What are Enterprise Resource Planning (ERP) Systems?

SAP mean System Applications and Products

- Incredibly large, extensive software packages used to manage a Company's business processes.
- Standard software packages that must be configured to meet the needs of a company
- Database programs with the following functions:
  - Input
  - Storage/Retrieval
  - Manipulation
  - Output

28,610+ Tables in SAP
ERP / SAP

• Who are the big ERP vendors?
  • SAP, the German juggernaut
    • System, Anwendungen, Product in der Datenverarbeitung, or
    • Systems, Analysis and Products in Data Processing.
    • Don’t be a sap!
    • It is implemented in every fortunes 500 companies at least 9 out of 10
  • Oracle/PeopleSoft/J. D. Edwards (J.D. Orisoft)
  • Microsoft Great Plains, aimed at smaller companies
    • SAP Business One is competing product
WHY ERP /SAP

- Well integrated SAP has been implemented 9 out of 10 fortune 500 companies
- It brings discipline in the Company
- Has various authorization level, Complete tract record of entries, correction and movements.
- Drilldown facility for mapping the complete transaction
- Brings over all efficiency in the organization
- Best for growth of business
- Brings various controlling mechanism
- Export / import of data to external source
WHY ERP / SAP

- It can be implemented in various languages
- It can handle multiple currencies
- Auto bank reconciliation
- Scope for work from home or gives freedom to work from remote location
- It gives opportunity to use same data to address more than one period.
- Provided confidence to auditors
- It enhance your carrier
SAP R/3 Enterprise
SAP R/3 Enterprise

SAP can use a number of database programs to actually store the data.
Configuration

- Configuration is the process of making standard software fit your business. SAP, as an example, has:
  - Over 8000 configuration decisions
  - Data structuring
    - Sales divisions, distribution channels
  - Rewriting Code (Modifications)
    - Not recommended because of compatibility problems when updated versions of the software are installed.
  - Customization
    - Writing code at SAP-specified user exits
  - Third-party software solutions
A typical manufacturing company

Inputs
- Vendor Master
- Pricing
- Material Master
- Basic Data

Manufacturing Process

Outputs
- Cust. Master
- Pricing

Calendars

Currencies

FI

CO
Three-tier Client/Server Architecture

USER PCs

Application Server

Database Server

Application Server

Application Server

Application Server

USER PCs
Two-tier Client/Server Architecture (configuration typical for training)
SAP vs MS Office

Nothing is saved on your PC. Only things saved on our Server at X location are saved, and they are saved for good.
SAP > Modules

- FICO
- FI Handles the company financials
- CO Handles the company full Cost Accounting cycle
SAP > Modules

- FI >> Organizing Structure

- 1. Creating a Company
- 2. Assigning the Code
SAP > Modules

- FI >> General Ledgers
  - 1. Creating a Chart of Accounts
  - 2. Creating COA Groups
  - 3. Create G/L Accounts
  - 4. Create retained earnings account
  - 5. Fiscal Year variant (i.e. Calendar & FY)
  - 6. Assign Company Code to Fiscal Year variant
  - 7. Hold and Park Documents features
SAP > Modules

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SAP > Modules

- CO >> Cost & Profit Centre
  - 1. Creating various cost centre
  - 2. Internal Order and closing in to cc
  - 3. Defining Profit Centre
  - 4. Creating Profit Centre hierarchy
  - 5. Assigning CC and MC to PC
SAP > Modules

- SD >> Sales & Distribution
- 1. It complete Sales cycle
- 2. Order Procurement
- 3. Invoicing
- 4. Shipping
SAP > Modules

- SD >> Sales & Distribution
  - 1. Customer master & Material master
  - 2. Sales
  - 3. Delivery
  - 4. Billing
  - 5. Pricing
  - 6. Credit Management
Delivery Process

1. **Market/Region**
2. **Receive the DA (PPC + Despatch)**
3. **DA Entry in System (PPC)**
4. **Verify Stock**
   - **YES**
     - **Daily Despatch Plan to Despatch Deptt. (PPC)**
   - **NO STOCK**
     - **Production**
5. **Generation of Invoice/Challan (Despatch)**
6. **Send to Region/Direct (Despatch)**
7. **Daily Sales Report (PPC)**
8. **Information to Region (Despatch)**
SAP >> CRM
SAP>> MM (Material Management) Module

- Master Data
- Purchasing
- Inventory
SAP >> MM (Material Management) Module

- **Master Data**
  - Materials master data creation
  - It consists of Description, allocation of code, Unit to measure, Category, Unit weight and Gross weight
  - Storage area reference
  - Re-ordering level
SAP>> MM (Material Management) Module

- **Purchasing**
  - Creation of purchase requisition
  - Conversion of purchase requisition into purchase order
  - Quotation review, comparison & finalization.
  - Purchase order creation, release and edit
SAP>> MM (Material Management) Module

- **Pricing**
  - Creation procedure to arrive at landed price
  - Price calculation and conditions i.e. discount, tax, rounding off, plus / minus tolerance
SAP>> MM (Material Management) Module

- **Inventory**
  - Overview of inventory management
  - Rule for Goods receipt
  - Location of inventory
  - Issue of goods
  - Transfer posting of goods
  - Physical verification of inventory
  - Special stock and special procurement
SAP>> MM (Material Management) Module

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SAP>> PP (Production Planning) Module

- Manufacturing Planning
- It is calculated net quantity to be produced after adjusting availability of Finished Goods and wip.
- The net quantity produced is calculated and BOM (Bill Of Material) is generated to trigger requirement of the Raw material, Consumables and packing material requirements.
SAP>> PP (Production Planning) Module

- It also generates material requisition slip for quantities to be sourced godown wise.
- Various production order is generated depending on the batch size
- Now this each order is now becomes base for allocation of Raw Material, production consumables, production, packing and overheads allocation
SAP>> PP (Production Planning) Module

• Each order is closed at the end of the period.
• Proper closed orders are considered for the Finished Goods (FG) to be transferred FG godown, while semi finished orders are carried forward for next period opening balance.
• FG is now input for SD
• Top level decision promoter / MD / CEO
• Selection of the Consultant / implementation partner.
• Selection of modules to be implemented
• Section of business experts with reference to each module preferably one senior and two middle level executives.
The persons must be strong understanding of Business and deducted to work extra hours.

Identification of best practices to be adopted for business process under each module.

Now SAP implementation and User team called LKU has to spent time on GAP analysis.
GAP analysis is nothing but existing practice Vs best practice we have selected from SAP modules.

The existing DATA in the legacy system has to be manipulated in such a way that it becomes input for SAP.

Now next stage is setting the platform for the Hardware and testing SAP software.
SAP>> IMPLEMENTATION Step 4

- Testing has to be done on full cycle on each module till every thing righty appear in the FI and CO Module
- LKU will be give full detailed training on usage of every module
- Lastly legacy data to be transferred in SAP on a period (Financial Year / Calendar Year) cut off in order to make SAP fully operational
THE END

THANKING YOU ALL FOR YOUR ATTENTION