

SAP Methodology To Customize The ERP Using Ability Development Model Integration

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Abstract:

After the awake of globalization the business dimensions are very rapidly changing. The country specific challenges are added with the global economic conditions. No part of business irrespective of the scale of operations remained unaffected by the Global situations. This has compelled Indian Automotive component manufacturing Industry to change the way of carrying out business drastically. They had to leverage on the world class systems to be competitive, sustain in Global market and win in long term. Process integration and a seamless flow of information and data between various functions became the key to performance. A right choice of Enterprise Resource Planning (ERP) application was required to address this need. There are multiple enterprise resource planning (ERP) Applications are available in the market viz. Oracle applications, SAP, JD Edwards, PeopleSoft, Microsoft etc. SAP is a proven and widely used ERP application which is capable of integrating multiple business modules, with each module representing a specific business function. Various modules in SAP application update and process transactions in real time mode. It has the ability to be configured to meet the varied needs of the business..

Key Words: System application product, Enterprise recourse planning tool, organization, vision, mission, operational performance.

1. INTRODUCTION

With the awake of Globalization, Indian Automotive component manufacturing industry got enormous growth opportunity, but at the same time it started facing newer challenges of the new era. The prevailing pricing due to the buyer's market arising out of the steep competition shrunk the profit margins drastically. The Industry realized that it will not be any more profitable to do a business in the same manner, they were doing in past. While, automotive market was growing very



Fig.1.SAP as ERP

rapidly in India, it was necessary to be competitive to catch up with growth and remain profitable. Cost cutting was the major avenue seen to increase the profit margin and sustenance in the market was banked upon highly competitive pricing. To reduce the cost, Industry realized, there was no other way than making overall improvements in the operations. To achieve overall improvements, Industry put them self into a great deal of introspection. The major deficiency was observed in the integration of the different business functions. Industry realized the need of a tight integration of the different business processes. This was the need of Information and data flowing through the business processes. A need of seamless information and data flow, demanded Industry to make use of a wellintegrated Enterprise resource Planning (ERP) tool. SAP had immerged as a robust ERP tool which can meet the industry demands. SAP has evolved many new dimension products which complement the use of SAP ERP product and improves the efficiency of business. Such study for auto component manufacturing industry is not seen. Many companies find that they have problems with their end-to-end processes. That is where they can implement SAP ERP to sharpen their core function with the end-to-end process. It will help them to automate their enterprise and they will be able to keep their operational processes up to date with the ever-growing industry. SAP can help to execute ERP solutions in various areas of industry. SAP ERP is used around the world, in more than 100 countries, which turns out to be more than 50000 clients worldwide. Those numbers are expected to grow as more and more enterprises use the SAP ERP bandwagon. Companies love the fact that they get real time updated information so they can keep their edge and stay ahead of the game.

2. RELATED WORK

SAP is the acronym of System Application Products. As mentioned earlier, SAP is a widely used and proven ERP application. SAP utilizes ERP software applications to improve the performance of organizations' resource planning, management control and operational control. SAP software is multi-module application software that integrates activities across functional departments, from product planning, parts purchasing, inventory control, product sales and distribution, plant maintenance, quality control, human resource as well as finance and controlling. Many other functions can be integrated using SAP software application. Business Visibility - SAP integrates business functions and provides the reports on various aspects of the business functions. This creates a visibility in the overall business.

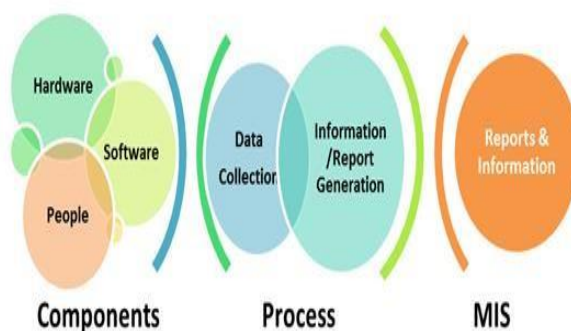


Fig.2. Architecture

This visibility helps taking major operational decisions. Alignment of strategies with operations – The business strategies decided by top management are executed in business operations. SAP helps to achieve such alignment in planning and utilization of business resources across various business functions. Improve financial management and enforce controls: Business transactions in SAP are tightly integrated and result into appropriate financial impact. This helps making financial control documents easily available and accessible to top management to enforce required controls. - Module based ERP software is the core of an ERP system. Each software module automates business activities of a functional area within an organization. Common ERP software modules include product planning, parts purchasing, inventory control, product distribution, order tracking, finance, accounting and human resources aspects of an organization.

3. PROPOSED SYSTEM

Rubina Adam, Paula Kotzé, Alta van der Merwe (2011) “Acceptance of enterprise resource planning systems by small manufacturing enterprises” have mentioned with their study that limited research has been done to understand the acceptance of ERP systems by small enterprises as compared to the bigger companies. Akondi Srikant (2012) “Significance of BPR and ERP Implementation in Healthcare Industry” imbibed the significance of business process reengineering and ERP implementation in Indian healthcare industry. Dr. Manas Kumar Sanyal, Sajal Kanti Bhadra, Sudhansu Das (2012) “ERP implementation issues and challenges: A FISHBONE analysis in context to Indian industries” have focused their study on the Indian ERP implementations. Indian brand Equity foundation (2012) “Operational excellence in Indian Manufacturing” in this study has explained the effort Indian manufacturers are taking to achieve operational excellence. It is explained how adopting World class manufacturing practices. Provide a collective information of various aspects of SAP such as its software products, hardware, modular structure, to benefit researchers, students and entry level SAP professionals.

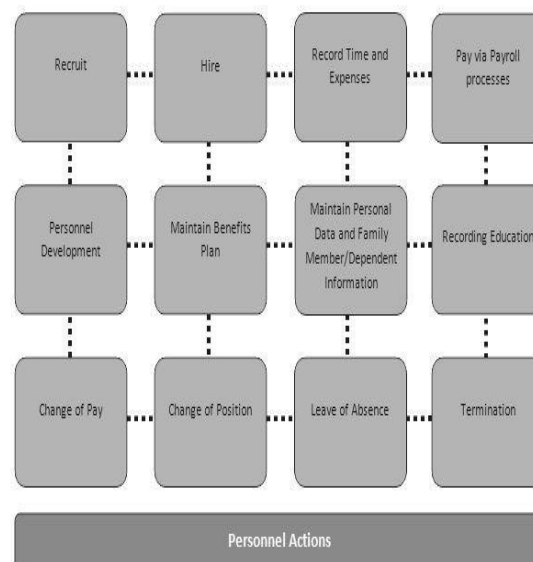


Fig.3. Module

Apart from the core functions described above, SAP has also come up with some high end modules like Customer relationship management (CRM), Supplier relationship management (SRM), Product Lifecycle Management (PLM), Business intelligence and Business objects (BI-BO) etc.

SAP Finance Modules



Financial Accounting

- External Accounting
- Financial Statements
- Legal Requirements
- Standards



Controlling

- Internal Accounting
- Cost Reporting
- Management Accounting
- Flexible



IBM study paper (2004) “Challenges for the automotive industry in an on demand environment” contains the study conducted by IBM Business consulting who interviewed many business experts in automotive industry. The purpose of this paper is to present a short overview of the automotive industry and highlight challenges faced by the industry in the given period. Business processes within an organization falls into three levels - strategic planning, management control and operational control. ERP has been promoted as solutions for supporting or streamlining business processes at all levels. Much of ERP success, however, has been limited to the integration of various functional departments.

CONCLUSION

This paper discussed about the SAP development in organization any module in the ERP system is implemented by the consultants engaged by the company. After the implementation (installation), the system has to be used by the employees of the company who are called the end-users. They have to be accustomed to the way the system works to get optimum benefit from the system. Using the software at the end or after the implementation is an End User is the one who performs transactions in SAP after it goes live. Since the financial position of Indian farmers is very weak, the loan facility provided by the industries through Bank encourages the farmers to grow more cane and also motivates the farmers. The loan amount is paid immediately to the Bankers from the farmers through factory will also increase the transactions of the Bank in turn both bankers and farmers are mutually benefitted.

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