

## Pico Electronics Develops TPS to Support Rapid-Fire Transactions

Malaysian electronic components distributor Pico Electronics had a problem that many mid-sized businesses would like to have: orders were coming in too quickly; they had to process an order every few minutes. Pico didn't mind its order volume, but it was having difficulty keeping an accurate picture of current inventory. The company wanted to avoid a scenario in which three salespeople are accepting orders for the same item with only enough inventory to support two of the orders. In 2006, Pico Electronics went shopping for a new order processing system that would provide real-time visibility to avoid such problems. Pico's procurement division needed to see what was being ordered as soon as it was ordered. The division could then purchase the required materials as necessary to fulfil customers' orders on time. The company wanted to be more nimble in its ability to stay ahead of the competition. The project evaluation team, headed by finance manager Sharyne Tee, set several primary goals for the new system. The new system should: Go beyond order processing to include all relevant business process-related data; generate reports to give the management an accurate snapshot of the company's performance in real time; accurately track inventory and costs in real time so that they could anticipate demand and have reasonable inventory reserves. Allow for fast access to both overseas customer and vendor histories; provide a stable and fast connection to link their overseas offices in China, Hong Kong, Malaysia, and Thailand.

Pico decided on SAP Business One software as a platform for the new TPS and ERP system. Since the implementation, SAP Business One has allowed Pico management to view current inventory in the warehouse. The software also lets them analyze the performance of the separate divisions in the company. Because this software automates accounting-related data collection, Pico can better handle its accounts receivable, which improves cash flow. Pico purchased a Jobshop add-on module designed by Sabre that allows the company to add more functionality as it grows. The module manages the entire production environment, from bill of material to shop floor control. With the Jobshop module, Pico can monitor all planning and production control activities and integrate sales, purchasing, inventory and financial activities.

This system development project at Pico Electronics illustrates how improvements to one system often involve changes to many systems. It would be unwise to examine changes to one system, such as a TPS or CRM, without evaluating their effect on related systems, such as ERP.

### Questions

1. Explain the problem that Pico wanted to address, and why Pico considered it a problem.
2. What is meant by 'real-time visibility'? How does it relate to the pace at which products are sold?
3. Why do changes to one type of system, such as a TPS, affect other systems in an enterprise?
4. What additional challenges do you think Pico faced in extending real-time visibility to its overseas offices?

SOURCES: Liew, Kenneth, 'Pico Electronics Gains Real-Time Visibility', *Computerworld Malaysia*, [www.computerworld.com.my](http://www.computerworld.com.my), March 23, 2006.