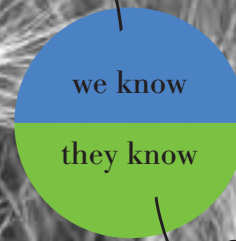


TOP TO BOTTOM

@ business solutions



END TO END

Indofood gets a taste for efficient production planning with SAP.

The main course.

Indofood, www.indofood.co.id, is the world's largest manufacturer of instant noodles, with 14 factories within Indonesia alone. The company, which also has operations in China and Nigeria, sells more than eight billion packets of instant noodles each year, alongside a variety of other foodstuffs, including snacks, ketchup, seasoning mixes, edible oils, flour, baby food and soft drinks.

The size of Indofood's business and the fast-moving nature of its market make Enterprise Resource Planning (ERP) a key factor in the company's success. Gunawan Samahita, Chief Information and Knowledge Officer, explains: "Different varieties of instant noodle must contain the right sachets of flavourings and spices – produced by our Food Ingredient Division (FID).

"Each division must synchronize their production plans so that there will be enough flavouring and spice for every type of noodle being produced. At the same time, they have to keep inventory at the minimum level possible. Only an ERP application can make such a tight coordination of production schedules possible."

From production planning and control, through to demand forecasting and business intelligence, Indofood relies on SAP R/3 as ERP solution and the SAP Advanced Planner and Optimizer (SAP APO) as the Supply Chain Management solution and mySAP Business Intelligence with the SAP Business Information Warehouse (SAP BW).

Staying with favourites.

When selecting a platform for its mission-critical ERP systems, Indofood looked at three key criteria – reliability, scalability and ease of management. On this basis, IBM @server iSeries was selected as the best hardware platform for Indofood's requirements. iSeries delivers a secure, scalable and cost-efficient platform to support SAP, and has helped Indofood to maximise the value of the SAP solutions.

When Indofood expanded its core SAP R/3 systems to include SAP BW and SAP APO, there was no question of switching to a different server platform. SAP data is stored and managed using IBM DB2 information management software database on iSeries.

Overview

■ The Challenge

Synchronise complex production plan across numerous manufacturing sites; track and respond to changing sales patterns; create robust, open platform for future expansion

■ The Solution

Industry: Consumer Products
Application: SAP® R/3® with SAP APO and SAP BW
Software: DB2®; IBM Content Manager CommonStore for SAP
Hardware: IBM @server® iSeries®; IBM @server pSeries®

■ The Benefits

More accurate matching of demand and supply produces production efficiencies; greater management information detail leading to better business control; integrated data management and storage delivers lower business costs

Says Gunawan, "The iSeries had performed extremely well, and we had built up a good OS/400® skill-base. The logical choice was therefore to stay with the IBM technology. iSeries provides virtually trouble-free operation, and gives us exactly what we need in terms of scalability, reliability and maintainability."

Matching the customer's appetite.

In order to boost manufacturing efficiency and maximise profitability, Indofood needs to keep a close eye on its best-performing noodle brands, to ensure that production matches demand as accurately as possible. Using the SAP solutions, Indofood can analyse transaction data in detail, to see changing patterns of demand and respond to them effectively.

"For example," says Gunawan, "we can analyse information on which flavours are selling well in the town of Sukabumi and which is the hot seller in Sibolga, so we can ship the right noodles to the right place every time, thus maximizing sales potential. SAP provides detailed information at high speed, which is a vital business benefit."

Sales information is fed into SAP APO, which provides timely information on which products should be produced, at what amount, and at what factory.

Food for thought.

While the data provided by the SAP R/3 system and SAP APO is crucial to the production planning and inventory control (PPIC) on the shop floor, middle management and executive teams do not need raw transaction data. Says Gunawan, "What they need is information on our overall business performance, cash flow, and detail operational matters. In order to produce accurate, timely management summaries, we implemented the SAP BW in July 2003."

This application is capable of providing very detailed information, for example enumerating exactly how many packs of 'Indomie Rasa Ayam' were sold in a particular area over a particular period of time.

Serving out data.

With a world-class ERP system in place, Indofood is now looking to the future, aiming to expand its operations while simultaneously improving cost-efficiency.

"One of our business objectives today is to segment our customer-base more accurately, then serve each segment with a carefully tailored set of products," says Gunawan. "We will work more closely with distributors, and down the supply chain to their retailers. This will enable us to improve our capacity planning and help us to increase efficiency and reduce costs."

Some of Indofood's distributors, including Indomarco, are also in the process of upgrading their ERP systems, and may extend these down to their retailers. The plan is to integrate systems between partner companies, to ensure seamless e-commerce.

Clearly, an open computing platform is absolutely necessary to support the integration of these downstream systems, which will enable inter-operability of applications – including legacy systems – and the flow of real-time data through the various ERP systems. IBM's commitment to open computing will undoubtedly ensure that it remains the most logical choice for the Indofood's future infrastructure.

Storing for the future.

Finally, Indofood is also working on streamlining its archiving system, using IBM Content Manager CommonStore for SAP. This software acts as an integrated data archival, management and distribution solution,

integrating SAP and non-SAP documents into a single archive to maximise system efficiency and reduce administration costs.

"With IBM Content Manager CommonStore for SAP, we will be able to reduce our document storage requirements, while retaining the ability to retrieve old documents such as tax reports without any difficulty," concludes Gunawan.

Further Information:

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



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