

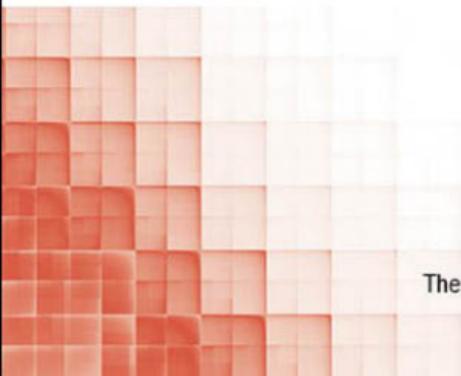
# Transitioning the Supply Network of Chennai Engineering Ltd to Cloud Computing

---

N. Chandrasekaran, Take Solutions, Ltd. & Loyola Institute for Business Administration

---

PEARSON CASES IN SUPPLY CHAIN MANAGEMENT AND ANALYTICS



The case is reprinted from The Supply Chain Management Casebook by Chuck Munson

# Transitioning the Supply Network of Chennai Engineering Ltd to Cloud Computing

Chuck Munson  
with N. Chandrasekaran

Vice President, Publisher: Tim Moore  
Associate Publisher and Director of Marketing: Amy Neidlinger  
Executive Editor: Jeanne Glasser Levine  
Operations Specialist: Jodi Kemper  
Managing Editor: Kristy Hart  
Senior Project Editor: Betsy Gratner  
Compositor: Nonie Ratcliff  
Manufacturing Buyer: Dan Uhrig

© 2014 by Chuck Munson  
Published by Pearson Education, Inc.  
Publishing as FT Press  
Upper Saddle River, New Jersey 07458

FT Press offers excellent discounts on this book when ordered in quantity for bulk purchases or special sales. For more information, please contact U.S. Corporate and Government Sales, 1-800-382-3419, [corpsales@pearsontechgroup.com](mailto:corpsales@pearsontechgroup.com). For sales outside the U.S., please contact International Sales at [international@pearsoned.com](mailto:international@pearsoned.com).

Company and product names mentioned herein are the trademarks or registered trademarks of their respective owners.

All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

ISBN-10: 0-13-358550-6  
ISBN-13: 978-0-13-358550-6

Pearson Education LTD.  
Pearson Education Australia PTY, Limited.  
Pearson Education Singapore, Pte. Ltd.  
Pearson Education Asia, Ltd.  
Pearson Education Canada, Ltd.  
Pearson Educación de México, S.A. de C.V.  
Pearson Education—Japan  
Pearson Education Malaysia, Pte. Ltd.

Reprinted from *The Supply Chain Management Casebook* (ISBN: 9780133367232) by Chuck Munson.

# Transitioning the Supply Network of Chennai Engineering Ltd to Cloud Computing<sup>1</sup>

**N. Chandrasekaran<sup>†</sup>**

## **About the Company**

Chennai Engineering Ltd (CEL) is a large engineering company of over 45 years of existence. The company has been involved in power sectors producing auxiliary equipment and now has become a leading power sector player in India. Chennai collaborates with capital equipment players from Germany, Japan, and India to supply “balance of plants” (BOP) systems and equipment to power projects. Appendix 1 provides details of CEL’s balance of plants scope. The company is more than Rs.4000 crores in size and does a number of turnkey projects in the midsize power sector and for corporations that want to have in-house captive power generation for manufacturing.

## **The Power Sector in India**

The power sector has received a major thrust in power generation in recent years (see Appendix 2). There are a number of challenges

<sup>1</sup> The views expressed here are of individual capacity and to be used strictly for academic discussions only. The facts, figures, and financials are illustrative and not factual or observed in any company. Neither the author nor the company is responsible for any commercial decision based on this case material.

<sup>†</sup> Take Solutions, Ltd. & Loyola Institute for Business Administration, Chennai, India; nchandrasekaran@takesolutions.com

that lie ahead for the economy as the demand and supply gap increases. Project delays are not only expensive from the vendor side with penalties, but they are also a phenomenal loss to society in terms of socioeconomic costs.

The power sector is ranked sixth among the leading players of the Indian economy. The sector has attracted \$4.6 billion in foreign direct investment between 2000 and 2012. The power ministry is believed to have set a target for adding 76,000 MW of electricity capacity in the 12th Five-Year Plan (2012–17) and 93,000 MW in the 13<sup>th</sup> Five-Year Plan (2017–22).

There are innumerable challenges that result from the gaps that exist between what is planned versus what the power sector has been able to deliver. One of the reasons for the gaps is delay in the execution of BOP jobs, which is primarily due to the absence of competent BOP players that can execute the job within stipulated time and cost.

## The Challenge

Chennai's CEO, Mr. Suresh Ram, held a meeting with the CIO, Mr. Ravi Khanna, and the Vice President—Supply Chain, Ms. Deepa Pillai, for a discussion on technology deployed for the supplier network and how it could introduce more efficiency. He briefed them about the dinner meeting he attended the previous evening wherein he was invited as a guest for the launch of cloud-based solutions for the supply chain domain. The solutions are launched by a Chennai-based supply chain products company named Take Solutions Ltd, along with HP. Suresh told his colleagues that he had a decent interaction with other CEOs at the function who were of the opinion that cloud would be the way forward. If smart phones can catch up or ERP for SMEs can be deployed, Suresh tended to believe that cloud-based IT for infrastructure, business processes, and enterprise application could be important. Also, he opined that since they are located in a cluster of engineering firms where 90% of their suppliers are located, a cloud-based cluster community could bring efficiency to the supply chain.

Suresh suggested that Ravi and Deepa must explore and submit a plan on how to approach getting CEL's IT and its supplier network