THE LEGEND OF HERO HONDA CONTINUES WITH SAP.

What started out as a Joint Venture between Hero Group and the Honda Motor Company of Japan, has today become the world's single largest two-wheeler Company. Coming into existence on January 19, 1984, Hero Honda Motors Limited (HHML) gave India nothing less than a revolution on two-wheels, made even more famous by the 'Fill it - Shut it - Forget it ' campaign. Driven by the trust of over 5 million customers, the Hero Honda product range today commands a market share of 48% making it a veritable giant in the industry. Add technological excellence, an expansive dealer network, and reliable after sales service to that and you have one of the most customer- friendly companies.

Customer satisfaction, a high quality product, coupled with the strength of Honda technology and the Hero group's dynamism have helped HHML scale new frontiers and exceed limits.

Desh ki dhadkan

Hero Honda Motors Limited decided to implement SAP to keep up with technological advances in the market and the ever-changing consumer. What they got was an ERP system that helped improve quality. The operational processes were improved at various stages too. Order processing was standardised across all functions. And real-time information on product cost, profitability analysis, dispatch and production status was made available.

THE BEST-RUN BUSINESSES RUN SAP

PRE SAP

HHML had legacy systems working on different platforms, which were developed in-house and tailor-made to their method of working. Since the legacy systems took care of data processing, only some operational reports got generated by the system. Real MIS resided on Excel sheets along with different kinds of analysis. Information, therefore, was fragmented and the authenticity was questionable.

Over a period of time, the systems underwent changes and represented a patchwork of several additions and modifications. They were loosely integrated across functional areas. There was duplication and information inconsistency as happens with most legacy applications. It was therefore important to migrate from this platform to something more stable and futuristic.

"We will continue to make every effort required for the development of the motorcycle industry, through new product development, technological innovation, investment in equipment and facilities and through and through efficient management."

Mr. Brijmohan Lall Munjal
Chairman and Managing Director, HHML.

MOTIVATION FOR CHANGE

The management's vision was to align IT with business. IT was to be used as a strategic business tool rather than for a limited purpose of data processing. An information systems plan was drawn up, which besides other things, stated that the organisation would go for common systems across the organisation. It would also achieve integration between all systems, emphasis would be on improving business processes, to adopt best practices and to cover the entire supply chain.

HHML wanted to consider only state-of-the-art systems and one which had a clear road map for the future including conduct of business over the net. Tired of in-house developed systems, they wanted a standard solution and in particular, an ERP. Their idea was to partner with a technology vendor capable of taking them forward as the business expectations increase.

SAP'S ROLE

HHML evaluated BAaN and Oracle. The overwhelming presence of SAP in the automotive sector was one of the important reasons for selection. The customer references spoke strongly about SAPs ability to address the needs.

The project took off with a great start. It imparted one-day awareness training sessions to around 135 managers and key users explaining the project and roles of core team members and users. There were hiccups in between because of staff turnover at the implementation partners' end because of which the project had to be extended by a month. However, they kept various activities on schedule. They were one week behind at the last stage of Go-Live

preparation but made that up in the last month. The Steering Committee played a useful role and wherever some policy issues could not be decided, the CEO intervened to resolve. End users were involved at various stages and hence they adapted to the new systems well.

The first few days saw several problems but the help desk (available 24 hrs) attended to them promptly. Every day thereafter saw lesser problems and the operations got streamlined in 15 days. The yearly closing ended on the 31st March 2001, (2 months from Go Live) and was completed in 24 days. Year closing for the following year was achieved in 11 days and HHML was the second company in India to declare results. This indicated the stability of systems and the efficiencies achieved.

"One of the main reasons for the success of our SAP project is that the project was perceived as a business project, and not as an IT project. And different functional heads and module leaders were also involved in the project".

S R Balasubramanian, Vice President
information Systems and Project Manager, SAP project

IMPLEMENTATION PARTNERS

Siemens Information Systems Ltd (SISL) were the implementation partners. They imparted initial training to the users and core team members. They also helped in redefining various processes based on their experience. They gave valuable suggestions for improvement at various stages. In the Steering Committee meetings they clarified various issues and helped in convincing the management to make various changes.

BENEFITS TO HHML

ERP helped in improving quality, access and usage of transactional data and suitably eliminated multiple entries. Besides, there was no need for manual reconciliation any more and operational processes were improved at various stages. Order processing was standardised across all functions. And real-time information on product cost, profitability analysis, dispatch and production status was made available too.

THE FUTURE

HHML is in the process of making continuous improvements and changing configuration to add more functionalities to the existing systems. They have implemented the 'Plant Maintenance' module in Sept, 2002 and are implementing the 'Human Resource' (including India Payroll) module. The Supply Chain Management project is about to take off too. Proposed future applications are CRM, BW, SAP Portals and ESS.

HHML has upgraded from 4.6 B to 4.6 C. They are also putting in organised archiving of data on SAP and deploying live re-organisation of database using a 'Quest' tool. They have implemented the Solution Manager and are now looking for certification as a customer competence center.

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At a glance

Industry	Automotive
SAP solution components	PP with MRP, QM, FI/ CO, SD, MM- with CIN features
Hardware	IBM RS-6000/ SP Tall frame. Database server (@375Mhz, 4 way, with 5 GB RAM) .Two application servers (@375Nhz, 2 way, with 3 GB RAM each). One DB server in a hot stand-by arrangement using IBM's HACMP. IBM Storage server (Shark) attached as DAS with 2 TB as storage.
Operating system	Unix Tru64
Database	Oracle version 8.0.6
Website	www.herohonda.com