



adaro

# Navigating the digital transformation journey at Adaro with SAP S/4HANA

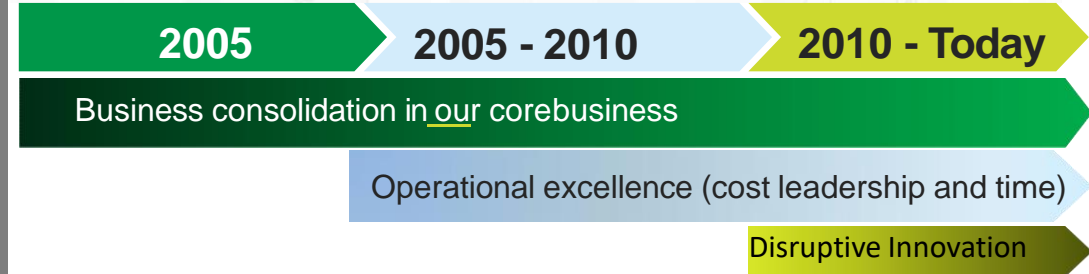
PT. Adaro Energy, Tbk  
by Eka Suharto

# About Adaro:

## Coal Mining to Energy Group Company



Business Focus



Line of Business



**Focus on Operational Excellence**

**Competition**

**New Business Model**

**Resources Allocation**

We are ready to take the challenges because we see the **opportunities** are **bigger** than the **challenges**



# Digital DNA in Adaro's business



## Navigating Digital Shift has become an important aspects of Adaro transformation



## Creating systems that supports the strategy execution & enable's Adaro's transformation to run smoothly

### Challenges and Opportunities

- High corporate growth (8 LOBs, 70+ business units)
- Lack of master data and consistent business process (commonalities, standardization)
- No full support for key financial consolidation, product costing, procurement & maintenance processes etc
- Complex IT structure (on premise, different ERP apps, configurations and customizations)





# Background on Adaro's ERP

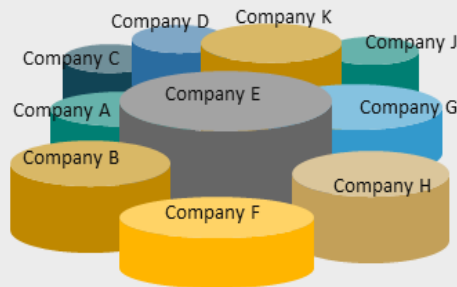
Need to implement a single “centralized & standardized” ERP solution for holding & subsidiaries



## As-Is State

2018

Multiple Sources of Truth



Multiple Solutions

- Multiple Softwares or Versions
- Multiple Instances/Servers
- Multiple Process Designs

VENTYX ELLIPSE : SIS

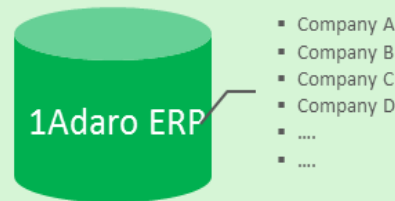
MICROSOFT AXAPTA

- AX4 : IBT
- AX2009 : MSW, AE, ATA MBP
- AX2012 : AL, PBMM, BEP

## To-Be State

2019 onward

Single Source of Truth



Single Solution

- One ERP Software and Version
- One Instance / Server
- One Process Design Template
- One Platform for future expansion
- One Centralized Executive Dashboards

### Standardization of:

- Chart of Account
- Cost Structures
- Cataloging for Goods and Services
- Business Processes (to some extent)
- KPI & Reporting (to some extent)

### Consistent Control

- Budget Planning, Budget control & Actual Cost Tracking for Project/CapEx/OpEx
- Three Way matching

### Adopted Leading Practices

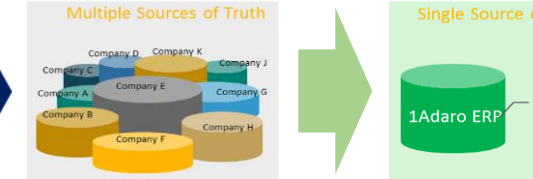
- Integrated Planning for Stock Replenishment (Operation/Production, Maintenance & Procurement)
- Integrated Project Management – WBS, Planning, Scheduling & Costing
- End to End Integrated Procurement Cycle (at Corporate & Project level)
- Inventory & Services Management: Product Receipt, Services Acceptance, Inventory Movement
- Financial Management: General Ledger, Account Payables & Receivables, Tax Accounting, Bank & Asset Accounting, Corporate Cost Planning and Product Costing

### Enabled Data Traceability

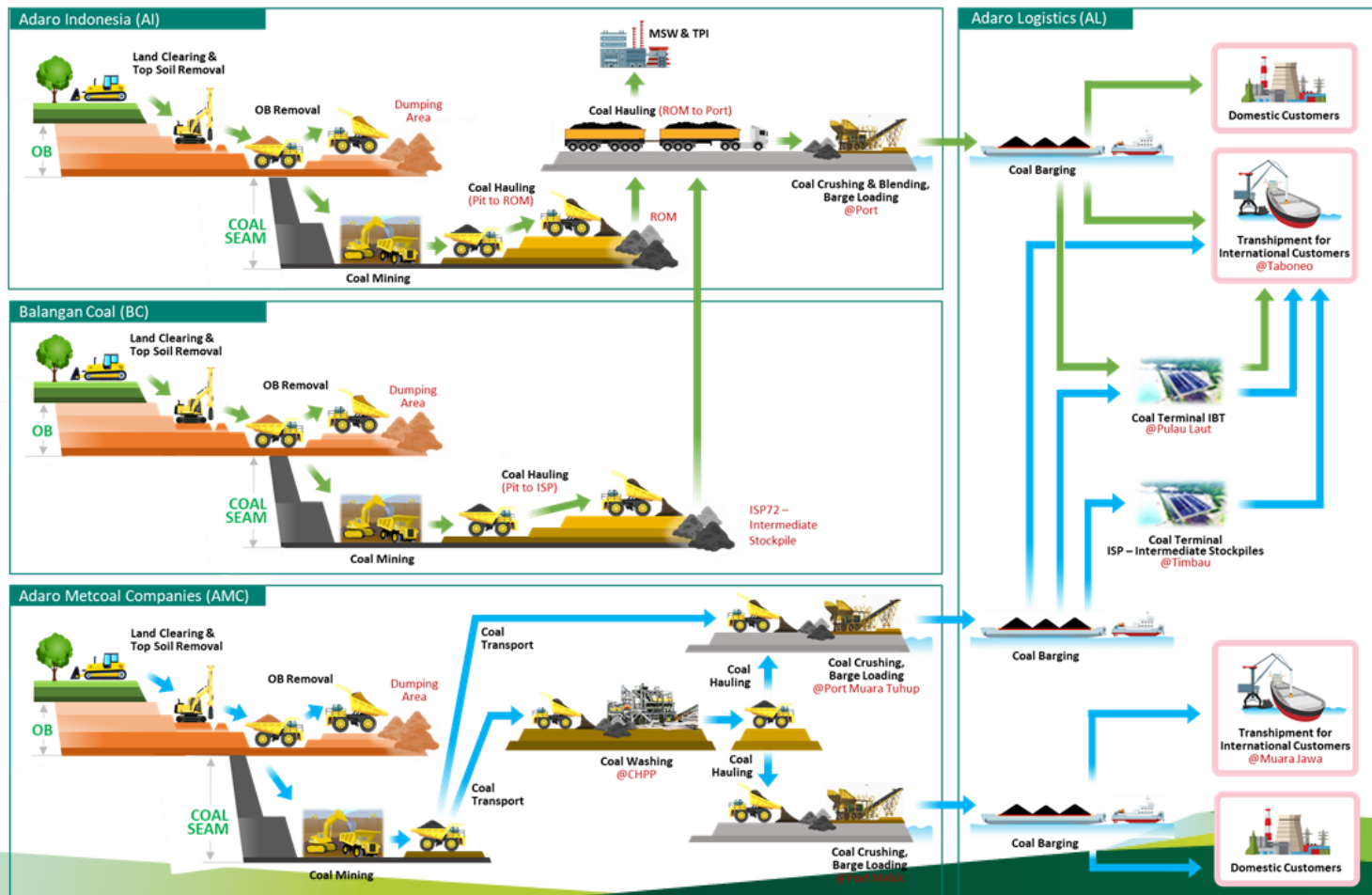
- Audit trail/change log functionality

# Objectives of 1Adaro ERP

A single source of truth across strategic mining & power value chain of Adaro



- Mine Modeling & Planning (LOM, 5 Year, 1 Year)
- Corporate Planning (Yearly, Quarterly, Monthly)
- Sales and Operating Planning (Yearly, Monthly)
- Planning, Forecasting & Scheduling (Weekly, Daily)
- Business Development
- Contract Realization



PROCESSES NOT YET ASSESSED

- Stream of Thermal Coal sourced
- Stream of Coking and Thermal Coals sourced

## 1Adaro ERP would be ...

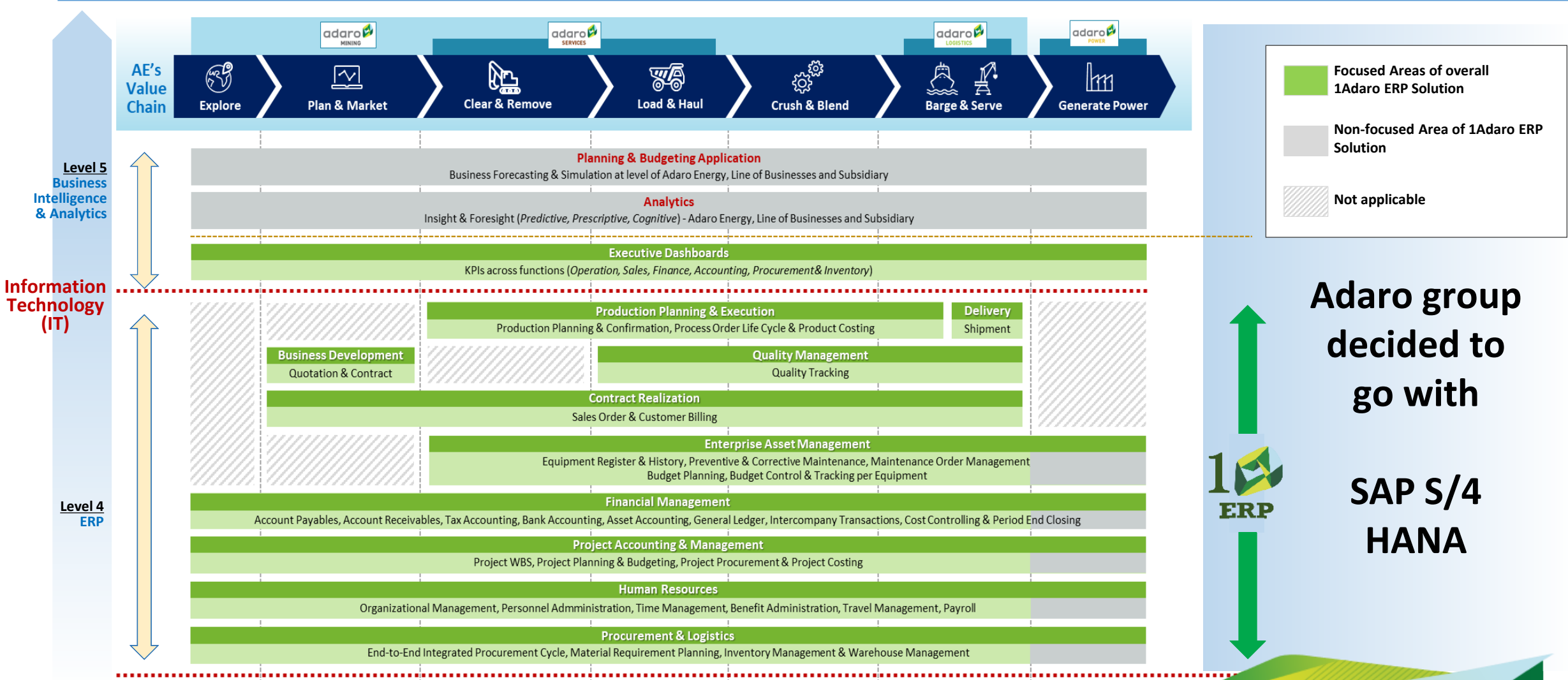
- a single “centralized and standardized” ERP solution across AE’s strategic value chain and core processes
- at level of 4+ within the ecosystem which includes Executive Dashboard for management visibility
- the anchor of IT-OT solution bridging the field devices of operation with the Board Room



# How to Achieve the Objective



Single ERP solution to put **the key operating pillars within its strategic value chain** in harmony



# Why SAP S/4 HANA

Strategic shift decision from existing legacy systems to S/4HANA



Given wide range of capabilities, the critical step was to identify possible commonalities & standardization across companies within Adaro Energy Group, Mining Industry, Line of Business and Business Unit (Company Specific)

## WHY SAP S/4 HANA

Ph 1 - 2020 (LIVE)

Ph 2 - 2021 (in progress)

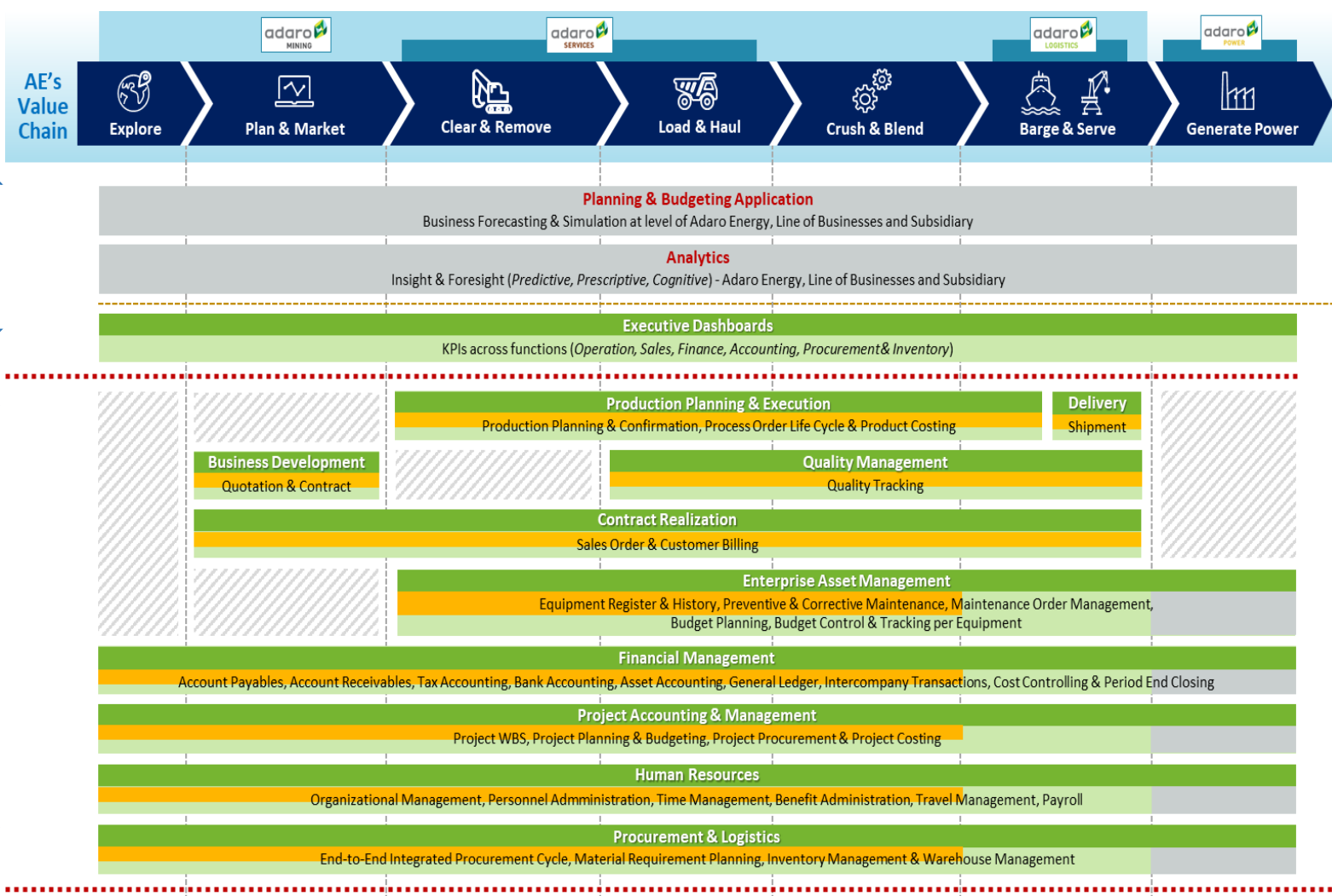
Ph 3 - (Yet to start)

ACCENTURE as  
Implementation  
Partner

- SAP established strengths in Coal mining & Energy industry sectors, with best practice examples, solution capabilities and high process coverage in the value chain
- Intelligent Enterprise road map by SAP for next three years after studying Adaro's current situation starting with SIS subsidiary in Mining
- Alignment to future IT strategy by setting foundation for innovation to reimagine business processes

# Phased implementation approach for S/4HANA

Starting of journey with SAP S/4HANA at Saptalndra Sejati



	1Adaro ERP Solution implemented in AMC & SIS
	Focused Areas of 1Adaro ERP Implementation for AI, BC & AL
	Non-focus Areas of 1Adaro ERP implementation for AI, BC & AL
	Not applicable

**1Adaro ERP implementation has begun and piloted ...**

- **AMC/ Adaro MetCoal & SIS/ Saptaindra Sejati** has started the implementation and went live (Phase 1 -2020)
- **AI/ Adaro Indonesia, BC/ Balangan Coal & AL/ Adaro Logistic** would continue the journey completing the puzzles of AE's value chain with reference to **SIS & AMC** solution and improve as necessary including **building the integration with existing ecosystem**



Level 5 Business Intelligence & Analytics  
Ph 2, 3

Information Technology (IT)  
Ph 1, 2, 3

Level 4 ERP

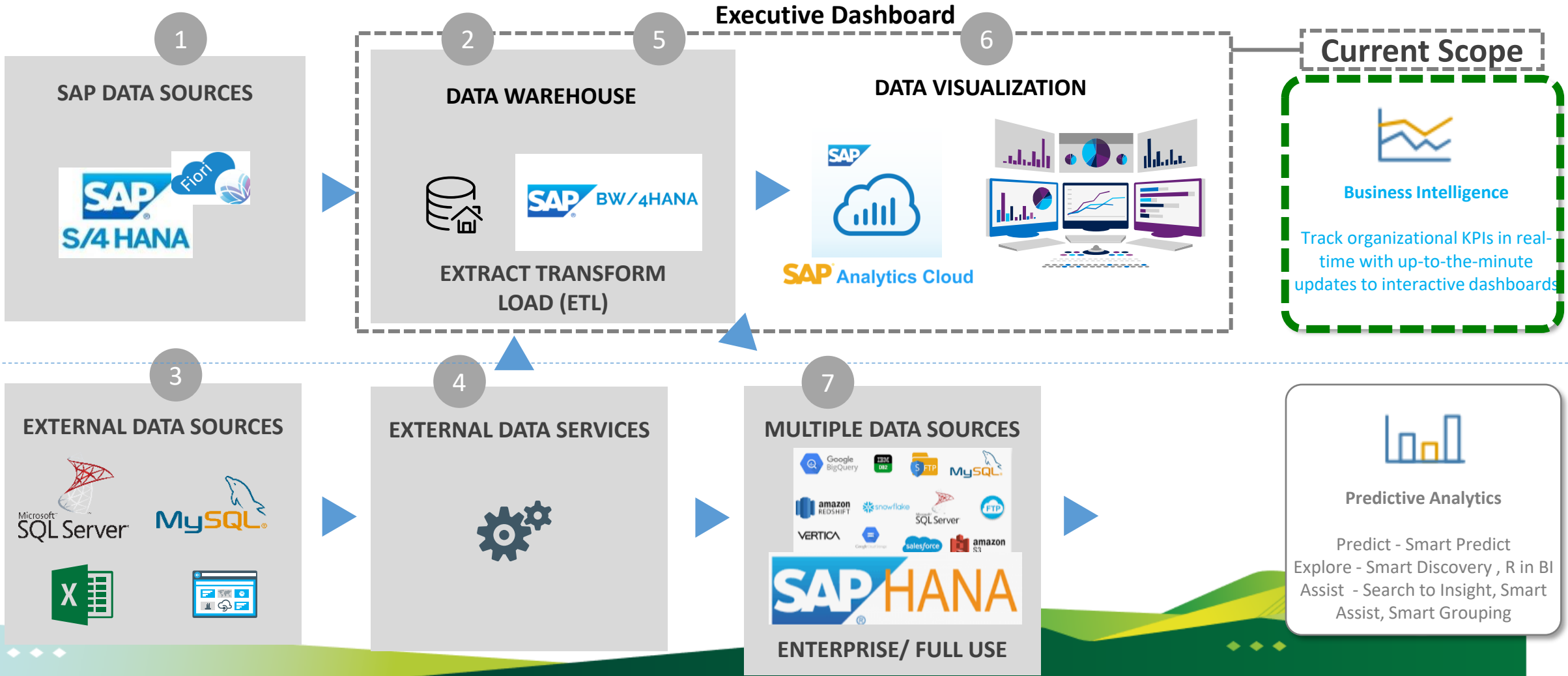


# It is a journey from descriptive to prescriptive analytics



Creating dashboards/ BI for senior management that enable strategic decision-making

Data Flow from both SAP and External System / Data Sources into SAP BW/4HANA and thus consumed by business intelligence user using SAP Analytics Cloud (SAC). Phase 2 of 1Adaro ERP (2021 - in progress)

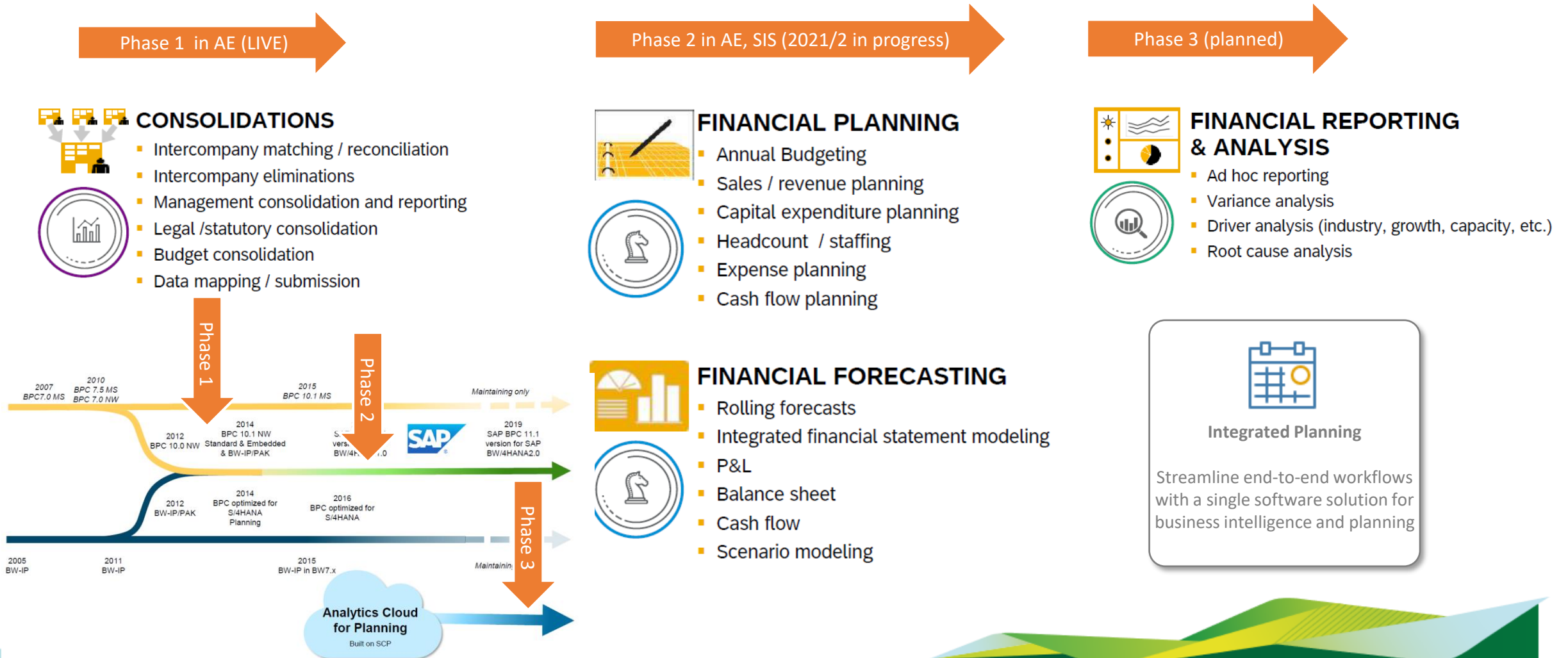


# Integrated Business Planning in the journey

Business Planning and Consolidation – SAP BPC



Developing a Financial Consolidation and an Integrated Planning is not a one-time effort, it is a journey.



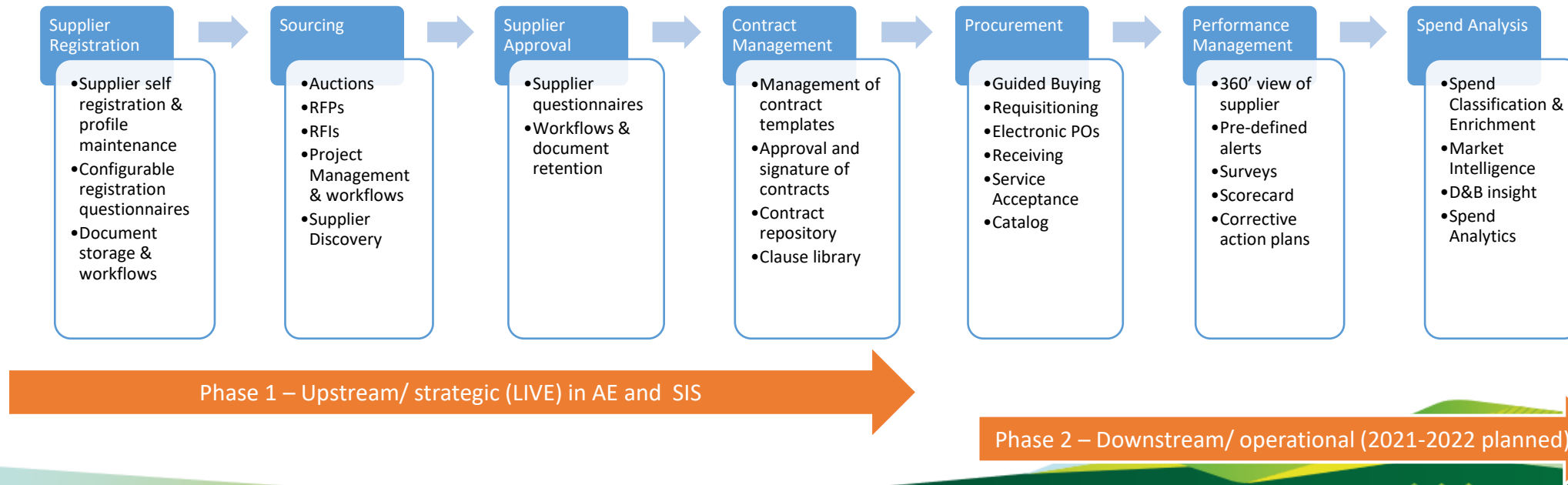
# Strategic Procurement Automation in the Journey

With SAP Ariba



Adaro is looking to incorporate a strong mechanism for compliance to processes, governance & cost reduction in its procurement processes to leverage the implemented solution in order to achieve the group's ambitions.

- Reduce cost with a better spend visibility and sourcing management
- Visibility into procurement processes to ensure compliance and transparency
- Enable compliance with catalogues, contract agreements and flexible workflow
- Streamline and digitization of the business and processes (Reduction of administration task)
- Implement a flexible & scalable tool, adaptable to all the business units in the group



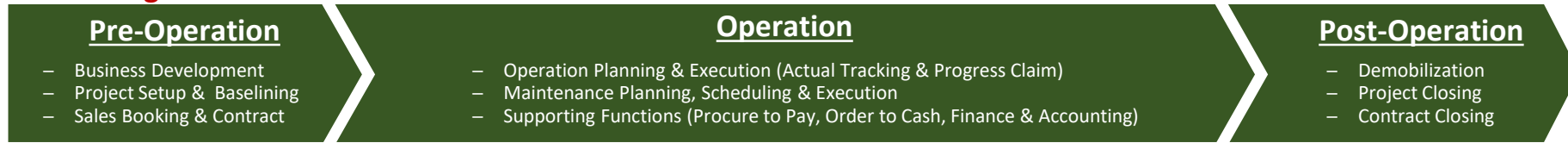
# Functional-Process Scope of 1Adaro ERP with S/4HANA



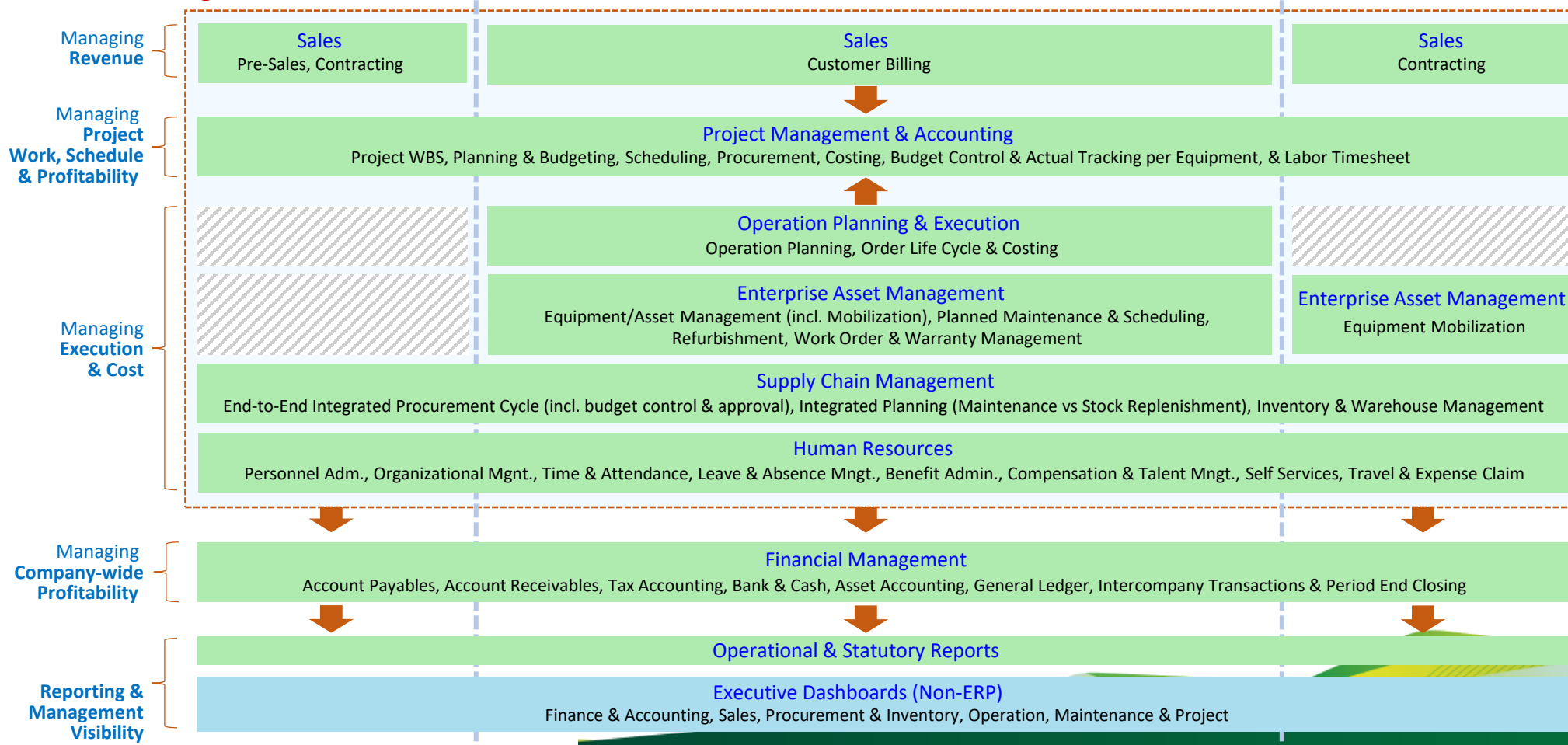
SIS (SaptaIndra Sejati) example



## Value Chain - Mining Services



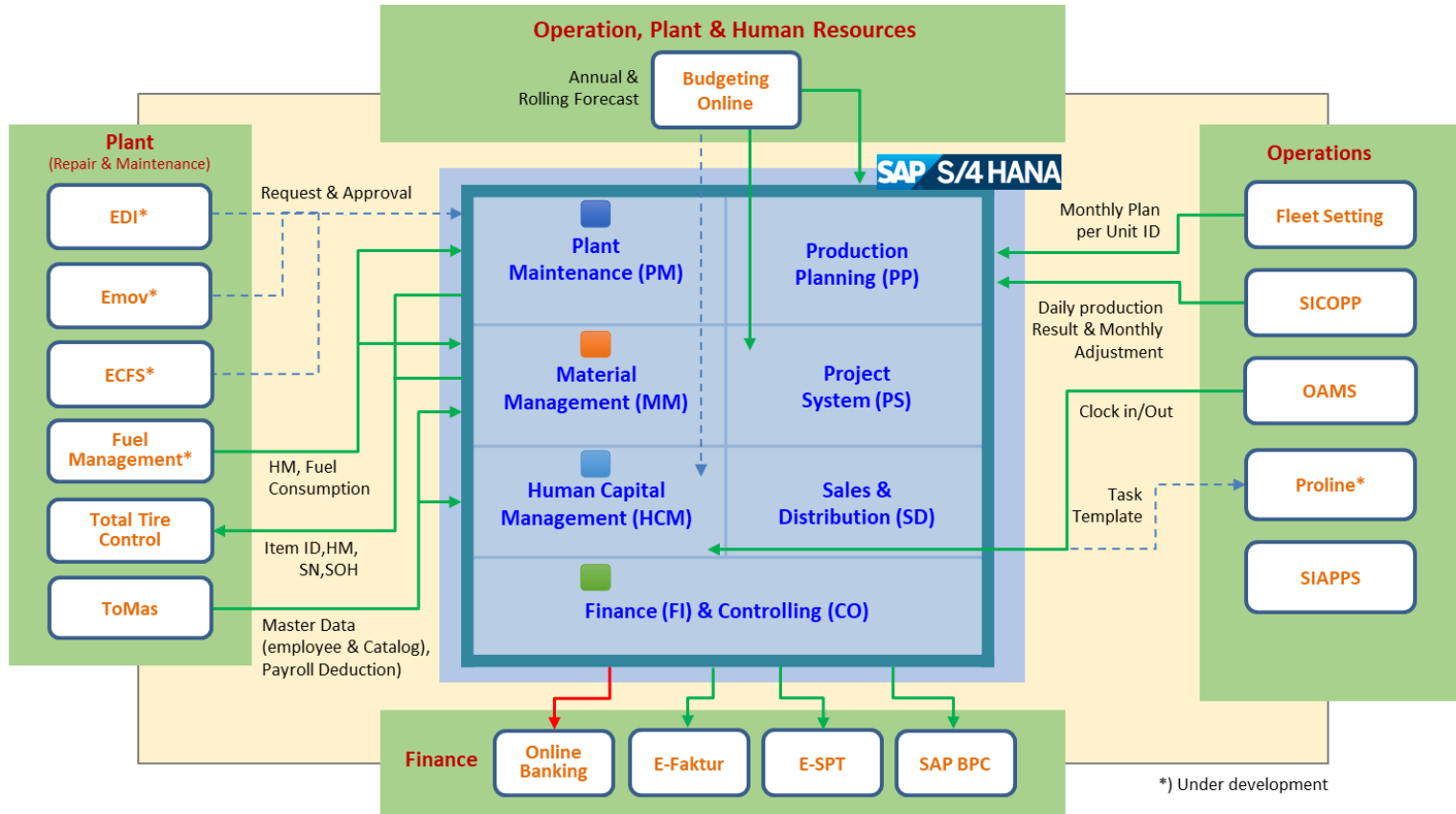
## ERP Coverages





# Application Architecture of 1Adaro ERP with S/4HANA

## SIS (SaptaIndra Sejati) example



Integrated ERP solution play a central role to streamline and collaborate across major parts of business processes throughout the company organization. Including plant/ asset maintenance, shop floor production and consumption capturing for cost of production, available through SAP Fiori® apps

Potentially-Decommissioned Applications											
ERP	Plant			Operation	Logistics	Finance			Human Resources		
Ellipse	Con-Mon	Warranty	Plant's Dashboard	Group Leader & Supy DB*	VHS	RAB Online	ACIS	RAVA	Sunfish	People Review	Time Attendance
	CERA*	Insurance		Operator Database*	LOPEL	PD Online	CARS	Payment System	IPPA	SSAR	ESHA*
	Backlog System	PPD Online				IFS*	DEA		Payslip Online	CDTP*	Recruitment Online*

- Auto-Interfacing
- Download/Upload
- - - Manual Reference/Lookup

# Executive Dashboards & Analytics planned of 1Adaro ERP (Phase 2 - in Progress)



For illustrative purposes only



- Created dashboards for senior management that enable strategic decision-making with SAP BW/4HANA and SAP SAC<sup>®</sup> software (ph 2-in progress).
- Simplified month-end financial closing process with financial consolidation through SAP S/4HANA<sup>®</sup> and SAP BPC<sup>®</sup> (ph 2-in progress)

# Key benefits from 1ADARO ERP Go-Live onwards

SIS has already achieved the benefits of 1ADARO ERP with SAP S/4HANA



## CONSISTENCY OF CONTROL

- 1 **772 Million USD** actively controlled budget in more detailed level
- 2 **203 Million USD** controlled actual cost charging



## PROCESS EFFICIENCY

- 1 **78%** Time & Effort Saving to manage asset depreciation every month end closing (MEC)
- 2 **More than 99%** Time & Effort Saving in Payroll processing
- 3 **100%** Time & Effort Saving in PO contractual (non VHS and consignment) creation and approval
- 4 **43%** Time & Effort Saving for MO Approval
- 5 **100%** Time & Effort Saving in Scheduled MO (Service and Component Replacement) creation



## GREATER VISIBILITY

- 1 **8,630 Production Equipment worth ~635 Million USD** are managed and analyzed with greater visibility to maximize its utilization
- 2 **~867 Million USD** integrated Assets and Equipment

# Navigating the digital transformation journey

at Adaro with SAP S/4HANA & other SAP applications®



## Value-Driven Results: Examples

- Integrated ERP solution play a central role to streamline & collaborate across major business processes throughout the organization. This includes plant & asset maintenance, shop floor operations & consumption capturing for costs also available through SAP Fiori® apps (1ADARO Phase 1, to be continued)
- Integrated with strategic procurement (SAP ARIBA Upstream, to be continued with SAP ARIBA Downstream integration)
- Dashboards for senior management that enable strategic decision-making with SAP BW/S4HANA & SAP SAC® software (in progress - 1ADARO ERP Phase 2)
- Simplified month-end financial closing process with financial consolidation through SAP S/4HANA® and SAP BPC® (to be continued with SAP BPC Planning)

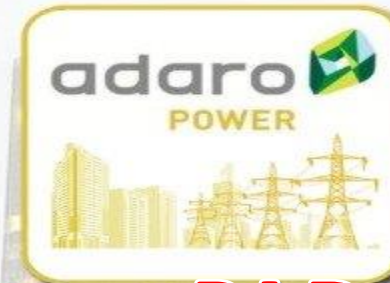
“Adaro Energy is well on our way to becoming a future-ready organization, navigated the digital transformation journey by adoption of SAP S/4HANA. It is an important step toward this transformation that provides **real-time analytics for enterprise-wide business insights**, thus aiding agile monitoring and decision-making.”

Eka Suharto- IT Head, Adaro Energy

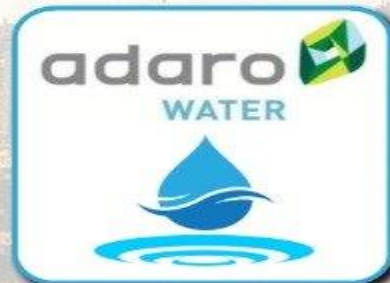
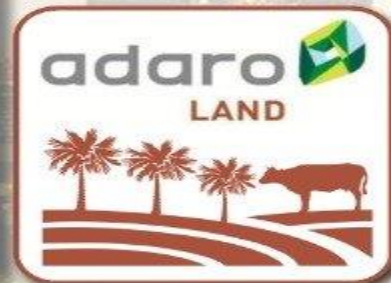


PT. Adaro Energy Tbk (AE)

adaro 



**From PIT to PORT to POWER ... to PAD**





adaro 

The End

