

GLOBAL Ingredients, LOCAL Flavor

For Havmor to be third time lucky in its ERP implementation, Innova Systems needed an innovative approach

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IN AUGUST 2009, ice cream maker Havmor decided to implement ERP system across its head office, factory, and the state-of-the-art kitchen and three locations in Ahmedabad. With a 16,000 plus dealer network across Gujarat, Maharashtra, and Rajasthan, the company set February 2010 as the deadline for the rollout. The short implementation window was set keeping in mind the onset of the ice-cream season in March 2010.

The factory of Havmor at Ahmedabad manufactures 100-odd flavors of ice cream in multiple packing options, thereby swelling raw material inventory, SKUs, and related documentation, recalls Rekha Chona, Director, Havmor Ice Cream. "Our procurements, storages, productions, delivery points, plant maintenance, customer deep-freeze maintenance & services are scattered geographically," she says. The legacy system catered the need of the individual department but the drawbacks were data redundancy, lack of integration of the system and wastage of time in sourcing and collating data. ERP was the need of the hour.

THE SOUR TASTE

In its two earlier attempts to implement ERP, Havmor was unsuccessful as it had selected a customized software the first time and a non-standard ERP the second time, primarily due to the lower cost of the product and implementation. Project 'Mission Kamyab' was started to reverse the failures of the previous two attempts.

The firm approached Innova Systems, its Ahmedabad-based system integrator for the past six years. Innova understood the customer requirements and suggested SAP and even interacted with the local SAP team who in turn studied the project requirements two to three times. "Earlier, we could not afford SAP as it was a costly proposition for a company of our size. However, SAP's cost effective solution for SMEs changed the dynamics," says Chona.

THE MIXED FLAVOR

Since Innova didn't have expertise on ERP implementation, it went back to SAP for help, which in turn suggested CMC as the latter had executed similar projects in FMCG vertical, including a

Case File

Key Parties: Havmor Ice Cream, Innova India, CMC, SAP, HP, Tulip, Microsoft, Numeric Power Solutions

Locations: 6 (all in Ahmedabad)

Implementation time: 6 months

Total Project Cost: Rs 1.5 Crore

Major Technologies: ERP, Datacenter Consolidation (Blade Servers & Storage), Networking, Structured Cabling, WAN

Key Activities: System Integration, Technical Consultation, Post Sales Support

Post Implementation ROI: Increased Inventory Management and Control, Enhanced productivity, Fixed Asset management

wafer manufacturing company. "After joint presentations at the customer end, we got an order of ERP software - SAP ECC 6.0 and licensing," says Dave, CEO, Innova Systems (India).

"Looking at the previous two failed attempts and limited time in hand, we did not want to experiment at the site of a loyal customer," says Dave. Experimenting and probably failing would have also meant losing the related Rs 1 crore plus hardware purchase order for Innova Systems. The trade off was outsourcing the ERP implementation part worth Rs 34 lakh to CMC.

Innova and CMC embarked on this project at Havmor in September '09 with a plan to complete it by Feb'10. Havmor management realized that this was an ambitious initiative cutting across all the departments and

would result in major changes in the job functions.

THE RIGHT INGREDIENTS

With SAP implementation, Havmor also needed hardware refresh in terms of servers, storage, and networking gear at its datacenter. Also, there was a need for 100 plus PCs (desktops and laptops). Hardware supply and system integration has been core expertise of Innova Systems and hence they bagged this project, which was over Rs 1 crore including hardware, its integration, and software licenses. "We supplied all hardware, implementation and SAP configuration issues like clustering. Due to SAP, the associated hardware must be new and also new purchases were done due to new staff at Havmor," says Dave. The entire active and passive networking infrastructure including switches, routers and structured cabling was also executed by Innova.

Innova Systems would soon connect the locations of Havmor through Tulip for WAN. "We did contemplate open source than Microsoft during the project as it means cost savings for customer. But Havmor did not have dedicated staff which is needed for open source deployments," says Dave. Innova supplied manpower to CMC to ensure speedy work and more co-ordination between teams to meet the deadline.

"As a system integrator, Innova Systems tried to address our pain areas, from identifying SAP and their SME rates, partner collaboration, and hardware integration. They also suggested the project financing option," said Chona.

AVOID MELTDOWN

Business process document finalization was the most important phase



“Experimenting and probably failing in ERP implementation would have meant losing hardware integration order and importantly the faith of a loyal customer. Hence, we partnered with CMC for the project.”

APURVA DAVE, CEO, INNOVA SYSTEMS (INDIA)

■ CASE STUDY

of the project implementation. There were lot of challenges faced during initial requirement gathering for the finalization of business process, user acceptance testing and integration acceptance testing. The major challenge was finalizing master data. But, just a few days before the go-live date, mistakes in master data cropped up and to rectify that was next to impossible within such a short period.

The IT team worked for almost 48 hours to rectify those mistakes with the help of production and quality control process owners and finally made the required changes and uploaded the data before the go-live date. Training was crucial as people had to move from legacy system to SAP. "For training, we established a 'train the trainer concept' with detailed training plan for all users, and class room training to all users," says Chona.

February 2, 2010 was the D-day for the 'Mission Kamyab' project.



“As a solution provider, Innova Systems addressed our pain areas, from identifying SAP and its SME rates, partner collaboration, and hardware integration. They also suggested the financing option by HP.”

REKHA CHONA, DIRECTOR, HAVMOR ICE CREAM

"The first 15 days were challenging as there were a lot of issues related to configuration. But we overcame these issues without hampering our day-to-day front office transactions," says Chona. Apart from that Havmor focused the first 15 days on front and back office transactions to ensure all transactions were recorded properly.

THE SWEET ENDING

"The SAP implementation gives us a wide scope for improvements and

enhancements based on facts and figures through reliable real-time data and important business decisions can be taken," says Chona. The system is configured to cater to the daily requirement of determining the product mix for a batch of ice-cream based on the assessment of ingredients' composition. Due to better view on stock availability during dispatch, the order fulfillment process improved considerably and the billing process also got streamlined.

At present, Havmor is using 15 SAP licences. For the next phase of the project, Innova Systems would implement a DR site and help integrate parlors and dealers of Havmor on the ERP platform. "We are discussing with SAP and other vendors whose applications are compatible with SAP. SAP licenses are quite expensive and we might take licences for dealers from other vendors to help Havmor save money," says Dave.

This additional project means additional revenue stream for Innova. Chona at Havmor adds, "We would like to ensure smooth running of present ERP for a year or so and then implement CRM. Gradually, a connected network of dealers and parlors will help us benefit from the full capability of SAP."

Implementation of SAP has brought about much-needed streamlining and automation, and has provided the backbone to support the rapid increase in volume of transactions as was anticipated. Dave says, "We are taking each IT upgrade step by step to ensure success at Havmor." Havmor finally got third time lucky on its ERP initiative with Innova Systems playing a major part in the success story. ■

THE CHERRY ON THE TOP

GROWING at a rapid pace of 30 percent plus CAGR since past four years, Havmor Ice Cream was keen to invest in another ice cream factory in GIDC, Gujarat. Consequently, the management was keen to implement ERP to manage large operations across their businesses. It was a catch 22 situation.

SAP implementation project and associated hardware purchase meant a huge investment. Innova Systems (India) suggested HP Financial Services (HFS) to Havmor. "The suggestion was good as we were putting up a new plant so we needed more funds in hand for other initiatives. But ERP project was also critical for the company," says Rekha Chona, Director, Havmor Ice Cream.

The total project of SAP implementation, hardware and licensing finally got an approval of Rs 1.5 Crore from HFS. Then the entire purchase orders were released for different IT vendors from Innova India. For SME companies like Havmor who wish to use hardware for longer time, financing is a good option, says Apurva Dave, CEO, Innova Systems. The entire project was financed

including SAP ECC 6.0, blade servers, storage solutions, 100 plus desktops & laptops, networking and structured cabling, UPS, and software licensing. Havmor however made few investments to the tune of 25 percent of the total financed amount. "It was more than 25 percent of the amount which included hidden costs in this ERP project and related hardware refresh. Nevertheless, the financing option gave us the freedom to invest in non-IT aspect of business, especially the new factory," says Chona.

Aiming to touch Rs 175 Crore turnover in this fiscal year, Havmor is fast transitioning from a small to a medium enterprise. Hence ERP became important, says Chona. With minimal upfront investments in ERP through a valuable financing suggestion by Innova India, Havmor is well on course to add more cream to their cash registers. "As a solution provider, we suggest such schemes like financing beyond just selling IT products. This helps customers get business benefits in terms of better financial outlook and traverse IT roadmap easily," says Dave.