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AbhiTrix Consultancy

Implementation Project Theoretical Concept

SAP S4 HANA Material Management

Client: ABC Manufacturing Ltd. **Industry:** Automobile Parts Manufacturer **Objective:** Streamline the procurement and inventory management process to reduce manual errors and improve supply chain efficiency.

Scenario Before Implementation

ABC Manufacturing faced several challenges:

1. Procurement processes were manual, leading to frequent delays and errors.
2. Inventory levels were poorly managed, causing stock shortages and excess inventory.
3. No integration existed between procurement, production, and finance, resulting in data silos.
4. Lack of real-time reports made decision-making slow.

SAP MM Implementation Steps

1. Project Preparation

- **Timeline:** 6 months
- Project team included MM functional consultants, SAP technical consultants, and ABC's procurement and supply chain managers.
- Defined scope: Automate procurement, track inventory, and integrate SAP MM with SAP FI and PP.

2. Business Blueprint

- Conducted workshops with stakeholders to understand current processes (AS-IS).
- Defined TO-BE processes to automate procurement workflows and optimize inventory management.

- Identified gaps: Need for approval workflows in purchase requisitions. Custom reports to track vendor performance.

3. Realization

- **Configurations:** Defined the organizational structure: Company Code, Plant, Storage Locations. Configured master data (Material Master, Vendor Master, Purchasing Info Records). Set up procurement cycles: Purchase Requisition → Purchase Order → Goods Receipt → Invoice Verification.
- **Customization:** Developed a custom report for "Vendor On-Time Delivery Performance."
- Integrated MM with the SAP PP module to ensure material availability for production.

4. Final Preparation

- Migrated legacy data (materials, vendors, open purchase orders) to SAP MM.
- Trained 50+ end-users, including procurement managers and warehouse staff.
- Conducted User Acceptance Testing (UAT) to validate end-to-end procurement and inventory scenarios.

5. Go-Live and Support

- Successfully went live in June 2024.
- Hyper-care support was provided for 2 months to resolve any issues.

Outcome of the Implementation

1. **Improved Procurement Efficiency:** Automated workflows reduced purchase order creation time by 40%.
2. **Better Inventory Management:** Real-time stock visibility prevented overstocking and stockouts.
3. **Enhanced Vendor Performance:** The custom report helped identify and prioritize reliable vendors.
4. **Integration Benefits:** Seamless data flow between procurement, production, and finance improved decision-making.