

Mis on fmcg



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A management information system (MIS) is a system or process that provides information needed to manage organizations effectively.

Management information systems are regarded to be a subset of the overall internal controls procedures in a business, which cover the application of people, documents, technologies, and procedures used by management accountants to solve business problems such as costing a product, service or a business-wide strategy. Management information systems are distinct from regular information systems in that they are used to analyze other information systems applied in operational activities in the organization.

Management Information Systems (MIS) is a field of science that studies on (1) How better we can manage technologies (2) How better we can design information systems, in order to enhance a firm's effectiveness, efficiency and profitability. A strong MNC presence in the FMCG (Fast Moving Consumer Goods) sector, the existence of a wide distribution network, intense competition, the availability of key raw materials, lower labour costs, and a presence across the entire value chain have resulted in a thriving market for FMCG companies.

The sector will grow by over 50 percent in rural and semi-urban India by 2010. With the opening up of the Indian market to foreign players, Indian companies have increased their use of IT as a business tool. Indeed, it has become an essential element for these companies to understand the needs of their customers and handle their employees. Many FMCG companies need to consolidate their information base that's been accumulated from different sources. As these companies have operations spread across India, the major problem they are facing is data integration.

In order to bring efficiency to their processes, they are deploying different IT solutions to keep online information about their manufacturing plants, distribution points, distributors and retailers. After identifying the need for integration, companies are deploying software to increase operational efficiency. IT solutions expose weak links in the value chain, increase departmental inter-action, improve processes, and speed-up decision-making. Enterprise hardware continues to keep its lion's share of IT spending by FMCG companies. Area in the enterprise hardware segment is networking, the demand curve of which is also moving upwards.

Many FMCG companies are using PDAs for capturing data either from the supply chain or from retail outlets, especially in rural areas. Growing ERP market As per the survey, 27 percent of FMCG companies invested in ERP last year, while 93 percent are planning to invest in the coming fiscal. Companies are deploying ERP systems to optimise the distribution network and improve delivery mechanisms. Implementing IT solutions has led to an improvement in the service levels of these companies vis-a-vis their dealers through the redressal of potential stock-out situations.

This has also been made possible due to better visibility of sales, inventory and production in progress data. While companies such as HLL, Eveready, Britannia and Samsung India are depending on vendors to implement the solutions, LG Electronics has deployed solutions developed in-house. Meanwhile, Britannia recently upgraded its SAP application to mySAP, and integrated the same with Lotus Notes. T S Purushothaman, Britannia's Corporate Manager for IT and Systems says, " The factors that we focus on

while taking the decision to purchase are financial strengths, experience, team strength, customer base and references from others.

Outsourcing down Maintenance of IT infrastructure is the principal area of outsourcing among FMCGs, but the trend has gone down. Last year 30 percent of respondents from this sector had outsourced their IT activities; this time around only 22 percent of them intend to do so. The most important factor influencing outsourcing is the desire to reduce costs and focus on core competencies. The factors that companies look at while deciding to outsource are the consultant's specialisation, vendor's specialization and reputation, and also the expenditure involved in the process.

While the decision to outsource is generally the CEOs, the CIO and CFO are also involved. LG Electronics' IT Manager, Daya Prakash says, " Our data centre management work is outsourced to different companies as the data centre is in Noida. We also outsource the desktop maintenance work to another company as it helps us to reduce the total cost. " Nowadays, most enterprises are outsourcing their network to different companies or system integrators, while in the next fiscal desktop, network and application development are the major intended areas of outsourcing. Low penetration of storage devices

As far as storage management is concerned, keeping a lid on the cost of managing infrastructure is a major problem. Perhaps for this reason there is very low penetration of storage devices in the FMCG sector. Only 21 percent of the respondents invested in storage in 2005-06, and 23 percent would like

to invest in 2006-07. There is a need for vendors to adhere to common standards; this will simplify the management of storage hardware.

Elaborates Avijit Basu, Marketing Manager, ESS, HP India, “ Enterprises need to utilise their storage infrastructure more efficiently by improving storage performance.

It has become important for enterprises to allocate storage as per the priority of the data, and then replicate it as per the monetary tag attached to it on the basis of data priority. For data protection, enterprises are looking at better management of their tape libraries and back-up operations. ” Adds Rajesh Chopra, Head of Information Systems at Samsung India, “ The lifespan of operational data is very limited in consumer goods companies. BI systems have been extensively deployed by them.

We at Samsung have been using a high-capacity tape library from HP, and Ultrium drives with capacity more than 800 GB to back-up operational data using HP OpenView. ” FMCG organisations are using storage for SAP-based applications. As in any other industry, storage is being used as a part of IT consolidation so that data can be managed from a centralised location. Other applications, including BI and data mining, are used to gain better understanding of customer profiles, usage, trends, etc. Customers such as Dabur, Pepsi and HLL use storage for such applications.

Opines Purushothaman: “ The appropriate storage includes faster and high-availability disc array solutions with faster and specialised back-up solutions. On the anvil is an increasing use of appliances to speed up data flow across depots and warehouses, as well as a combination of disc-based appliances

with offline tape solutions for faster back-up and retrieval. " Other areas of IT spending Software licences, training employees and security devices are other areas of IT expenditure. The CEO of everyday say's " We have implemented anti-virus solutions from Symantec to protect our organisation against virus threats nd spam, and are planning to invest in some more security solutions. We have also implemented the Oracle Balanced Score Card for management dashboards, and are performing what-if analysis. Besides, we have a sales reporting system developed by TCG Ivega for capturing market information through SMS' from our field sales force; this system integrates with our management information tools. " Only 12 percent of the respondents have invested in IT training programmes. To get the most from their IT implementations, or to popularise initiatives such as enterprise-wide automation or security, companies need to expand their training programmes.

But only 15 percent would like to invest in training their employees. Prakash of LG Electronics speaks about the company policy: " We provide regular induction programmes on the new technologies deployed. It's done on a month-on-month basis for our employees. " However at Britannia the training programme is not regular, and the company imparts training only as and when required. Future demand According to the IMRB survey, 66 percent of the respondents have expressed their desire to focus on security.

In data warehousing, data mining and the BI segment, FMCG enterprises invested 20 percent in the previous financial year and 47 percent intend to do so this fiscal. " The FMCG sector has been very technology-savvy, and is an early adopter of IT. Today, on one hand, we have global companies

operating in India, but on the other hand we also have many Indian companies operating globally. Business application solutions have enabled these companies to globalise rapidly, and roll out processes which are fine-tuned to the requirements of each geography. " In the CRM segment, 20 percent of FMCGs have invested and 33 percent will invest in this fiscal. 0 percent have invested in SCM and 47 percent going to invest in 2006-07. Most FMCG giants are investing in SFA. Purushothaman head of Britannia continues, " Technology remains an integral part of our business. We need to upgrade our technology in line with the constant changes that occur. As compared to the investments made in 2005-06, we are planning to invest 20-25 percent more in 2006-07. Our business aspirations invariably necessitate investments in technology. Our customer demand and business growth have invariably been serviced with periodic technology upgrades.

We are confident that technology will continue to help us ramp up business volumes while keeping operational costs low. " On its part, Eveready spent nearly Rs 6 crore last year and would like to increase the investment this year. Elaborates Choudhury of everyday: " We are planning to implement Stocky from Botree for our distributors. This solution will help us get the secondary market's pulse on a daily basis, and would be a significant step in understanding our vast distribution network consisting of 4, 000 distributors and two million retail outlets.

It would also integrate with our management information tools and help us understand which markets are doing well and which need improvement. " As 72 percent of large enterprises have a well-documented security policy in place, only 18 percent want to invest in security devices, hence there is not

much demand for such devices in the coming financial year. But ERP vendors should come up with new solutions to tap the growing market as 93 percent of the respondents to the survey said they would invest in the coming year.