



## PT TIMAH

WORLD'S SECOND-LARGEST TIN MINING COMPANY AND SAP CONSULTING DIG DEEP INTO LEGACY SYSTEMS TO BUILD A PLATFORM FOR FUTURE GROWTH

### QUICK FACTS

#### Summary

Name: PT Timah  
Location: Jakarta, Indonesia  
Industry: Primary Metal & Mining  
Products and services: Refined Tin, Coal & dredging services  
Revenue: \$ 900 million  
Employees: 4,000  
Partner: SAP Consulting

#### Website

[www.timah.com](http://www.timah.com)

#### Key Challenges

- Aging SAP® R/3 implementation was nearing end of support period
- Old version was too inflexible to deliver executive reporting

#### Project Objectives

- Upgrade to modern version of SAP
- Implement consistent processes across the company
- Meet tight and demanding timeline
- Deliver executive information system fed by real-time information
- Lay foundation for future growth

#### Solutions and Services

- SAP® ERP, SAP NetWeaver®

#### Implementation Highlights

- End-to-end SAP rollout
- Completed on time and on budget
- Training ensured smooth migration

#### Why SAP Solution

- Project was too complex and mission-critical for previous integrator
- SAP Consulting had extensive expertise in upgrading and deploying all SAP modules
- Project management expertise promised smooth outcome

#### Key Benefits

- Modern application platform with long-term support
- New modules for production planning and distribution provide end-to-end SAP
- Consistent data enables better enterprise reporting for management
- SAP NetWeaver supports future business and application expansion

#### Existing Environment

- SAP R/3 Enterprise 4.7 Ext 200

#### Third-Party Integration

- Database: Oracle 10.2
- Hardware: HP rx6600, ia64 hp server
- Operating system: HP-UX B.11.31

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Mr. Alwin Albar, Head of Information Systems, PT Timah



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Managing one of the world's largest tin production processes requires the coordinated efforts of more than 4000 employees at PT Timah, which has expanded significantly since privatisation in 1995 and now pulls around 55,000 tonnes of tin annually from the land and waters around five of northwest Indonesia's major islands.

While 80% of Timah's production comes from land-based mining of alluvial tin deposits, the other 20% comes from intensive dredging activities that pull more than 31 million cubic metres of sand from the ocean floor every month. Dredged material is separated and concentrated, then fed into furnaces that melt away impurities and produce 99% pure tin bars weighing from 16 to 26 kg each.

Because of the diverse structure of Timah operations both on land and at sea, getting consistent management information about its business had been extremely difficult in the past. The company had upgraded from a mining industry solution to SAP R/3 4.7 in 2005, but this was a straightforward migration of existing processes rather than a process reengineering effort.

The opportunity for such a reinvention came later, when Alwin Albar, head of information systems with PT Timah, was asked by the Board of Director to deliver an effective and accurate executive information system (EIS) that

would give them better visibility of the performance of Timah's diverse operations.

"They wanted to have accurate and live information about the business," said Albar. "We had implemented SAP, but if they wanted to have that level of information they needed to be able to monitor it from production to sales and more. This meant we had to implement end-to-end business processes in SAP."

Doing this was harder than it initially sounded, however: Albar quickly realised the existing platform was going to become obsolete with the end of maintenance in 2009. This led him to consider a more comprehensive plan, upgrading the platform to ensure a longer life and then implementing the modules that would eventually expand to encompass all of Timah's key production processes.

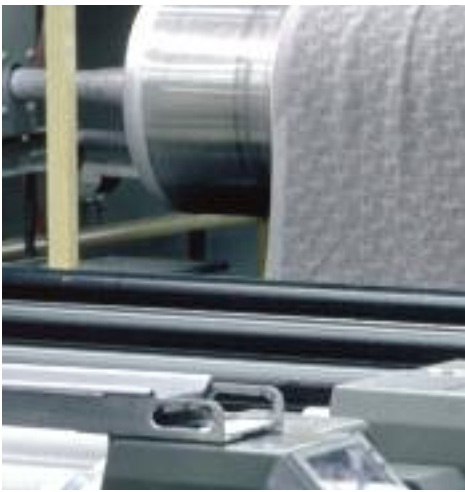
### Outside Help

With just 42 IT staff serving a distributed organisation with thousands of employees, it was clear the project

required expert outside assistance to meet the aggressive timeframes dictated by company management.

Timah had used a local consulting partner in the past, but because of the broad scope of this upgrade it considered its options and eventually enlisted the assistance of SAP Consulting for the project. With its significant local presence and a long track record implementing SAP solutions, Albar was confident that SAP's team of expert consultants could deliver the results Timah needed, when it needed them.

He was soon proved right as the SAP Consulting team worked steadily to guide the company through the upgrade, which was broken into three major steps. In the first step, the team would upgrade the existing SAP implementation to the current version. The second step would involve the implementation of a full range of specific functional modules, including Financials and Controlling (FICO), Materials Management (MM), Payroll,



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**Mr. Alwin Albar**, Head of Information Systems, PT Timah

Business Information Warehouse (BIW), and more.

The third step would see Timah build on its new SAP NetWeaver foundation, extending SAP’s reach across the company with enterprise service oriented architecture (enterprise SOA) to support new business functions and deliver real-time business information to every corner of the organisation.

With just three months to complete the first step, SAP Consulting worked closely with Timah’s technical staff to design, implement, test and deploy the upgraded SAP solution. Using SAP’s Accelerated SAP (ASAP) Roadmap methodology, the SAP Consulting team was able to bring the experience of other SAP mining industry customers to bear on Timah’s implementation.

The SAP Consulting team helped both with back-end project management and user-side education about the new solution’s possibilities. Ongoing training highlighted the capabilities of the new solution, as well as educating technical staff about enterprise SOA and the technical capabilities SAP NetWeaver would deliver to Timah.

“This was our first exposure to SAP Consulting, and they ensured we had no problems with the implementation,” said Albar. “We had a very short schedule for implementation, and SAP

Consulting didn’t waste time. They gave my staff training and brought their project management skills into the project to ensure that we stayed ahead of schedule. People that had worked with our previous integrators said it was completely different with SAP Consulting: this time around, everything was on time.”

#### **Timah into the Future**

By the time the project was completed, PT Timah had gained the capabilities of a modern application platform that will support the subsequent phases of the company’s rollout. An upgrade to Timah’s production planning and distribution operations will go live before the end of 2008, providing end-to-end business process management and a robust data collection environment.

By 2009, the IT team will finally be able to deliver the robust EIS that Timah’s Board of Director were looking for when the project first began. Because the company will be using SAP tools to carry data from the mines to the markets, directors will have ready access to current production information, market details, regular reporting, sophisticated analysis and other decision-making capabilities.

Once those capabilities are in place, Albar and his team will begin exploiting the capabilities of SAP NetWeaver, the

industry-leading enterprise SOA platform that the company has gained during the upgrade.

These capabilities will, for example, allow the platform to be extended even out to dredges at sea, integrating them more closely with the company’s end-to-end business processes. They will also support Timah’s expansion into new business areas, such as its planned expansion into coal mining.

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