

OUICK FACTS

Industry

Mill products - textiles

Revenue

Rs 43.14 billion (US\$0.96 billion)

Employees

More than 20,000

Headquarters

Mumbai, India

Web Site

www.alokind.com

SAP® Solutions and Services

SAP* ERP application, including sales and distribution, materials management, production planning, financials, quality management, plant maintenance, and human capital management functionality

Implementation Partner

Tata Consultancy Services Limited

Alok Industries Limited is one of the largest vertically integrated textile companies in India, providing world-class products to leading manufacturers and retailers. As business grew, the company needed a well-integrated and scalable enterprise application that could keep pace with complex business requirements. Using the SAP® ERP application, Alok integrated and standardized business processes and increased operational efficiency.

Key Challenges

- Standardize nonuniform business processes
- Ensure better visibility into operations
- Improve data availability and reliability
- Integrate online manufacturing processes with head-office operations as seamlessly as possible
- Expedite the reconciliation and closing processes
- Eliminate offline data synchronization

Implementation Best Practices

- Followed a phased approach
- Used a single blueprint for multiple locations
- Caused minimal disruption to business
- Secured full commitment from top management
- Used train-the-trainer methodology

Financial and Strategic Benefits

- Achieved payback on investment
- Streamlined and standardized business processes
- Established greater operational efficiency via integrated processes
- Improved adaptability to market changes
- Achieved company-wide consistency of information
- Gained greater visibility into sales order and fulfillment data
- Improved ability to meet customer commitments

Why SAP Was Selected

- Robust, best-in-class, integrated IT solution
- Ability to meet the core business needs
- Proven industry-specific best practices
- Support for growing business requirements
- Market leadership and commitment to the textile industry
- Availability of trained resources

Low Total Cost of Ownership

- Eliminated all legacy systems
- Stayed within implementation budget
- Defined and managed the project scope effectively
- Used standard processes across enterprise
- Increased productivity of IT personnel
- Required no additional resources for system maintenance

Operational Benefits

- Improved spend management
- Improved employee productivity significantly
- Reduced time required for consolidation of accounts considerably
- Reduced material wastages
- Improved inventory management





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"SAP ERP has helped optimize our resource utilization, increase visibility across operations, and standardize business processes, improving our ability to serve customer needs."

Shaji Varghese, Head - IT, Alok Industries Limited

Alok Industries Limited is a vertically integrated textile company, offering end-to-end solutions from yarn to "made-ups" and garments. With manufacturing locations in India and abroad, the company provides world-class woven and knitted apparel fabrics, home textiles, garments, and polyester yarns to manufacturers, exporters, importers, and retailers, including some of the world's leading brands. By integrating the textile value chain, Alok Industries enjoys preferred vendor status with many of its customers.

Fitting Technology to Corporate Needs

The firm operated on a homegrown enterprise application that was ahead of its time when first created. But corporate office and manufacturing plant operations were not integrated online, running on separate instances. This necessitated offline data synchronization and periodic reconciliation. Business processes across the enterprise were nonuniform, and accurate information was not always readily available.

As Alok Industries' operations grew, management realized the need to migrate to a robust, integrated, stable IT platform that would scale to support its future growth plans.

After a rigorous selection process and analysis, Alok Industries selected the SAP® ERP application. Tight integration

between business processes was a key reason for choosing the SAP solution. Additionally, its flexibility and scalability were important for customizing the application for the textile industry.

Ironing Out Migration Wrinkles

Alok Industries used a single blueprint and big-bang approach to implement SAP ERP functionality, including sales and distribution, materials management, production planning, financials, quality management, plant maintenance, and human capital management. The core team included representatives from all the functions and had full support from top management. The company ensured effective change management by following the "train the trainer" methodology. Implementation was completed well within the budget.

Crafting a Business Transformation

Updated and accurate sales order status is now available online. Material movement can also be tracked better, reducing waste.

The manual and cumbersome process of consolidating the trial balances of 40 divisions, which previously took 7 days to complete, is completely automated today. As a result, Alok Industries can close and publish its annual books much faster. Reconciliation effort for intercompany material transfer has also dropped. Staff productivity has increased significantly.

Accurate inventory valuation is available from the system, and inventory levels can be checked online before placing orders to vendors. Consequently, inventory management has improved, with no increase in nonmoving inventory items. Vendor order and payment status can be better monitored, helping the company take advantage of quantity discounts and early payment incentives. Ability to monitor and control local purchases at plants has contributed to better spend management.

Today, Alok Industries has complete visibility into fixed assets, allowing it to set more accurate budgets for fixed assets and easing the process of calculating depreciation accurately. The company has extracted significant potential from the SAP software, which in turn has contributed to better management of order-to-cash and procure-to-pay cycles. As a result, Alok Industries is one of the best reference sites for SAP ERP in the Indian textile industry, proving that a standard ERP package that is implemented, used, and managed well can address the industry's inherent operational complexities.

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