

# Increasing Supply Chain Performance



## Asian Paints Enables Growth Through Improved Planning

### Asian Paints Fast Facts

#### Industry

Manufacturer of Decorative and Industrial Paint

#### Headquarters

Mumbai, India

#### Description

Asian Paints is India's largest paint company and has three main business divisions – decorative paints, industrial paints and international business. The company operates in 18 countries and has 26 paint manufacturing facilities, servicing more than 65 countries.



### Business Challenge

In order to ensure optimum raw materials selection across its complex, multi-site manufacturing operations, Asian Paints needed an integrated solution that would address variable demand and determine which products should be produced at which manufacturing plants.

### Business Solutions

- JDA® Order Promiser
- JDA® Demand
- JDA® Factory Planner
- JDA® Supply Chain Planner
- JDA® Enterprise Architecture

### Business Benefits

- Reduced finished goods inventory from 56 days to 30 days
- Achieved 87–90 percent service levels for SKU sales at the location level
- Dramatically improved debt-to-asset ratio

*“Our ability to deliver the right product on time at the right place has clearly differentiated us from the competition, and allows us to retain a large share of the business. Clearly, the JDA solution has met our ever-changing requirements over the decade we have used it.”*

**- Manish Choksi,**  
chief of corporate strategy and  
chief information officer,  
Asian Paints

*JDA Software Group, Inc., completed its acquisition of i2 Technologies, Inc., in January 2010. Asian Paints, a legacy i2 customer, continues to work with JDA on its supply chain management initiatives.*

When Asian Paints needed a competitive edge in the challenging Indian marketplace, the company found a clear advantage in establishing a leaner, more agile and cost-efficient supply chain.

Asian Paints is India's largest paint company and is ranked among the top 10 decorative coatings companies in the world. The company provides innovative solutions for decorative home improvement, industrial and automotive painting requirements. Asian Paints sells through some 25,000 local retailers, who resell its products to home users, contractors and painters. The company also sells paints and colors to original equipment manufacturers (OEM) and to large contractors serving the OEM marketplace.

To serve those demanding market segments, Asian Paints produces more than 1,200 standard paint product SKUs and many made-to-order formulations, and operates about 80 sales offices.

"We manufacture products at five production locations owned by the company, and at several contract manufacturers who make specialty or low-end finishes for us," says Manish Choksi, chief of corporate strategy and chief information officer for Asian Paints. "It's critical to integrate those manufacturing sites into a cohesive entity that delivers products to our customers without holding a large amount of inventory, while managing our cash cycle."

This dynamic marketing and production environment requires a sophisticated and robust supply chain. In its search for a true competitive edge, Asian Paints' executives set two key objectives for its supply chain. First, they sought to deliver product efficiently to customers without holding a large amount of inventory. Second, they wanted to manage their cash cycle to free up funding for an aggressive growth-by-acquisition strategy.

## Building a Strategic Supply Chain

Starting a decade ago, Asian Paints began leveraging advanced JDA solutions\* for supply chain master planning, materials and distribution planning, production scheduling, and change management.



Asian Paints implemented key solutions from JDA's advanced planning solutions to cover the processes from sales forecasting, master production planning, raw material planning, distribution planning and shop floor scheduling.

Asian Paints applies advanced master planning technologies to decide which products should be produced at which manufacturing plants, incorporating variables such as cost and demand volume, capacity, current inventory levels, environmental requirements and other factors, optimizing across multiple objective levels like capacity, demand satisfaction, safety stock requirements, inventory optimization and transportation costs.

The paint company sources raw materials from domestic suppliers and international vendors, and the company uses a sophisticated materials planning system to manage those crucial supplies. Given that raw materials comprise 60 percent of its value chain, Asian Paints constantly improvises its bill of materials, routings and alternate parts. This leads to a complex alternate materials scenario during the procurement planning process. To ensure optimum raw materials selection, Asian Paints uses JDA's factory planning software to manage a wide range of variables, such as the inflow and use of raw materials among multiple possible alternates across multiple alternate vendors and possible production routes. JDA's

advanced scheduling software is used to set weekly timing requirements on a plant, unit and machine-by-machine basis.

The company typically experiences a "hockey stick" variation in monthly demand for its products and also sees an annual upsurge in demand during festival seasons in various parts of India. Asian Paints utilizes a sophisticated distribution planning system from JDA to address this variable demand and to move product smoothly to this complicated and dynamic marketplace.

To ensure a smooth evolution to this re-engineered solution, Asian Paints enlisted JDA to support deployment, change management and continuous improvement. The company also relied on JDA for help in streamlining process workflows, reducing the planning cycle and in formulating overall solution architectures.

"We have used our advantages in inventory management and the supply chain to build an organization that is much stronger," says Choksi. "It has really allowed us to leverage our skills and strengths in the marketplace."

## Savings, Service and Growth

A decade after the JDA supply chain opportunity assessment demonstrated that JDA solutions would pay for themselves after one year of use, Asian Paints has dramatically improved its debt-to-asset ratio. The company has become essentially debt free, and has leveraged its supply chain efficiencies to pursue an aggressive growth strategy.

In 1999, the company operated with an average of 56 days of finished goods inventory. During the initial implementation phase, the company reduced that to an average of 40 days of finished goods inventory on hand, and in recent years has further reduced that figure to 30 days of finished inventory. This leaner inventory stance was a key factor in the company's improved cash flow position and its ability to invest in growth-oriented acquisitions.

The company has also used JDA solutions to move from an end-service-level metric to a more proactive and precise order-fill



method of analysis. After fully implementing various JDA solutions, Asian Paints now achieves 87–90 percent service levels for SKU sales at the location level, which puts the company well ahead of competing firms in the marketplace.

The company's enhanced master planning system enables Asian Paints to optimize the kinds and size of inventory it holds, and to deal more effectively with fluctuations in the volatile paints marketplace. A better materials planning system allows the company to create more complex paint formulas, and to select the best vendor and manufacturing method for any given situation.

Modern distribution planning enables Asian Paints to plan deployment on a weekly basis, and to quickly and easily adjust those distribution plans as needed. By adopting a robust approach to change

management, the company can now adapt more nimbly to shifts in market demand, to new manufacturing processes, and to changing regulatory pressures or business requirements.

In terms of market performance, improved supply chain planning and execution systems have allowed the company to grow – it is now four times the size it was 10 years ago – while dramatically reducing the on-hand inventory needed to serve its customers.

To further optimize the execution of the supply chain processes in conjunction with the planning solution, and to provide a seamless plan-do-check-act framework to the supply chain executives, Asian Paints deployed the JDA® Agile Business Process Platform, now part of the JDA® Enterprise Architecture. This has provided Asian Paints with the ability to build highly customized planning and execution workflows to further improve supply chain efficiencies.

“The Asian Paints brand stands for the quality of our products, but I think our brand also stands for on-time performance and good service,” says Choksi. “The supply chain is viewed as a very critical function. Our ability to deliver the right product on time at the right place has clearly differentiated us from the competition, and allows us to retain a large share of the business. Clearly, the JDA solution has met our ever-changing requirements over the decade we have used it.”

## About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is a leading global provider of innovative supply chain management, merchandising and pricing excellence solutions. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA's multiple service options provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

*\*Asian Paints is a long-time customer of i2 Technologies, Inc., which was acquired by JDA Software Group, Inc., in January 2010. Asian Paints continues to work with JDA on its supply chain management initiatives.*

**WEB**  
www.jda.com  
**EMAIL**  
info@jda.com

**AMERICAS**  
US  
+1 800 479 7382  
Canada & Latin America  
+1 480 308 3555

**EUROPE**  
UK & Northern Europe  
+44 (0) 1344 354500  
France & Southern Europe  
+33 (0)1 56 79 27 00

**ASIA PACIFIC**  
Singapore  
+65 6305 4350  
Australia  
+61 2 8912 7900  
Japan  
+81 3 6418 1100  
China  
+86 21 2327 9400

Bangalore  
+91 80 4120 8506  
Mumbai  
+91 22 6770 3343

