



SAIC CHERY revs up car production lines with new supplier links built with SAP.

Based in China, SAIC CHERY Automotive Co manufactures compact family saloon cars. From five specialist plants, the company produces 300,000 engines and 60,000 cars each year. Founded in 1997, SAIC CHERY now employs more than 8,000 people and has more than 200 sales outlets throughout China.

The recent growth in Chinese household incomes has fueled a large increase in local demand for automobiles. While this growth was of course a welcome trend, SAIC CHERY recognised that its management teams needed the necessary tools and systems to monitor and manage business processes effectively through growth. Many of the company's systems and data stores were siloed, making it difficult to share information and resources throughout the organisation. For example, at the end of each month, it required 10 person-days to collate and calculate the manufacturing costs for a single business unit. Additionally, several SAIC CHERY suppliers had been asking the company to provide more detailed production plans. Specifically, the vendors wanted to be made aware of parts orders earlier in the production cycle; this way, they would be able to provide the parts in a timelier manner. Collecting and delivering this

information was proving to be slow and expensive with existing systems.

SAIC CHERY realized that it needed to implement a solution that would integrate all of its business processes, covering sales forecasting, planning, procurement production, manufacturing and finance budgeting.

Finding the right route.

Having selected SAP R/3 Enterprise as the best-fit solution for its needs, SAIC CHERY turned to IBM Business Consulting Services to help define the best SAP strategy and to manage the complete implementation. IBM Business Consulting Services delivered a solid ERP environment through a six-month SAP R/3 V4.6c implementation project, with an additional month of post-implementation support. Offering a total solution, IBM was able to provide not only the necessary business consulting expertise, but also the hardware infrastructure for the SAP project, implementing two IBM @server pSeries p670 servers. These servers are configured in a High Availability Cluster Multi-Processing (HACMP) environment, with one server operating as the primary production system and the other operating as a backup server, providing reliable failover capabilities.

Overview

■ The Challenge

Manage staff and resources effectively to meet rapidly increasing demand; make production planning information available to suppliers; provide timely financial information to management

■ The Solution

Industry: Automotive
Application: SAP® R/3® Enterprise
Hardware: IBM @server® pSeries®
Services: IBM Business Consulting Services

■ The Benefits

Faster processing of financial data, group-wide; more accurate production planning, inventory control and procurement; integrated information systems and infrastructure ready to handle rapid growth forecasts; warehouse inventory reduction by 60%

Reliable, robust engines.

The two pSeries servers run the customer's SAP solutions, granting access to a variety of systems for the system's 120 named users. The following solutions are in use:

- *Financials, which features general ledger, fixed asset reporting and accounts payable/receivable functions*
- *Controlling, which manages cost centre accounts and production costs*
- *Materials Management, which manages procurement and inventory*
- *Production Planning, which provides tools for production planning, bill of material maintenance, work scheduling and manufacture processing*
- *Sales and Distribution, which provides sales forecasts as well as order processes and credit checks.*

Barcodes bring benefits.

In addition to the SAP solution, IBM Business Consulting Services also managed the creation of an inventory barcode program. Vast quantities of parts and supplies are transferred from the company's warehouses to its factories each day. The IBM team developed and implemented a barcode tracking system, which was integrated with SAIC CHERY's SAP system. This new solution enables the organization to accurately track the supply levels and exact locations of all of its materials.

Using the new IBM Business Consulting Services managed barcode solution, SAIC CHERY manufacturing plants now receive shipments in half the time, as compared to the previous solution, and warehouse inventory has been reduced by 60 percent through the use of vendor consignment stores and the ERP system.

Further information:

To learn more about how the IBM and SAP alliance can help your business, please visit: **ibm-sap.com**



IBM Deutschland GmbH
D-70548 Stuttgart
ibm.com

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SAP AG
Neurottstraße 16
D-69190 Walldorf

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