation, has become one of the most successful and respected Indian brands. Its growth has increased the complexity of the company’s supply chain for watch components and assembly – more than 2,200 types of watches, 10,600 finished components, 5 manufacturing plants, 55 distribution areas, and 35 vendor locations.

The SAP® ERP application had already helped Titan to integrate its business transactions, improve alignment to the market, and reduce inventories. However, Titan now required a planning solution to improve its forecast accuracy, product availability, and feasible production scheduling. Following an assessment conducted by external consultants, Titan chose the SAP Advanced Planning & Optimization (SAP APO) component to handle the complexity of production, capacity constraints, and a multitier distribution channel.

Tightly Connecting the Supply Chain

Implementation of the supply chain management project “Connect” across the enterprise in three phases required meticulous project management at all stages of deployment. The 12-member

core team had a combination of functional expertise covering sales, supply chain, manufacturing planning, IT, technical issues, and SAP software. Implementation partner IBM Business Consulting Services (IBM BCS) delegated a four-member team to help in the project implementation.

Open communication was another key to success. The steering committee headed by the COO monitored the scope and progress of “Connect.” Reviews were conducted by internal subject matter experts, and IBM BCS experts carried out process audits during the design and blueprint stage. Finally, SAP Germany provided support in terms of new executables, extra parameters for product decomposition, parallel processing option, and runtime monitoring during the realization and final preparation stage. Titan’s ambitious strategy of a big-bang implementation of SAP APO functionality for demand planning, supply network, and production planning and detailed scheduling was successfully completed in 15 months.

Tapping the Benefits

Today, Titan has integrated its supply chain to streamline its demand planning country-wide as well as by region. In turn, this has led to higher availability of finished products at the 32 carry-forward agents across the country. Sales have increased by 20%, out of which Titan can attribute at least 5% as a direct result of the SAP APO implementation. Titan uses

functionality for supply network planning optimization to create a feasible, synchronized, and optimized supply plan in a short- to midterm horizon. Its production plans are feasible because capacity constraints are being considered, resulting in higher alignment with the execution plan. Production planning and detailed scheduling optimization improved shop-floor alignment and machine use. Titan has implemented a deployment optimizer for dispatching finished products, a process which is run daily.

The “Connect” project earned a Customer Excellence Award from SAP in the “Business Innovation” category and was recognized by *PCQuest* magazine for best implementation in India.

The Way Forward

Looking ahead, Titan plans to continue driving secondary sales-based forecasting and explore collaborative forecasting. In the longer term, the company wants to differentiate its planning strategies for products with long lead times to improve market alignment. With SAP APO improving forecasting and helping in production planning, the time is near for Titan to realize overall inventory optimization in the supply chain.

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