



TEACHING CASE LETS AND CASE-STUDY

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Case Study: Advance Infotech – Taking the ERP Pill

In 1961, Advance Infotech began operating. It is a prominent Indian pharmaceutical company with a large global footprint. Prior to the deployment of SAP, an ERP software, Advance Infotech conducted its numerous activities using antiquated technology. The inventory and product planning department used MRP-I and MRP-II for material need planning and to schedule the inventory procedures and activities of multiple departments, whereas the finance department used Tally. MRP-II also concentrated on the procedures related to production, inventory control, and product planning. These outdated systems had a number of problems, the primary one being disconnection. The financial team used Tally, which was more accurate & available in real time compared to other departments' operations, without any connection to them. SAP splits a main process into more manageable subprocesses. For example, creating item codes, allocating item codes to the proper place, determining stock levels, receiving and delivering items, and so on are all parts of the stocking store process. Maintaining track of each subprocess and coordinating with all departments is crucial because improper systems can lead to delays.



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At Advance Infotech, maintaining the quality of our medications and medical supplies is our first priority. SAP concentrates on every step of the pharmaceutical manufacturing process and pinpoints the steps that lead to errors. SAP has also contributed to cost savings, particularly in labour costs. Organisational productivity has increased as a result. Advance Infotech currently raises purchase orders using regular procedures. Orders are put in SAP in line with the inventory department's min-max plan, as opposed to the MRP system, which places orders randomly. This lower ordering and transportation costs. Additionally, SAP has integrated multiple vendors and suppliers with better communication. Following SAP ERP adoption, Advance Infotech used the following procedures:

1. Project planning and forecasting: SAP assists managers in efficiently organizing the production process. It informs them of the precise number of medications that need to be produced as well as the date that the stock runs out.
2. Raising an indent: The manager uses SAP to raise an indent whenever material needs to be purchased for manufacturing. The precise reason for the material's request as well as the location of its requirement are stated in the indent. The procurement teams proceed with the material acquisition after forwarding this indent to the store manager for approval.
3. Request for quotation (RFQ): This SAP module requests quotes from the different authorised suppliers. After comparing these quotes and considering a number of other aspects, including cost, quality, time, shipment, and other considerations, the procurement department chooses the best supplier.
4. Creation of purchase orders (Pos): After that, the authorised indent is turned into a PO by the buy department. The terms and conditions outlined by the legal department are included in this PO. Through SAP's notification summary feature, a copy of the PO is sent to the finance department for approval.



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5. Getting and sending materials. At last, the requested material is received, examined, and delivered to the business. As soon as the material is successfully delivered, the store creates a receipt in SAP.
6. Manufacturing requests: A move-order request is used to obtain the materials that the manufacturing staff needs. Substantial approvals are obtained before material is released.
7. Creation of Invoices: SAP creates invoices and logs general ledger entries for the finance department.
SAP integrates all functional departments at Advance Infotech in this way to increase productivity.

- (a) Talk about the information flow prior to Ranbaxy implementing the ERP system.
- (b) Talk on how Advance Infotech was able to overcome its prior issues and increase its efficiency thanks to the SAP ERP system.

OR

- (a): What problems did Advance Infotech run across prior to putting the SAP ERP system in place?
- (a) Talk about the process flow and possible advantages following the installation of the SAP ERP system.