

South Asian Petrochem Produces Management Reports in Minutes with New ERP Solution



South Asian Petrochem
Kolkata/Haldia, India
www.aspetindia.com

Industry:

Industrial Manufacturing

Annual Revenue:

US\$259 million

Employees:

213

Oracle Products & Services:

Oracle Enterprise Asset Management
Oracle Financials
Oracle Fixed Asset
Oracle Cash Management
Oracle Process Manufacturing
Oracle Database
Oracle Discoverer

Oracle Partner:

PricewaterhouseCoopers India
www.pwc.com/india

“We can produce reports that give us critical updates on inventory ranging from raw materials to finished goods. We have one report that combines our month to date production, month to date dispatch, finished stock, and orders on hand that we can call up in one minute to 90 seconds.” – Sushanta Chakrabarty, Chief Information Officer, South Asian Petrochem Ltd

Headquartered in Kolkata, India, South Asian Petrochem manufactures and markets polyethylene terephthalate (PET) resins used in the packaging of mineral water, carbonated soft drinks, edible oil, and pharmaceuticals. The organization operates a 200,000-ton per annum (TPA) export-oriented processing plant at Haldia in West Bengal, India, and recorded a 43% increase in profit before tax in the last financial year. At its annual general meeting on July 26, 2008, South Asian Petrochem discussed its contribution of 70% of the initial equity required to establish a 315,000 TPA PET plant in Egypt.

With the Haldia plant going into commercial production in September 2003, South Asian Petrochem needed to implement an enterprise resource planning package to support planned growth. The organization engaged PricewaterhouseCoopers (PwC) India to develop a strategic information system plan and undertake an enterprise-wide business transformation exercise based on Oracle E-Business Suite.

New PET Plant Delivers Product Quality

South Asian Petrochem’s Haldia plant has been designed and built using leading-edge technologies from Zimmer AG Germany. The bottle-grade PET produced by the plant is clear, strong, and easily mouldable to complex shapes, giving customers plenty of scope to customize their designs to meet brand and market requirements.

With continuous polycondensation and solid state polycondensation lines delivering a broad product range and operational flexibility, distributed control systems (DCS) optimizing process line performance, and a captive power plant ensuring uninterrupted supply, the Haldia facility ensures product

Key Benefits:

- Generated a critical management report that combines month to date production, month to date dispatch, finished stock, and orders on hand in about one minute
- Achieved faster reconciliation of information and reduced raw materials consumption by integrating Oracle E-Business Suite with the plant's distributed control systems
- Reduced scheduled outages due to equipment breakdowns by improving preventive maintenance scheduling

quality meets exacting customer standards. This quality control is supported by the organization's professional marketing team and technical services staff who are available around the clock to respond to customer requirements.

To take full advantage of the potential of its products and quality of its staff, South Asian Petrochem had to migrate from its existing Tally business accounting and inventory management software to a highly functional, scalable, and powerful enterprise resource planning system.

ERP Provides Platform for Growth

After reviewing a range of competing solutions, including SAP, South Asian Petrochem opted to implement a system based on modules from Oracle E-Business Suite. Deploying the Oracle system has allowed South Asian Petrochem to undertake preventive maintenance and reduce production losses due to downtime from equipment failure.

"If preventive maintenance is not done properly, costs are also incurred in fixing equipment rather than ensuring parts are maintained and replaced in line with an intelligent schedule," said Sushanta Chakrabarty, Chief Information Officer at South Asian Petrochem. "Oracle gives us the control necessary to optimize equipment maintenance and usage throughout our plant and meet customer demand."

South Asian Petrochem is also planning to integrate Oracle Fixed Assets with Oracle Enterprise Asset Management to ensure it can not only track its assets but also identify the costs incurred in maintaining individual items.

Timely Reporting

The Oracle system also allows South Asian Petrochem to prepare critical management reports in minutes on areas affecting the commercial operation of its plant. "We can produce reports that give us critical updates on inventory ranging from raw materials to finished goods," said Chakrabarty. "We have one report that combines our month to date production, month to date dispatch, finished stock, and orders on hand that we can call up in one minute to 90 seconds. Before we implemented Oracle, we could not obtain reports nearly as quickly or in as much detail.

“Now, preparing reports using Oracle Discoverer means we can make better-informed business decisions quickly, improving customer service and delivering a better bottom line.”

Streamlined Processes

South Asian Petrochem’s ability to closely monitor its stock position, dispatch schedule, and quality control allows the organization to adhere to customer commitments. “We can attend to any grievance from our customers by quickly identifying the lot that was dispatched and isolate and deal with any quality aspects,” said Chakrabarty.

South Asian Petrochem is also planning to integrate the DCS governing the plant with Oracle to ensure production schedules and information are shared in automated fashion between the systems. This would allow the organization to further reduce the work and time required to reconcile jobs and more effectively manage its consumption of raw materials.

“The increased stability of Oracle E-Business Suite gives us the confidence to proceed with the integration,” said Chakrabarty. “We’re undertaking a feasibility study at the moment and we’ve determined that the accuracy of our records would increase and our staff resources could be redirected to higher value jobs.

“We would be able to be a lot more efficient,” he added.

Why Oracle?

South Asian Petrochem selected Oracle E-Business Suite as the foundation of its new system after undertaking detailed evaluations of alternatives from Navision, Ramco, and SAP.

“Oracle had a strong philosophy and business model, delivered greater value than other competitors, and the solution modules could be implemented in phased fashion,” said Chakrabarty.

Implementation Process

Charged with implementing Oracle E-Business Suite to improve process control across the Kolkata head office and manufacturing plant at Haldia, PwC divided the project into two phases.

“We decided to go with this approach during our strategic solution design, which covered an As-Is process study, gap analysis, and the envisioning of To-Be processes,” said a PwC project manager.

The first phase, completed from May-September 2003, spanned Purchasing, Inventory, Order Management, and Financials modules such as Accounts Payable, Accounts Receivable, General Ledger, Fixed Asset, and Cash Management. The second phase commenced in January 2004 and covered Enterprise Asset Management and the Process Manufacturing suite, including Formula Management, Production Supervision, Quality & Costing, and Manufacturing Accounting Controller.

The first phase was completed in just four months, highlighting PwC's sound project management and effective solution delivery. PwC's success prompted South Asian Petrochem to engage the organization to migrate its environment from Oracle E-Business Suite 11.5.8 to 11.5.10 and from Oracle 8 to Oracle Database 10g.

The migration was completed in October 2006 and has allowed South Asian Petrochem take advantage of the stability of the database, exploit enhanced functionality of the newer applications suite, and ensure continued support. The Oracle software is now being used by a range of staff located both at the plant and headquarters, including senior management and accounts employees.

"PwC delivered the goods—they definitely delivered the work to our expectations," said Chakrabarty.

South Asian Petrochem is an export-oriented manufacturer of bottle-grade PET resin through a plant at Haldia in West Bengal, India. Its 200,000 TPA plant is one of the most modern and efficient in the region. The business is owned by the diversified Dhunseri Group, whose other manufacturing interests include tea.