

# Tata motors significance of erp automotive sector

Technology, Computer



Tata Motors Ltd. is a multinational company, based in Mumbai, India. It is part of the Tata Group, and formerly known as Tata Engineering and Locomotive Company. Tata Motors is the largest automobile company in India, with consolidated revenues of \$ 20 million in 2009-10. Tata Motors is number one in commercial vehicles and among the best players in the sector of passenger vehicles. Tata Motors has produced compact cars, segments of mid-size vehicles and utility. The company is the largest manufacturer of heavy trucks in the fourth place, a global manufacturer of buses in the second place, and employs 50 000 (2010) workers. Since its launch in 1954, Tata Motors production is over 4 million vehicles, in India alone.

When Tata Motors began manufacturing locomotives, they produced their first commercial vehicle in 1954. They were in collaboration with Daimler-Benz AG at that time, which ended in 1969. Tata Motors is traded on the Bombay Stock Exchange as well as on the New York Stock Exchange, it's a dual listed company. Tata Motors in 2005, was placed along with the top 10 companies in India with an annual turnover of over 000 000 320 000 INR. In 2010, Brand Finance and The Economic Times conducted a survey on “ most valuable brand in India” and Tata Motors tops the confidence to win the coveted title.

Car factories and assembly plants of Tata Motors are located in Jamshedpur, Poone, Sanand, Ahmedhabad , Dharwad, Pantnagar and Lucknow in India and also in South Africa, Thailand and Argentina.

Company profile

Tata Motors Limited

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Type

Public

Industry

Automotive

Founded

1945

Founder

Mr. JRD Tata

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Headquarters

Mumbai, Maharashtra, India

Top Management

Mr. Ratan Tata (Chairman)

C: UsersuserDocumentsCyberLinkDesktopRatan\_Tata\_300. jpg Mr. Ravi Kant  
(Vice Chairman) C: UsersuserDocumentsCyberLinkDesktopRavi-Kant. jpg

Products

Automobiles

Engines

Parent

Tata Group

Website

TataMotors. com

Challenges

Why Tata Motors needed to implement an ERP solution:

Tata motors always aim for best quality, therefore for better data quality they want to implement latest available solution.

To have real time access to the data management.

Tata motors were experiencing difficulty to build a single location-independent integrated enterprising.

Major challenges include coordination among 4 major plants located in different parts of India.

They also have 42 Regional and Sales offices.

To have inventory management system in over 27 spare parts warehouses

To keep records of all major products, components, castings and forgings.

Tata motors also have their research and development centers in Spain, South Korea and UK.

To have employees management system with over 50, 000 employees including 1, 400 in-house engineers and scientists.

To have real time supply chain management with 1200 spare parts dealer spread all over the country.

Working Environment of Tata Motors:

Database: Oracle

Hardware: pre-dominantly IBM with smattering of HP and SUN

Operating system : UNIX

SAP

SAP AG is a German software company worldwide, providing enterprise software applications and support for businesses of all sizes around the world. It is also the largest company in the world, providing ERP solutions.

It has its headquarters in Walldorf, Germany, with regional offices worldwide. It is also the largest software company in Europe and fourth in the world. SAP Enterprise Resource Planning (SAP ERP) software from SAP and Business Objects are the most popular products.

SAP was founded in June 1972 by five former IBM engineers in Mannheim, Baden-Wurttemberg (Dietmar Hopp, Klaus Tschira, Hans-Werner Hector,

Hasso Plattner, and Wellenreuther Claus). It was formerly known as Systemanalyse und Programmentwicklung (“ System Analysis and Development”).

The acronym was later changed to represent Systeme, Anwendungen und Produkte in der Datenverarbeitung (“ Systems, Applications and Products in Data Processing”).

SAP ERP application was developed by SAP AG to guide the urgency of the big software company, and mid-sized organizations in all sectors and industries. This application provides among all the other benefits of open communication within the company and its functions.

Advantages of SAP over other ERP solutions:

SAP has multiple functionalities as compared to other ERP solutions.

Market Leader in its segment.

Package suited for Tata Motors.

It had a readymade process for auto manufacturers therefore, customization requirement is less.

Market share of SAP

Implementation

Objectives for SAP in TATA Motors:

To improve revenue collection from sales

To reduce application of efforts and increasing efficiency.

To reduce cost by improvement in operations area.

To increase productivity.

To give timely and appropriate response to the customers.

To downsize business processes across all manufacturing units.

To develop platform for organization wide communication.

Most importantly cost reduction in various departments.

To have proper inventory management system to reduced inventory.

To synchronize production scheduling with sales of product.

Significant benefits achieved by Tata motors

Because of SAP ERP Solution implementation, Tata Motors has experienced increase in productivity and cost control.

Another benefit is in reduction of number of different application run on them as well as the no. of servers.

Introduction of disaster recovery management done for one entity.

Significant reduction in the number of non-value-added activities.

With the implementation of SAP, a Business Process Reengineering was also initiated to achieve uniform process with all business users.

There is an efficiency increase in inventory management and check over receivables and other credit control.

Enterprise integration:

SAP has created service platforms for IT, Human Resources and Financial Services.

Due to this there has been reduction of almost 2 weeks time in financial consolidations.

Because of SAP there is an integration with the vendors and the suppliers.

SAP Solution has also helped Tata Motors to meet all their customers' needs and service them better.

And also now information is on real time basis, Tata motors are able to respond timely to their customers, vendors and suppliers demands.

There will be better control on receivables and credit control.

A single unified database

Procurement process from various vendors will be automated.

There is catalogue content management which helps in coordinating with suppliers.

Streamline procurement process management among different locations worldwide.



Among other significant benefits achieved by Tata Motors is that there is quick and live auctions for competitive pricing.

Transparency in the process for supplies and payments status to suppliers through portal is achieved.

It is helping Tata Motors with negotiation power because all data of the world can be made available to Tata Motors.

Parts validation through spend control and analysis.

Keeping records of daily billing (invoices), receivables, and sales.

#### Future Plans

Tata Motors after implementation of SAP ERP solutions became the greatest deployment in the automotive industry because of the considerate spread of functionality of TATA Group. They are a satisfied customer of SAP – as claimed by SAP. Tata Motors and SAP ERP are keeping alongside each other of all the new developments and ensure that the applications they run commiserates with the SAP enhancements. Tata Motors would definitely choose SAP for their future plans of company enhancements.

As mentioned above also, Tata Motors has been able to achieve a unified enterprise solution, an massive increase in productivity and also able to build a reliable, stronger and lifelong relationship with its customers, all because of the SAP ERP implementation.

Thus, the company has not only retained its headship in India but has also been able to enlarge its footprint in the global automotive industry.

## Conclusion

Therefore we can clearly say that SAP ERP solution has turned out to be success and profitable move for Tata Motors.

Major areas of improvement are in inventory management, procurement management, resource planning, supply chain management, logistics and production scheduling in the operations department. In Finance module SAP ERP has helped in consolidation of general cost, credit control, day-to-day billing etc. In Human Resource Department they have implemented a uniform and single platform for over 50, 000 employees. Overall all the departments and processes are integrated at all levels. Production employees could now work on real time basis as they have access to the data base of the company. They are also more closely controlled and approach able to updated processes across the manufacturing plants spread all over the world.

For Tata Motors SAP setting up in the whole automotive industry worldwide has made possible connect and cooperate within themselves. Tata motors are aiming to enhance their business portfolio as they are planning to implement Sap application for all IT processes but leaving out Customer Relationship Management(CRM) and Product Life-cycle Management.(PLC).

To improve Supply Chain Management solutions SAP is introducing The introduction of SAP Advanced Planning & Optimization (SAP APO). Therefore

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to conclude we can say that the SAP infrastructure granted a strong IT infrastructure to support Tata Motors' globalization plans.