

Maruti Supports Business Growth with Scalable, High-Performing ERP System



Maruti Suzuki India Limited
New Delhi, India
www.marutisuzuki.com

Industry:

Automotive

Annual Revenue:

US\$3.35 billion

Employees:

More than 5,000

Oracle Products & Services:

Oracle Financials
Oracle Purchasing
Oracle Human Resources
Oracle Self-Service HR
Hyperion Enterprise 5.5.1

Implementor:

Oracle Consulting

“The open interfaces of Oracle E-Business Suite offered the best integration with our legacy systems. Standardizing on Oracle technology and applications would also lower support costs and ensure easy upgrades in the future.” – Rajesh Uppal, Chief General Manager, Information Technology, Maruti Suzuki India Limited

Maruti Suzuki India Limited has led India’s car market for more than a quarter of a century. First established in 1981, the company is now a fully-fledged subsidiary of the Suzuki Motor Corporation. Its principal activities include the manufacture and sale of motor vehicles and spare parts via a 300-strong dealer network scattered across India.

The year 2002 saw Maruti add finance, leasing, insurance, and pre-owned car businesses to its portfolio, increasing the scale of its operations and prompting a review of its processes and systems.

Oracle Consulting was engaged to install a number of Oracle E-Business Suite modules and integrate them with Maruti’s existing systems. The eight-month project involved managing up to 50 people, including Maruti staff, Oracle consultants, and employees of third-party organizations. Oracle also assisted Maruti with change management, a critical part of the process to ensure quick user acceptance.

Thorough project management by Oracle Consulting enabled Maruti to go live on the Oracle applications without any interruptions to its business. By standardizing on a single Oracle platform, the company achieved better control of its finance, procurement, and human resources functions. It also gained a more manageable and scalable platform to support its rapidly expanding business.

The Need to Strengthen Management Control

Prior to employing Oracle, Maruti used a number of home-grown systems to manage its various lines of business. Many of these disparate systems could not talk to each other, requiring staff to

Key Benefits:

- Strengthened management by consolidating on a single financial platform
- Gained deep insight into financial performance by using Hyperion to analyze budgets and consolidated accounts
- Lowered procurement costs by streamlining purchasing process
- Provided HR staff with greater control over recruitment, payroll, compensation management, leave management, competency assessments, and staff development
- Ensured a smooth rollout by engaging Oracle Consulting to supervise the design and deployment of the solution, and manage the implementation team
- Achieved seamless integration with legacy systems, ensuring senior managers have visibility into business performance
- Promoted user acceptance by developing extensive training programs to help staff transition to the new system

enter data multiple times and consolidate information to generate management reports.

The addition of four new business sectors in 2002 created further pressures, requiring constant monitoring and human intervention to keep the system operating across the hundreds of locations Maruti serves within India. To support this growth and improve efficiency, the company decided to revamp its information technology systems to provide end-to-end visibility into the organization.

“We were looking for a flexible, expandable system that was easy to manage,” said Rajesh Uppal, chief general manager, information technology, Maruti Suzuki India. “This would reduce the complexity of the IT environment and our reliance on certain people to maintain the systems. And because our business is undergoing a period of rapid expansion, it was important to have a system that could scale easily.”

To minimize the impact of the system change on its business, Maruti decided on a phased migration to Oracle E-Business Suite. As a first step, the company decided to replace its financial, purchasing, and human resources systems with Oracle Financials, Oracle Procurement, and a range of Oracle Human Resources applications.

Oracle Consulting was selected to supervise the implementation, including determining Maruti’s requirements and developing a project plan, designing the system, deploying the software, managing the various parties involved, and providing post-implementation support.

Standardization Improves Financial Insight

The problem with using multiple systems to manage finances was the lack of control over processes and information quality. Each office followed different workflows, which often meant one division lagged behind another in delivering information. Differing data formats required tedious consolidation, preventing real-time access to critical statistics.

With Oracle Financials, Maruti was able to standardize on a single financial management platform. According to Uppal, the company achieved tight control over accounts payable and accounts receivable, and gained a comprehensive general ledger that assists in the management of all financial information.

“The Oracle application can be used by accounting and finance staff, as well as senior managers,” he said. “We established standardized data formats and processes for staff, resulting in greater efficiency and less confusion. Financial management is more disciplined as a result.”

Month-end closing is completed within two days, without the fuss that usually accompanies the task. Uppal added that auditing is also in better shape.

“We completed our year-end close on time in March this year, which was fantastic as we had initially been worried that the system would not be able to handle the load,” he said. “With Oracle Consulting on site to provide support, the whole procedure was completed without a hitch.

“As our business continues to expand, it is also reassuring to know that the Oracle system can scale to meet our needs, and can be easily integrated with other applications in the suite.”

Drilling Down to Details with Hyperion

Maruti has used Hyperion business performance management software for the past two years to analyze budgets, consolidate accounts across nine subsidiaries, and conduct financial reporting in compliance with generally accepted accounting principles (GAAP) in India. The system is integrated with Oracle Financials and is currently used by around 10 budgeting staff in Maruti’s finance department.

“We use Hyperion to complete scenario- and project-based analytics,” said Uppal. “The system supports all types of reporting and analysis, giving staff and senior management deeper insight into our performance as and when they need it. It alerts us to possible problems before they impact our operations and has helped improve the accuracy of our forecasts. We are able to respond faster to changing market conditions, which boosts our competitiveness.”

Oracle’s acquisition of Hyperion in April 2007 is good news for Maruti.

“When we implemented Oracle Financials, we found that the application integrated easily with the Hyperion system, so there were no interruptions to the business when we cut over to Oracle from our legacy financial system,” Uppal said. “Now that

Hyperion is an Oracle company, we are further assured of a seamless upgrade path in the future.”

Streamlined Procurement Lowers Costs

Maruti implemented Oracle Purchasing to manage procurement of capital goods, services, and indirect consumables. Prior to implementing Oracle Purchasing, some subsidiaries had a rudimentary system, while others relied on basic spreadsheets to manage the process. This made it difficult for the organization as a whole to have control over capital and services purchasing, leading to escalating costs and excess inventory.

With Oracle, Maruti now has a standardized platform to oversee procurement. The company has set up a list of preferred suppliers to cut down on the number of vendors it deals with and ensure it has control over costs. An automated workflow sends purchase orders along the approvals chain and keeps staff in the accounts payable department aware of all procurement activity.

While moving to an electronic system was a major change for most staff, Uppal said it was adopted quickly after an intensive period of training.

“We have a good system that has streamlined procurement and given staff the ability to track the entire process, from the initial order to receipt of goods and payment,” said Uppal. “Staff are happier, efficiency has improved, and costs have been reduced.”

Integrated HR System Smartens Workforce Management

A period of rapid growth saw Maruti’s workforce expand to 5,000 people across India, and the company quickly discovered that using mismatched systems to manage human resources was inadequate. What the company needed was a single, integrated system to manage its employees.

After implementing a range of Oracle Human Resources applications, Maruti reported better control over HR functions such as recruitment, payroll, compensation management, leave management, competency assessments, and staff development.

The details of each employee are stored into a single database, from which HR staff can access a complete personal and work history. If a new position needs to be filled, they can search the database and run reports to determine the best candidate for the job. Staff can also run reports to determine the skill level of

various employees, and ensure there are proper training programs in place to advance their knowledge.

Maruti deployed Oracle Self-Service HR to free HR staff from basic duties such as changing staff address details and answering queries about payment details and leave entitlements. Staff are encouraged to update their details and apply for vacation time using the system. Their managers can then approve the request online.

“Our HR staff love the system because it has released them from mundane tasks and allowed them to focus their energies on value-adding activities such as performance assessment and staff development,” said Uppal. “This helps us attract and retain high-quality people, a major asset for any organization.”

Tight Project Management Ensures Swift Deployment

As with all Oracle Consulting-led deployments, consultants sat down with Maruti managers and key business users to scope out their requirements. A steering committee was set up to guide the implementation and ensure consultants had recourse to senior executives for advice.

The project plan delineated the responsibilities of each party and incorporated monthly milestones and testing deadlines. Oracle Consulting ensured a fast, problem-free installation by employing Oracle’s Business Flow Accelerators—an implementation approach that leverages predefined business flow templates to reduce the time and cost associated with application deployments.

A key project challenge was interfacing the Oracle modules with Maruti’s legacy systems, including direct item procurement, dispatch systems, the time card system for attendance, and the Hyperion business intelligence platform. The integration had to be completed without any impact on the company’s business, which frequently deals in large volumes. For example, Maruti generates more than 2,000 invoices each day and any lengthy interruptions could have disastrous impacts on cash flow further down the line.

The open, modular structure of Oracle E-Business Suite ensured the technical side of the integration was relatively painless. Process-wise, Oracle Consulting helped ensure tight integration for real-time performance, enabling budget and credit checks to be completed online in the legacy system.

“These are some of the benefits of working with a partner who knows the product inside out,” said Uppal. “We could also make use of Oracle Consulting’s links with the development team, which was handy when we needed something done at the technology layer.”

A quality control team was set up to monitor the progress of the team against the project plan and conduct regular system reviews to ensure it was delivering the functionality requested by Maruti. According to Uppal, this was a major reason for the project’s success.

“This approach ensured any potential problems were ironed out before the system went into production,” he said. “As a result, we had a problem-free system launch and could utilize the new modules immediately.”

Ensuring a Smooth Transition

While Oracle Consulting was not actively involved in change management, the team contributed indirectly to Maruti’s efforts to transition users to the new modules. The Oracle team advised Maruti on process changes and contributed to training programs.

“Oracle Consulting developed the user manuals, helped us design a train-the-trainer program, and provided additional training for our super users,” said Uppal. “Their assistance was a huge help in overcoming resistance among users and adjusting them to the new system. Once they understood how it worked and the benefits it generated, they were happy to adopt the Oracle applications.

“With Oracle Consulting, we got a total solution—a partner with end-to-end responsibility for developing, installing, and supporting the solution.”

Future Plans

After the success of the financials, procurement, and human resources deployment, Maruti is considering expanding its Oracle footprint. The company is evaluating Oracle Advanced Supply Chain Management and Oracle Enterprise Asset Management.

“We would like to further automate supply chain management and integrate more processes with the Oracle ERP system,” said Uppal. “We are also looking at integrating more systems with Oracle, so we can access real-time information across all our businesses. I expect Oracle Consulting to play a role in future projects.”

Why Oracle?

Maruti has a successful history of Oracle implementations, beginning with the deployment of Oracle Database and Oracle Real Application Clusters as a stable foundation for its nationwide dealer management system. The dealer management system itself was developed using Oracle Fusion Middleware products. When it came to selecting a solution for the ERP system, Maruti again turned to Oracle.

“We evaluated several packages but found that the open interfaces of Oracle E-Business Suite offered the best integration with our legacy systems,” said Uppal. “Standardizing on Oracle technology and applications would also lower support costs and ensure easy upgrades in the future.”

Maruti had previously used external parties to develop and deploy its Oracle solutions. This time, the company decided to work directly with the vendor to deploy the ERP system.

“We found that many of the systems integrators did not have sufficient knowledge of Oracle E-Business Suite to guarantee a smooth deployment,” said Uppal. “By engaging Oracle Consulting, we would have easy access to technicians with an in-depth understanding of the product and consultants with extensive project management experience and business understanding.

“Oracle Consulting were exemplary in their conduct throughout the project.”

Implementation Process

In addition to designing the system and providing advice on business process reengineering, Oracle Consulting was responsible for managing the different parties involved in the implementation. These included Oracle Certified Advantage Partner IBM, who completed part of the functional work (writing custom extensions code and installing Oracle Financials and Oracle Procurement). Oracle Consulting deployed the Oracle Human Resources modules.

Oracle Consulting provided three months of post-implementation support, and also assisted Maruti for one month in the lead-up to the company’s year-end closing.

Advice from Maruti Suzuki India Limited

- Enlist the support of business users when initiating a technology project. Their cooperation is critical to driving the project and promoting user acceptance.
- Implement a robust change management process, which includes extensive user training and comprehensive sessions on the benefits of the new system.
- Populate the implementation team with senior executives, experienced project managers, business users, and expert technicians. The combination of skills will facilitate a smooth deployment.

Maruti Suzuki India Limited is a subsidiary of the Suzuki Motor Corporation of Japan and has been the leader of the Indian car market since its establishment in 1981. Its manufacturing plants, located south of New Delhi in Gurgaon and Manesar, has an installed capacity of 450,000 units per annum, with a capability to produce around half a million vehicles. The company has a portfolio of 11 vehicle brands and is listed on both the Bombay and National Stock Exchanges in India.