

Flexible Steel? How Tata Steel used a SAP supplier portal, and revamped its master data, to reduce costs

A report from the annual Olas customer event 14/10/2010 (Ruairi Boland)

The keynote at “ERP Change & Training”, (the Olas annual customer event) was Tata Steel’s *Director of Procurement Development*, Nick Reeks. Nick gave a first-hand account of the formerly Corus procurement project that was recently shortlisted for the “Best Use of Technology” at the Procurement Leaders Awards 2010.

Tata Steel procures \$11 Billion annually but strategic procurement was hampered by visibility and practices at disparate sites, so the project targeted:

- Single UK procurement organisation
- 5% benefits in purchasing
- reduction of 10% of stock

To reduce stock by 10% a single team of set about rationalising the master data down to a small inventory list that would suffice for all sites. According to Nick, many of the 5,000 users on the previous system could create a new stock line, so the team now agreed standard definitions across Tata Steel UK and eliminated 50% of the previous stock lines.



Not stopping there, they then reduced access from 5,000 users to only 8. Physical space at warehouses is now being upgraded as the new approach to inventory management replaces traditional “stores” as a mindset.

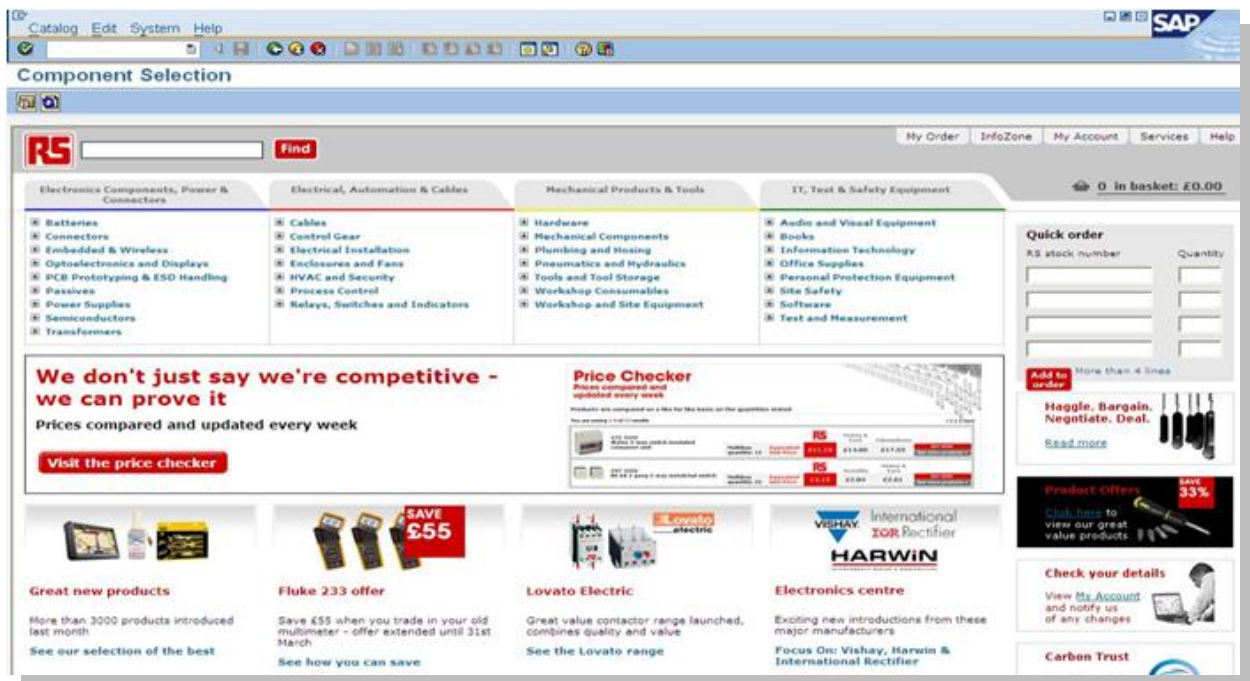
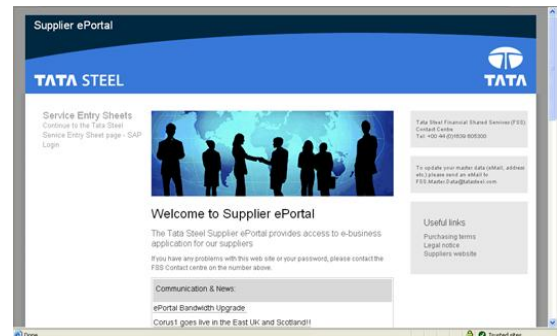


Avoiding the pitfalls of previous projects, this one was established under the following principles, which, according to Nick, was not necessarily in line with some previous projects:

- Run the project with project implementation experts from outside the organisation,
- Engage foremost with business owners and suppliers, promoting a new business process not an IT project
- Declare the team’s principles and policies in black-and-white. Also, post the project’s monthly KPIs on large posters on the walls of procurement offices
- Enforce rigid and active project governance. They instituted meeting structures in the calendar across the business: Nick explained how he had a 12pm call with project stakeholders without fail every Tuesday for three years.
- Rather than down-skill the

To achieve 5% benefits in purchasing, how suppliers interacted with Corus had to change, on both sides. Some suppliers were a little sceptical—One warned, “Other customers have put me on SAP before and I didn’t get paid for a year, so If you want me to go onto SAP, I want you to pay me a year in advance”. And, predictably, suppliers saw the company as a “black hole” into which they threw information and got none back.

So to the delight of the suppliers, the procurement team provided access to a querying page on the procurement portal where the supplier could create their own reports. And to change compliance from a stick to a carrot, the team provided a punch out catalogue for ordering lower-value, lower-volume items. The first was a punch-out to the online shopping catalogue of electronics supplier RS Components (see picture) which enabled employees to quickly order and pay for smaller items using this website-within-SAP.



When it came to training the suppliers, Nick’s team didn’t risk success. Not only did they use a professional trainer (from Olas) and Assima’s system cloning technology, but they also brought the buyer to the class to respond to supplier-specific queries.

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Press queries to:

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About Olas

Founded in Dublin in 1981 **Olas** is Ireland's only software productivity specialist, providing industry and government with software training on SAP, Business Objects Microsoft and Adobe. Olas also develops e-learning and bespoke software applications that improve productivity and reduce costs. Olas works with 17 of Ireland's top 30 companies.

In relation to project team training, Olas is Ireland's sole SAP Education Partner for SAP and SAP Business Objects, providing scheduled SAP and Business Objects training at its Stillorgan training centre, and on-site. Olas services SAP trainees from Ireland and abroad with a SAP's catalogue of specialised technical courses.

