

SAP Customer Success Story S. H. Pitkar Orthotools Pvt. Ltd.



AT A GLANCE



Industry

Manufacturing of Orthopedic Implants, Instruments and Appliances

Key Challenges

- Disjointed, disaggregated software solutions
- Disparate data re-entry and reconciliations systems
- Improve visibility and control of inventory levels

Project Objectives

- Integrate business processes and increase productivity
- Enable faster response to changing market conditions
- Enable batch-wise tracking of finished goods
- Reduce lead time for manufacturing
- Reduce finished goods inventory
- Finished goods costing
- Improve OTIF (On Time in Full) statistics

Solutions & Services

- SAP® Business One solution



"Our main product is orthopedic implants - something which goes into the human body. So every single piece simply has to be perfectly manufactured and should conform to the highest quality standards. Traceability of each and every product is of utmost importance. SAP Business One has helped us to achieve this."

Nupur Bhushan Pitkar - Director

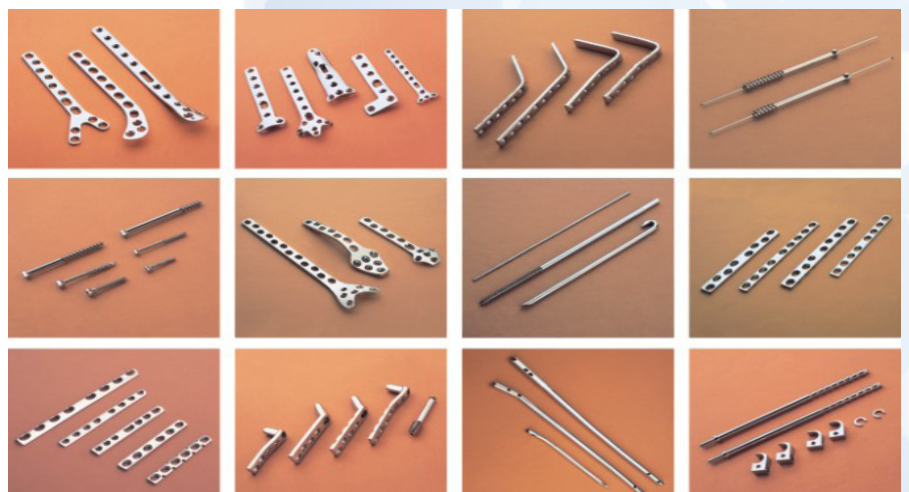
S. H. Pitkar Orthotools Pvt. Ltd.

Background

Established in the year 1989, S.H.Pitkar Orthotools Private Limited is in the business of manufacturing orthopedic implants, instruments and appliances and employs over a hundred people. With an annual turnover of Rs. 7.8 crores last year, it is one of the rapidly expanding companies in its field and is looking to expand even further in the next couple of years, by introducing several new products and services.

Such a diverse company like S.H.Pitkar obviously had vast I.T. needs to run its business efficiently and easily. Earlier, Pitkar relied on individual discrete solutions like Tally for accounting purposes and other home-grown solutions. The company was using separate products for its tax calculations and payroll and was doing all its reporting on MS-Office applications. This necessitated manual entry of data multiple times into different systems, which was not only a time-consuming and tedious task, but also led to a high frequency of errors. Pitkar was also using a small-scale custom built ERP solution through a local vendor, on which activities like purchase planning and dispatch were planned. This did not meet all their requirements as functionalities like Service Module and Machine Planning could not be done. Moreover, data corruption levels were very high. Different reports used to be generated from different systems, and a larger view of the business was just not possible.

Another major challenge which the management of Pitkar had to deal with was the traceability of their final products. Since each product from their company was a combination of several raw materials and procedures, keeping track of them was a complex task. "We have a multi-input single output manufacturing procedure," says Pitkar. "We have to track every single input which went into a particular piece. Also, we have to keep a large inventory. We have to maintain our raw material stock, our work-in-progress stock and our finished goods stock. This was creating a lot of overhead expense for us."



Pitkar realised that it would need a flexible ERP solution, built on a robust platform to solve all these I.T. challenges. The strong reputation of SAP business software for mid-sized companies and their efficient after-sales service were the factors which made Pitkar finally opt for the SAP Business One solution. It met all their business requirements and was a sound, reliable choice. "A good after-sales support system is the crux for the success of any ERP solution. SAP has continuous reliability - we know that we can count on them for years to come. We had already burnt our fingers by opting for a local vendor the last time, and did not want to repeat our mistake!" exclaims Pitkar.

AT A GLANCE



Why an SAP Solution?

- Strong reputation of SAP in business software market
- Ability of SAP solution to meet most of their business requirements
- Simplicity and flexibility of the SAP solution

Key Business Benefits

- Better production planning by integrating Forecasts, Sales Orders, FG Inventory and WIP
- Reduction in manufacturing lead time through alerts to plan next steps
- Better inventory control leading to reduced stock levels
- Merging of several disjoint databases into one central location
- Elimination of data re-entry and consequent wastage of time

Implementation Partner

- Inecom Business Solutions (India)

Previous Environment

- Tally, MS-Office and other discrete home-grown applications

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Implementation

S.H.Pitkar Orthotools Pvt.Ltd. collaborated with Inecom Technology Pvt. Ltd. for the implementation project. The existing as-is system was analysed thoroughly and all business requirements were taken into consideration. The business functionalities of every department were conveyed to the implementation partner along with its reporting requirements. The current data was studied in detail and the implementation project was commenced.

The entire implementation process which was started in June 2007 was completed within a short span of 3 months. S.H.Pitkar Orthotools Pvt.Ltd. finally went live with the SAP Business One solution on 13th August, 2007 and has a total of 18 users on it currently.

Benefits

S.H.Pitkar Orthotools Pvt.Ltd. has been enjoying the benefits of the SAP Business Solution from day one.

The biggest benefit to Pitkar has been Production Planning.

"SAP MRP allows us to look at Sales Forecast, Sales Orders and current Stock Levels of finished goods in store as well as in WIP and recommends what should be the Production Plan for the next month in just minutes. This use to take days earlier and given the vast range of products we manufacture the process was error ridden."

Another important benefit to Pitkar is that now batch tracking of their final products is possible. Each finished product from Pitkar is now assigned a batch number by the SAP system. This enables the traceability of one particular batch of products right until the raw material stage.

"This was our prime challenge and it has now been solved with the SAP Business One solution. Since now every single output is traced, we know exactly which raw material went into producing it. In case of any quality issues, we are able to easily identify the exact point of deviation from our manufacturing process. Any fault with either the raw material or the vendor can be determined upto the operational level. This has enabled us to increase the quality of our finished goods immensely," adds Pitkar.

Another major benefit has been in the reduction of inventory levels at Pitkar. The company has more than 3000 individual products and each one of them need to be stocked. "Being in the medical industry, timely procurement of our products is crucial," says Pitkar. "Not only does every product have to be on the shelf, but we also need to maintain stocks about every item. SAP has greatly helped us achieve this."

With the SAP solution, Pitkar has been able to improve productivity and increase efficiency while reducing the current stock levels by streamlining its business processes. This has enabled them to achieve a much greater control over the inventory levels and thus increase profitability. All disintegrated databases have been merged into one and online stock levels are easily accessible to everyone within the company.

"Stock levels – whether it is raw material or the finished goods or the in-production batches – all are available with one click. When I enter my sales order now, I can see all the committed orders and my current available stock levels – this is the best feature which I like – it has made production planning so much more simpler," smiles Pitkar.

Another extremely important benefit has been through the use of Inecom's Routing and WIP module for SAP Business One.

Since each raw material batch goes through several operational procedures to reach the finished goods stage, the management could not determine at what stage it was. Inecom's solution has made this possible now. "Tracking 300+ batches through 20 to 25 individual processes is not easy. But Inecom's Routing and WIP module has really made this possible. I know exactly at what stage is my material right now at any point of time; WIP reporting is good. The print layout design and the outlines are also excellent," says Pitkar.

Inecom's Routing and WIP module has also been able to meet certain specific requirements of Pitkar. The production routes are changed frequently to meet the needs of different customers. Inecom's solution has been flexible enough to incorporate all these needs and deliver a satisfied solution to the I.T. needs of Pitkar. "We can now track cost of each operation including cost of scrap produced by an operation. If the scrap has been produced by a subcontractor error, we can track the exact cost of it and debit the sub-contractor."

Future Plans

In the future, Pitkar plans to implement the CRM module of the solution. Pitkar also would like to implement the web-based ordering system to add to the existing solution and leverage more benefits from SAP.

"SAP – as a company and as a product – is very good – there is simply no doubt about that. Our relationship with them is only going to become stronger over the coming years," concludes Pitkar.