



A Taste of Good Technology for Permanis

Leading Malaysian beverages provider Permanis anticipates significant growth in market share with Lawson M3 supporting new business efficiencies across production manufacturing, inventory management, warehousing and financials.

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Abdul Halim, Vice President of Finance, Permanis Sdn Bhd



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By now, most Malaysians have literally tasted the outcome of Permanis' effective use of enterprise technology; that is, if they have consumed any of the leading drink brands such as Pepsi, Mountain Dew, 7Up, Gatorade and Excel isotonic beverages, Lipton tea or local Chill soy beans, chrysanthemum tea and cincau drinks.

Permanis Sdn Bhd is one of the leading beverage providers in Malaysia, and a major exporter in the region, with a 35 percent market share in the carbonated drinks segment. Permanis is also an excellent example of a Malaysian manufacturer that has benefited significantly by leveraging leading enterprise software technology from Lawson to maintain strong leadership in its industry.

Business Benefits

Permanis first implemented Lawson M3 Food and Beverage in early 2003 in a bid to solve problems that threatened to hamper its strategic plans for business growth.

Before Lawson, Permanis was already running an enterprise resource planning (ERP) system. But the system faced issues of instability, data integrity and poor vendor support. This drove Permanis to embark on a project codenamed PEP5I (Permanis Enterprise Project 5 Business Areas and I System).

Abdul Halim Abdul Rahman, the Permanis vice president of finance, elaborates, “The objectives of PEP5I were to resolve our existing problems, improve business processes, and at the same time establish a backbone system that could leverage the investment made in the existing ERP.”

The survival of businesses in the food and beverage production industry is dependent on a compressed supply chain that can provide shorter lead times and continually meet the pressure of higher service levels.

Abdul Halim says that the Lawson ability to provide total supply chain management capabilities that would accommodate make-to-stock and make-to-order production was important.

“[The system] enabled a streamlined supply chain that also allows for better inventory management,” he says, adding that it helps to ensure the most cost-effective logistics process with a minimum of intervention.

The highly competitive nature of the food and beverage industry segment—characterized by tight margins and an extremely dynamic consumer market—also dictates that Permanis copes well with the constant changes in consumer preference of taste, trend and hype.

“It is important that Permanis be able to quickly synchronize the demand and production throughout the enterprise. Lawson's solution does just this,” he says.

The strong collaboration capabilities within Lawson M3 Food and Beverage enable Permanis to meet the high operational demands of its manufacturing business.



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“With faster, more accurate data gathering, Permanis has been able to gain a leading edge against its competitors in the ability to better understand, anticipate and react to sudden changes in consumer tastes,” says Abdul Halim.

Why Lawson?

Permanis evaluated several options, such as SAP, QAD/ MFG Pro and JD Edwards, before deciding on Lawson M3, which impressed it in more ways than one.

“A key deciding factor was Lawson’s track record for the provision of collaborative software solutions in the fast-moving consumer goods (FMCG) market,” says Abdul Halim.

Permanis was impressed with the system’s extensive functionalities, especially in specific areas such as returnable packaging and deposit handling, sophisticated discount and promotion handling, cross-docking and asset tracking. “Since all the functions are Web enabled, we literary have critical information at our fingertips,” Abdul Halim says.

Being 100-percent Java based also helped Lawson M3 score with Permanis. “Lawson was the only vendor in town with a 100-percent Java-based solution to take a business like ours smoothly into the new Internet environment,” Abdul Halim comments.

He also reveals that Permanis’ solution runs on an IBM iSeries platform—the IBM i5-5 0 powered by the IBM OS/400 V5R3. This choice was made to keep in line with the PEP5 I project objective to maintain the original IBM AS/400 as the system platform in the evaluation for a new enterprise solution.

“The IBM platform has proven to be a very robust, stable and reliable platform, even with our previous solution,” Abdul Halim says.

The decision was made to retain IBM for its hardware needs in order to allow Permanis to focus its resources and effort on the new application. “With the combination of Lawson and IBM iSeries, we can safely say that we will be able to achieve our PEP5 I project objectives,” he continues.

Permanis also felt another key advantage in selecting Lawson was the strength of the Lawson local IT vendor and implementation capabilities.

“A key attraction was the Lawson ‘one-stop business model’ that allows Permanis to build a long-term partnership with SL Information System Sdn Bhd, which is industry reputed as a very reliable IT partner that would see us through the entire project and also adapt to the growing needs of our business in the future,” Abdul Halim explains.

The Implementation

Today, Permanis has successfully implemented the Lawson base applications for financials, procurement, manufacturing, sales, distribution, and warehousing.

In addition, it has integrated several other functional modules into its core enterprise system, including bar coding for warehousing, a workflow system for credit control and procurement automation.

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Permanis also enjoys real-time GPRS sales force automation, business intelligence for its executive information system, and a plant maintenance module for its equipment management. "Today, we can proudly say that Permanis owns and operates a comprehensive IT solution that can support the company's growth and competitiveness," says Abdul Halim, adding that Lawson has improved Permanis' business productivity by integrating its various department processes.

"This includes online processing for sales, Just-in-Time production for manufacturing, inventory management for warehousing, and finally a fully interdepartmental integrated finance system," he says.

Future Plans

Permanis is confident that its leverage on Lawson will bring about better business performance for the company by reducing its levels of working capital by increasing the logistics flow and reducing lead times.

"We envision our current 35% market share in the local carbonated drinks industry to increase to more than 40%; and to grow the existing 7% market share [of the non-carbonated drinks segment] to approximately 10–15% over the next three years via continuous usage of good technology such as [Lawson M3]," concludes Abdul Halim.

About Permanis

Permanis Sdn Bhd is one of the leading beverage providers in Malaysia, with a 35 percent market share in the carbonated drinks segment. Established in 1973, Permanis is a local manufacturer that operates from its plant in Bangi, Selangor and has offices in Johor Baru, Prai and Kota Baru. It exports its products across the region, including Indonesia.