



PT TIMAH

SAP® CONSULTING HELPS GLOBAL TIN-MINING FIRM BUILD PLATFORM FOR FUTURE GROWTH

QUICK FACTS

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Alwin Albar, Head of Information Systems,
PT Timah (Persero) Tbk

Company

- Name: PT Timah (Persero) Tbk
- Location: Jakarta, Indonesia
- Industry: Mill products – primary metals and mining
- Products and services: Refined tin, coal, and dredging services
- Revenue: US\$900 million
- Employees: 4,000
- Web site: www.timah.com
- Implementation partner: SAP® Consulting

Challenges and Opportunities

Support better-informed decision making by delivering executive information system based on real-time information

Objectives

- Upgrade aging SAP® R/3® software, nearing end of its support period to the SAP ERP application
- Implement consistent processes across the company
- Meet tight and demanding timeline
- Upgrade IT infrastructure to support continuing growth

SAP Solutions and Services

- SAP ERP application
- SAP NetWeaver® technology platform

Implementation Highlights

- End-to-end rollout of SAP solution
- Completed on time and within budget
- Training to smooth migration
- Smooth outcome thanks to project management expertise

Why SAP

- Project too complex and mission critical for previous integration partner
- Extensive SAP Consulting expertise for upgrading and deploying all SAP applications

Benefits

- Modern application platform with long-term support
- New applications to support end-to-end production planning and distribution processes
- Better enterprise reporting for management thanks to consistent, real-time data
- Support for future business and application expansion using SAP NetWeaver

Existing Environment

SAP R/3 Enterprise software (functionality now found in SAP ERP application)

Third-Party Integration

- Database: Oracle 10.2
- Hardware: HP servers
- Operating system: HP-UX



While 80% of production at PT Timah (Persero) Tbk comes from land-based mining of alluvial tin deposits, the other 20% comes from intensive dredging activities that pull more than 31 million cubic meters of sand from the ocean floor every month.

The company separates and concentrates dredged material, then feeds it into furnaces that melt away impurities and produce 99% pure tin bars weighing from 16 kg to 26 kg each. Managing one of the world's largest tin production processes requires the coordinated efforts of more than 4,000 employees at PT Timah, which has expanded significantly since privatization in 1995. In fact, the company now pulls around 55,000 metric tons of tin annually from the land and waters around five of northwest Indonesia's major islands.

Because of the diverse structure of Timah operations both on land and at sea, getting consistent management information about its business had been extremely difficult in the past. The company had upgraded from a mining industry solution to SAP® R/3® software in 2005, but this was a straightforward migration of existing processes rather than a process reengineering effort. (SAP R/3 functionality is now found in the SAP ERP application.)

The opportunity for such a reinvention came later, when Alwin Albar, head of information systems with PT Timah, was asked by the board of directors to deliver an effective and accurate executive information system (EIS) that would give them better visibility of the performance of Timah's diverse operations.

"Our directors wanted to have accurate and live information about the business," says Albar. "We had implemented SAP software, but to get the level of information they wanted, we had to be able to monitor data from production to sales and beyond. This meant we had to implement end-to-end business processes using SAP solutions to support them."

Doing this was harder than it initially sounded, however. Albar quickly realized that the existing platform was going to become obsolete when maintenance support ended in 2009. This led him to consider a more comprehensive plan – upgrading the platform to ensure a longer life and then implementing the applications that would eventually ex-

pand to encompass all of Timah's key production processes.

SAP Consulting: Best Expertise for the Job

With just 42 IT staff serving a distributed organization with thousands of employees, it was clear that – to meet the aggressive time frame dictated by company management – the project required the assistance of outside experts. Timah had used a local consulting partner in the past, but because of the broad scope of this upgrade, the company considered its options and eventually enlisted SAP Consulting for the project. Albar was confident that the team of experts from SAP Consulting – with its significant local presence and a long track record of implementing SAP solutions – could deliver the results Timah needed, when it needed them.

Albar was soon proved right – the SAP Consulting team worked steadily to guide the company through the upgrade, which was broken into three major steps. In the first step, the team upgraded the existing SAP software implementation to the current version. The second step involved the implementation of a full range of specific functional areas, including financials and controlling, materials management, and payroll.



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Alwin Albar, Head of Information Systems, PT Timah (Persero) Tbk

Business Information Warehouse and More

In the third step Timah planned to build on its new SAP NetWeaver® technology platform. The new platform – using service-oriented architecture (SOA) – would extend the reach of the SAP solutions across the company, support new business functions, and deliver real-time business information to every corner of the organization. With just three months to complete the first step, SAP Consulting worked closely with Timah’s technical staff to design, implement, test, and deploy the upgraded SAP solution.

Using the ASAP methodology to create a road map, the SAP Consulting team brought the experience of other SAP

customers in the mining industry to bear on Timah’s implementation. The SAP Consulting team helped both with back-end project management and user-side education about the new solution’s possibilities. Ongoing training highlighted the capabilities of the new solution and educated technical staff

about SOA and the technical capabilities that SAP NetWeaver would deliver to Timah.

“This was our first exposure to SAP Consulting, and they ensured we had no problems with the implementation,” says Albar. “We had a very short schedule for implementation. SAP Consulting didn’t waste time. They trained our staff and ensured that we stayed ahead of schedule. People who worked with our previous integrators said it was completely different with SAP Consulting. This time everything was done on time.”

Future Plans at Timah

By the time the project was completed, PT Timah had gained the functionality

ing 2009 the IT team will finally be able to deliver the robust EIS that Timah’s board of directors was looking for when the project first began. Because the company will use SAP tools to carry data from the mines to the markets, directors will have ready access to current production information, market details, regular reporting, sophisticated analysis, and other decision-making capabilities.

Once those capabilities are in place, Albar and his team will begin exploiting the potential of SAP NetWeaver, the industry-leading technology platform – based on SOA – that the company gained during the upgrade. These capabilities will, for example, enable the platform to be extended even to dredger operations at sea, integrating them more closely with the company’s business processes. They will also support Timah’s expansion into new business areas, such as its planned expansion into coal mining.

Timah is looking forward to the future with confidence. “We’re better prepared for the changing conditions in the market. Now that our applications and business process platform are solid and well-defined, we can build anything on top,” says Albar. “First we have to dream it and then – using our SAP software infrastructure and the power of SAP NetWeaver – we can deliver it.”

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