THE BOTTOM LINE

Indus Motor Company deployed SAP S/4HANA to take advantage of the new capabilities offered in the solution. By upgrading, the company eliminated information siloes and data islands that existed outside its legacy system, gaining a more holistic, centralized view of its operations. With SAP S/4HANA, Indus has realized benefits including the following:

- Faster Manufacturing Requirements Planning through in-memory processing
- Reduced time to performance financial close by over 60 percent
- Better quality and operational control and manufacturing efficiency with real-time analysis
THE COMPANY

Indus Motor Company is a joint venture between the House of Habib in Pakistan, and Toyota Motor Corporation and Toyota Tsusho Corporation of Japan. Incorporated in 1989, the company was created to manufacture, assemble, and market Toyota and Daihatsu vehicles, spare parts, and accessories. Growing from producing 20 vehicles per day in 1993 to 240 per day currently and employing over 2,800 people, Indus has helped make Toyota Corolla the best-selling automobile in Pakistan.

THE CHALLENGE

Indus Motor Company had been operating on a legacy version of SAP since 2004, using a number of modules such as financials and procurement. The company had added customizations to the platform in order to implement new capabilities, which made following the upgrade path difficult. As the list of customizations had grown, more work had been done outside the core system in spreadsheets and then uploaded, creating information siloes and data islands that made consolidation a labor-intensive task.

As a publicly listed company in Pakistan, Indus was required to have controls and reporting in place. These needed refreshing in order to reduce the burden of maintaining compliance. Additionally, the lifecycle of Indus’ existing hardware was nearing an end, prompting the organization to look for a new solution that provided the functionality to address its business needs.

THE STRATEGY

Indus Motor Company began evaluating solutions in 2015 over a six-month period. It looked at Microsoft Dynamics, Oracle E-Business Suite, and SAP S/4HANA. The company selected SAP for a variety of reasons including:

- Data centralization. Indus wanted to build a consolidated view of the business, which it knew it could achieve with S/4HANA.
- In-memory capabilities. Offered by neither Microsoft or Oracle at the time, SAP’s in-memory computing and reporting allowed Indus to operate in real-time.
- Manufacturing processes. As the leading vendor in the automotive manufacturing sector, Indus was confident that SAP could provide the business processes to serve its needs.
- User interface. As an existing user of SAP, Indus knew that its users were comfortable with the system and could quickly adapt to the updated user interface.
Indus took the opportunity to analyze, catalogue, and develop its business processes, which it had begun before selecting S/4HANA. When it had completed it business blueprint, SAP released a new version of its logistics solution, which Indus decided to adopt to take advantage of the new capabilities of the software offering, including supply chain optimization. As a result, the company expanded the number of users it has in the system to better take advantage of the system’s additional capabilities.

During the user training, Indus found the change management challenging, with users preferring to rely on old habits, resulting in training taking longer than expected. Indus employed the master trainer model with each department to facilitate the necessary knowledge transfer to the new system.

**KEY BENEFIT AREAS**

Indus Motor Company was able to use the new functionality that SAP S/4HANA delivered to improve its operations and employee productivity across several departments. Primary benefits include:

- **Better Materials Requirements Planning (MRP).** With its previous system, when Indus ran its MRP, the process took four hours and operations had to be suspended. With S/4HANA, the company could run its MRP in 12 minutes while continuing to run the business without interruption.

- **Efficient closing of books.** Leveraging S/4HANA, Indus reduced the time it took to close its books at the end of a financial period from eight days down to three. By closing its books in a third the time relative to its legacy system, Indus could publish its monthly and quarterly financial reports on time.

- **Real-time quality management.** With the legacy system, Indus’ quality control team had manually tracked and consolidated defects at the end of each week. S/4HANA enabled Indus to log defects in real-time, which meant the company could take corrective action immediately. Being able to rectify defects, helped keep Indus from stopping its production line, the cost of which was almost $10,000 per minute in lost production.

- **Data storage.** S/4HANA delivered a consolidated data footprint which enabled Indus to reduce the amount of storage it filled each year. As a result, the company could extend the lifespan of its hardware and depreciate it further before needing to upgrade.
LESSONS LEARNED

When Indus Motor Company went live with S/4HANA, the company decided not to migrate its old data into the new system, but to start fresh. The company is still able to access the old data for auditing purposes but opted not to clean and convert its legacy data, which helped streamline the implementation.

Indus used its technology refresh as a way to evaluate its business processes. With a modern enterprise resource planning platform, the company was able to put in place over 1,000 process controls that helped to streamline operations. Although the process review was a time-consuming task, it was necessary to ensure the organization took full advantage of the new capabilities that were included in S/4HANA.

CONCLUSION

To maintain compliance and improve its reporting, Indus Motor Company implemented SAP S/4HANA. The company simplified and centralized its financials and eliminated the majority of its spreadsheet reconciliations. As a result, Indus reduced the time required to perform its financial close at the end of each month from eight days to three days. The company saved a total of up to 800 hours per month in its financial close processes alone, which translates to nearly $200,000 in employee time per year.

Additionally, Indus was able to integrate other systems with SAP that saved time by avoiding manual data entry when creating sales orders and capturing warranty information. Leveraging the in-memory computing of S/4HANA, Indus was able to perform its material requirement planning (MRP) in only a few minutes while normal business operations continued, replacing a process that had taken several hours and forced cessation of many other tasks. By avoiding the lost production associated with the previous MRP process, Indus is able to save over $250,000 annually. The new capabilities and the internal controls that S/4HANA enabled Indus to implement have helped the company modernize, improving efficiency and leading to better operational performance.