

Pascorp Paper Industries Berhad boosts output three-fold after deploying Enterprise resource planning platform



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—Shaliza Sabidin, Finance Manager, Pascorp Paper Industries Berhad

HP customer case study

Pascorp Paper Industries Berhad boosts output, productivity and revenue by deploying an HP Integrity server and customised Enterprise Resource Planning software

Industry
Pulp and paper manufacturing

Objective

Required a customised, end-to-end Enterprise Resource Planning (ERP) platform to increase output and revenue

Approach

Identify a cost-effective solution to integrate all processes, enhance workflows and boost productivity across three sites

IT improvements

- Creates a reliable, fully-integrated ERP platform across three sites, safeguarding business continuity
- Employs robust server technology, ensuring high availability for a mission-critical ERP application
- Supports highly customised and simple-to-use software, creating efficient workflows for a 24-hour operation

Business benefits

- Integrates all end-to-end processes, eliminating errors, enhancing workflows and productivity
- Increased annual output from 100,000 tonnes to 300,000 tonnes without employing additional staff, dramatically improving productivity
- Boosted annual revenues from €38.8 million to €60 million over four years, delivering a sound return on investment



Pascorp Paper Industries Berhad, a major Malaysian pulp and paper manufacturer, produces corrugated medium and test liner papers. Based in Bentong Pahang, 80 kilometres north-east of Kuala Lumpur, the organisation operates three sites, one kilometre apart. The head office houses senior managers, the sales force and a warehouse while the other sites accommodate the manufacturing operation and another warehouse facility. Annual output currently stands at 300,000 tonnes, making Pascorp Paper Industries Berhad the country’s third largest pulp and paper company.



Manual processes disrupt workflows

Corrugated fibreboard, a paper-based material, comprises of a fluted corrugated sheet and one or two flat liner boards. It is widely used to construct cardboard boxes and shipping containers. Manufacturers produce corrugated board on large, high-precision machines called corrugators usually running at several metres per second. With the paper acting as the key raw material, they make corrugated fibreboard with several paper grades, each forming a different layer of the board. Due to supply chain and scale issues, manufacturers usually purchase the different paper products from separate paper mills which operate their own complex and large paper machines. Most corrugating plants keep an inventory of paper reels, storing them in custom-made warehouses.

Major challenges faced by manufacturers such as Pascorp Paper Industries Berhad include co-ordinating raw material supplies, controlling the manufacturing process and managing quality whilst dealing with orders, sales, finished product distribution and financial matters. Over the last 15 years the company has adopted a forward-looking approach to managing this entire process.

Shaliza Sabidin, Finance Manager at Pascorp Paper Industries Berhad reflects: "Originally, we entered data manually into Excel spreadsheets and a stand-alone accounting system to handle our business processes. Although the accounting systems dealt with distribution, invoicing and reporting reasonably well, inventory control, manufacturing, marketing and sales processes were purely manual. Consequently, mistakes were commonplace and we frequently experienced disrupted workflows.

"This wasn't the way to run an efficient operation," continues Shaliza Sabidin.

"We required a reliable, fully-integrated end-to-end Enterprise Resource Planning (ERP) system tailored to the current and future demands of our business."

Pascorp Paper Industries Berhad researched the market for ERP specialists within the Asia-Pacific region and liaised with other paper manufacturers, gaining insight into various vendors' expertise. The company identified three vendors including Prestige Atlantic Asia Sdn Bhd, an HP AllianceONE Partner. This partner programme focuses on HP's Converged Infrastructure strategy, which provides a shared services model to deliver secure, best-in-class applications.

"After assessing the solutions available, we chose an HP server running Prestige Atlantic Asia's Pmix/3 ERP software because, compared to the other solutions, it embraced all aspects of our operation," says Shaliza Sabidin. "Moreover, we respect HP's reputation and proven server technology and with over 100 installations throughout Asia, Prestige Atlantic Asia is a well recognised specialist in the paper and packaging industry. By specifically designing their solution to meet our exact requirements, it is simple to implement and, most importantly, would deliver a rapid return on investment."

New ERP platform

Pascorp Paper Industries Berhad linked all three sites with underground fibre and initially deployed the Paper Mill Enterprise Management (Pmix/3) ERP software on an HP 9000 server with a PA-RISC instruction set architecture. After introducing all the appropriate modules to support day-to-day business activities, it worked with HP and the AllianceONE Partner to optimise the platform's performance. More recently, the company successfully upgraded the platform by replacing the original server with a high-availability HP Integrity rx2660 server, which employs a dual-core Intel® Itanium® architecture and runs on the HP-UX 11i Operating System.



“Migrating from PA-RISC to Itanium was quick and simple,” comments Shaliza Sabidin. “After installing the ERP software, we conducted a test run, trained our staff and went ‘live’ without a hitch. Running Pmix/3 software on a highly reputable enterprise server is an ideal way to manage end-to-end business transactions around the clock.”

The Paper Mill Enterprise Management ERP software is a niche solution developed and progressively enhanced by HP and its partner over 20 years. Pmix/3 ERP software comes with Radio Frequency Identification (RFID) and barcode technologies to aid inventory control, logistics and distribution, while a supply chain module ensures Pascorp Paper Industries Berhad’s customers receive goods on time.

One of the software’s principal goals is to ensure the company has an easy way to book inventory and process customers’ orders efficiently. This is no mean feat considering semi-finished paper products come in many types, substances, sizes, weights and qualities. The system employs a chained shipment note to aid logistics so that Pascorp Paper Industries Berhad always ships the correct product and quantity, eliminating unnecessary logistics costs. When staff load an order on to a truck, the system automatically prepares the delivery order without involving office staff.

“The logistics staff simply scan the products’ bar codes and the ERP system checks the quality, type and size in real-time against the shipment note. It means we always ship the right products to each customer,” states Shaliza Sabidin. “Coordinating workflows across three sites is simple and efficient.”

EPR software data flows

- **Sales:** Customer account, stock profile, price control, customer stock preference, customer purchase contract control, sales order, shipment note, sales analysis and customer service
- **Raw Material:** Purchase of waste paper from open market, collection, sorting, grading and inventory control
- **Manufacturing:** Jumbo roll manufacturing, slit roll manufacturing, integration to weight scale and Radio Frequency Barcode
- **Quality:** Laboratory testing, rejection analysis and certificate of assurance
- **Inventory:** Inventory control, flexible units such as roll, pallet sheet, bundle sheet and packet sheet, downgrade, location, booking, period stock-take via RF barcode and handheld mobile
- **Distribution:** Shipment note registration, RF barcode and handheld mobile operation. Automatically generates delivery order, invoice, debit note and credit note. Automates outsourced transportation and transport fee payment
- **Finance:** Full accounting module including credit controls, accounts receivable, accounts payable, general ledger, cheque writer, bank reconciliation, fixed assets registration, trial balance, profit and loss account, and balance sheet

Customer solution at a glance

Application

- Enterprise Resource Planning (ERP)

Hardware

- HP Integrity rx2660 server

Software

- HP-UX 11i Operating System
- Prestige Atlantic Pmix/3 ERP

Rising output, turnover and productivity

After deploying the original ERP platform and upgrading to an HP-UX enterprise server, Pascorp Paper Industries Berhad has constantly introduced additional new features and modules as part of the company's continuous improvement programme. This included installing advanced business-to-business, quality management, business intelligence and raw material management modules.

Pascorp Paper Industries Berhad has made a shrewd investment by implementing this technology as annual output has climbed from 100,000 tonnes to 300,000 tonnes, tripling sales volumes and increasing revenue substantially over the last 15 years.

"We've achieved this without increasing staff numbers and over the last four years, turnover has grown from €38.8 million to €60 million," reveals Shaliza Sabidin.

"This technology integrates our entire operation by enhancing workflows considerably, improving communications across all departments and boosting staff productivity."

In terms of business continuity and scalability, Pascorp Paper Industries Berhad has no problems. The high-availability HP Integrity rx2660 Server runs the mission-critical ERP application around the clock, mitigating business disruption, lowering costs and providing sufficient scale to support business growth. HP in conjunction with Prestige Atlantic Asia Sdn Bhd supports the on-going development of the ERP platform.

"Shortly, we'll improve the ERP system further by incorporating web-based business-to-business applications and waste paper operations. This will support our global business expansion strategy," concludes Shaliza Sabidin.

For more information

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