CUSTOMER INNOVATION STUDY

PT. Cipta Saksama Indonesia

increases its value proposition to OEMs with Infor LN

“Infor LN is made for the automotive industry. It helps us control each step in our core business processes, **brings discipline to how we run our business**, and **minimizes errors** that can have an impact on the value proposition we provide to our customers.”

Handy Kosasih
Finance Head, PT. Cipta Saksama Indonesia
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## Facts at a glance

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Executive overview

Situation analysis

- Continue as a trusted supplier to leading car manufacturers—such as Honda, Nissan, Mazda, Mitsubishi, Isuzu, Suzuki, Hyundai, and Proton—by providing high-quality and traceable goods on time and at a competitive price.
- Compete aggressively against pricing pressure from OEMs by creating a lean, fast, and responsive business process to increase efficiency, lower costs, and reduce working capital.
- Ensure on-time deliveries to customers while maintaining optimum inventory levels.

Innovation strategy

- Use Infor® LN to manage processes ranging from product development to production, as well as to gain complete control over operations.
- Implement more strategic inventory management practices that provide complete traceability and are directly connected to customer orders to ensure on-time, in-full deliveries to customers.
- Manage a complex supply chain, which includes subcontractors, and achieve 100% traceability of supplies—a key requirement of large car manufacturers.

Results

- Gained an enhanced view of the total cost of finished goods, which helps the organization better understand margins on a per-order, per-customer, and per-product basis. This information can also help decision making and contract negotiations.
- Reduced days inventory outstanding, while significantly decreasing customer lead times through quicker order processing.
- Attained complete traceability of the supply chain and achieved operational efficiencies in production planning, inventory receiving, and the management of subcontractors.

High level impact

67% reduction in lead times to customers by increasing order processing time

100% traceability of the supply chain achieved

5 months to upgrade to Infor LN
SITUATION ANALYSIS

Tier-one supplier to large automotive OEMs

Given the concentrated nature of the OEMs, PT. Cipta Saksama Indonesia is highly dependent on a few large customers for the majority of its business. Any shipment delays or product quality issues could result in the termination of contracts. OEMs need to reduce material costs by using offshore parts sources and sub-assemblies so to stay price competitive while keeping margins intact, PT. Cipta Saksama Indonesia focuses on increasing its operating efficiency.

To continue to meet its customers’ needs, PT. Cipta Saksama Indonesia needed to reduce the lead time for shipments to its customers, increase operational efficiency in production planning and warehousing operations, and work more closely with its subcontractors. To help accomplish this, PT. Cipta Saksama Indonesia needed an innovative and agile business solution that was designed for the automotive industry.

Leaner, quicker, more traceable business operations

PT. Cipta Saksama Indonesia is a tier-one supplier to original equipment manufacturers (OEMs) like Honda, Nissan, Mazda, Mitsubishi, Isuzu, Suzuki, Hyundai, and Proton, as well as to the replacement parts market. With proven capabilities in designing and manufacturing high-quality exhaust systems, exhaust manifolds, catalytic converters, and other accessories for automobiles and motorbikes, PT. Cipta Saksama Indonesia delivers superior automotive products at competitive prices to its customers.

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INNOVATION STRATEGY
Made for tier-one automotive suppliers

To meet the challenges that PT. Cipta Saksama Indonesia faced, the organization looked to Infor LN—an ERP solution tailored specifically for tier-one automotive suppliers—to help them gain total control over all operations and to manage processes ranging from product development to production. By integrating all of the organization’s core business processes with Infor LN, PT. Cipta Saksama Indonesia’s management increased visibility and gained greater control of its operations. With Infor LN, administrative activities like accounting and reporting became easier, which allowed the company to implement more strategic inventory management practices that provide complete traceability and are directly connected to customer orders.

“Infor LN captures all key information about our processes—spanning from purchasing, subcontracting, receiving, inventory, manufacturing, delivery to the end customer, and finance. **Infor LN makes completing transactions efficient and effective.**”

Diana Susanti
IT Manager,
PT. Cipta Saksama Indonesia
PT. Cipta Saksama Indonesia is focused on improving its business processes to deliver more value to its customers. Infor LN helps the organization deliver products to its customers more quickly and avoid late shipments. PT. Cipta Saksama Indonesia has a vast and complex supply chain that’s specific to each product designed and specified to a particular OEM’s standard. Infor LN helps the company manage its relationships with its subcontractors, so that it can get products to its customers on time and at the right price point.

By connecting the delivery date of customer orders to the delivery obligations of its subcontractors, PT. Cipta Saksama Indonesia can reduce inventory amounts, while ensuring on-time, in-full deliveries. At the same time, since different subcontractors might be used for different orders for the same finished product, Infor LN gives PT. Cipta Saksama Indonesia full traceability down to base inputs, so it can provide a transparent supply-chain picture to its end customers.

75% fewer man-hours per day required to manage the sub-contractor process. Infor LN helped reduce the process time per transaction from 1 hour to 15 minutes.

Delivering more value to customers
RESULTS

Operational excellence delivered

Value realized
With Infor LN, PT. Cipta Saksama Indonesia was able to increase its operational efficiency, which helped the company reduce costs. The company drastically simplified production planning and reduced the time required to complete the process from one week to one day. It also streamlined the tedious process of creating and following-up on orders with various subcontractors, resulting in 75 fewer man-hours per day and reducing the number of steps in the inventory receiving process by almost half. Thanks to Infor LN, PT. Cipta Saksama Indonesia reduced the working capital required to run the business, while ensuring high levels of on-time, in-full customer deliveries. By decreasing the time to process customer orders by 50%, the company was able to reduce lead times and get more goods to customers faster.

Increasing the value proposition
Infor LN helped PT. Cipta Saksama Indonesia increase its value proposition to its customers. By increasing operational efficiency in processes—such as order processing, production planning, managing subcontractors, and inventory receiving—PT. Cipta Saksama Indonesia reduced costs, which allowed the organization to create greater value and be more competitive in the marketplace. From a cost-accounting perspective, the allocation of materials and labor associated with each customer order gives an enhanced view of the total cost of finished goods. This helped the organization better understand margins on a per-order, per-customer, and per-product basis, which can help improve decision making and contract negotiations. Additionally, PT. Cipta Saksama Indonesia now has complete traceability into its supply chain, which allows the company to quickly respond to and resolve any potential product quality issues; this, in turn, helps boost customer confidence.
LOOKING AHEAD

Competing effectively

The benefits achieved by PT. Cipta Saksama Indonesia with Infor LN allow PT. Cipta Saksama Indonesia to more effectively compete with other multinational tier-one suppliers. The company continues looking for ways it can further take advantage of Infor LN’s enhanced functionality.

The heads of each of PT. Cipta Saksama Indonesia’s 16 departments meet monthly with top management to review detailed KPIs. To enhance operational excellence, PT. Cipta Saksama Indonesia is looking at how the organization can further integrate its KPIs into Infor LN to make preparation and discussion for these meetings much smoother. The view into these KPIs in real time could help influence real outcomes for the business, as action could be taken earlier to resolve issues, such as lackluster performance.

“With the successful upgrade to Infor LN, our processes are simplified, quick, and efficient. I’m very happy with the performance of Infor LN. We’re now looking to take advantage of Infor LN’s more advanced modules to gain further value from the solution.”

Handy Kosasih
Finance Head
PT. Cipta Saksama Indonesia
Learn more

Find out how PT Cipta Saksama Indonesia increased its value proposition to OEMs with Infor LN

Watch video ›

Don’t fall behind
Automotive tier and aftermarket suppliers live in world of constant change—if you can’t keep up successfully, you risk falling behind permanently. Cutting edge Infor Automotive solutions help you change in ways that meet your needs and your schedule. When your systems make it easy to keep ahead of the breakneck speed of auto industry progress, you’ll turn your ability to change into a strategic advantage.

Infor Automotive ›

Infor LN Customers
Are you an Infor LN customer? Take a look at the Infor LN customer community page. You’ll find the most recent information on the latest release and other resources to help you access support and education, get involved in customer events, upgrade your solution, and more.

Infor LN customer page ›

Infor LN empowers
Infor LN empowers you to run your entire business—across every department, every site, and every country—on one platform. Delivering flexibility in operations and strength in financials, Infor LN is a uniquely versatile system that delivers everything complex product manufacturers need in a standard, packaged ERP.

Infor LN ›
Infor builds business software for specific industries in the cloud. With 15,000 employees and over 90,000 customers in more than 170 countries, Infor software is designed for progress. To learn more about Infor, please visit www.infor.com.