



The Influence of Enterprise Resource Planning (ERP) on PT Kimia Farma Tbk.

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Abstract

Kimia Farma is a company engaged in pharmaceutical health in Indonesia with subsidiary PT Kimia Farma Pharmacy, PT Kimia Farma Diagnostika, PT Kimia Farma Plant, and PT Kimia Farma Trading & Distribution. Initially, in 1817, Kimia Farma company was named NV Chemicalien Handle Rathkamp & Co.. This company provides decision-making support tools as well as multi-currency and multilingual system support tools that are useful for supporting the progress of the company on an international basis scale. The type of research that was conducted to analyze this company was by using descriptive research. Descriptive research is a research conducted by providing a description of an event that is currently happening by giving a detailed explanation. The scope of the ERP implementation done by Kimia Farma includes license acquisition, hardware/servicer acquisition, ERP implementation service acquisition, and managed service acquisition. By increasing the services provided and adding more facilities, customers who visit or seek for treatments at Kimia Farma can get maximum service and feel more comfortable.

1. Introduction

Kimia Farma is a company operating in the pharmaceutical sector in Indonesia, with subsidiaries including PT Kimia Farma Apotek, PT Kimia Farma Diagnostik, PT Kimia Farma Plant, and PT Kimia Farma Trading & Distribution. Initially established in 1817, Kimia Farma's company was named NV Chemicalien Handle Rathkamp & Co. until 1958. Subsequently, due to the merger of a number of companies operating in the pharmaceutical sector, it became the State Pharmaceutical Company Bhinneka Kimia Farma. In 1971, the PNF legal entity transformed into a limited liability company, now known as PT Kimia Farma (Persero) Tbk.

In 2001, Kimia Farma underwent an IPO, becoming a public company and adopting the name PT Kimia Farma (Persero) Tbk. Today, Kimia Farma is recognized as one of the premier pharmacies and clinics in Indonesia, competing with various other health industry companies such as Budi Farma, Dexa Medica, Sanbe Farma, Kalbe Farma, among others.

Additionally, Kimia Farma operates an online branch, providing medicines that can be purchased via the Kimia Farma mobile application or through the Kimia Farma online store on e-commerce platforms like Shopee, Tokopedia, and others.

PT Kimia Farma (Persero) Tbk. has embraced the digital era by implementing an Enterprise Resource Planning (ERP) system. This core software is utilized by the company to coordinate and integrate existing information across all business areas (Monk et al, 2013). The ERP system plays a crucial role in supporting Kimia Farma's business activities, ensuring organizational efficiency and orderliness, thereby averting chaos within the business. The successful implementation of the ERP system has significantly contributed to Kimia Farma's success in business.

This article aims to explore how an Enterprise Resource Planning system can impact a company, examining its uses, advantages, and disadvantages. Furthermore, it will delve into PT Kimia Farma's digital capabilities in implementing ERP technology,



analyzing its effects on customer experience, operations, and business models.

2. Literature Review

2.1 Enterprise Resource Planning (ERP)

Enterprise Resource Planning (ERP), also known as corporate resource planning, refers to a web-based software technology system designed to integrate and streamline operational processes for companies. This integrated and programmed system is intended to support and assist companies in coordinating all management functions. As noted by Garg and Venkitakrishnan (2018), ERP systems aim to make operational activities easier by integrating and coordinating various functions within an organization.

Traditionally, ERP systems are provided by third-party vendors, although they can also be developed internally by companies for their own operational systems. The primary function of ERP is to centralize all applications and data of a company within a centralized data storage center, facilitating easy access whenever required.

2.2 Characteristics Enterprise Resource Planning (ERP)

Combining several logical databases and inserting them into one software is an integration process carried out by Enterprise Resource Planning (ERP), which has the aim of simplifying and supporting all operational activities carried out by a company. And the characteristics possessed by this system according to (Maulana, A., & Paryogo, TR, 2001) are:

- a. website-based software technology system that provides convenience for all activities of a company and the departments within it.
- b. There is transparency in business processes that combine the Human Resources (HR) sector with other sectors such as marketing, production and finance.
- c. Providing decision-making support tools as well as multi-currency and multi-language system support tools that are useful for supporting the progress of a company on an international scale.

2.3 Function Enterprise Resource Planning (ERP)

In addition to its characteristics, as outlined by Wibisono (2005), implementing corporate resource planning offers numerous functions and benefits for companies:

1. Enhanced Efficiency and Performance: ERP systems maximize the management of services and goods within a company, thereby optimizing work processes and facilitating the realization of activities.
2. Time and Cost Savings: By coordinating activities and avoiding duplication of work, ERP systems help companies save time and costs associated with their operations.
3. Risk Reduction: ERP systems provide a real-time database, allowing employees to access stored data accurately and quickly. This reduces the risk associated with data management and ensures precise information is available when needed.
4. Improved Communication: ERP systems facilitate communication between different departments within a company, enhancing collaboration and information sharing across the organization.
5. Problem Solving and Decision Making: ERP systems assist companies in identifying and addressing problems efficiently, guiding them towards making informed decisions to maintain the quality of services or goods offered.

3. Research Methods

The object of study in this article is PT Kimia Farma (Persero) Tbk., the first company in Indonesia operating in the pharmaceutical industry, established by the Dutch East Indies government in 1817. This research employs a descriptive approach, aiming to provide a comprehensive explanation of the current events and detailing them thoroughly. Descriptive research involves collecting relevant data necessary to address health-related matters, such as elucidating the utilization of the Enterprise Resource Planning (ERP) system for PT Kimia Farma (Persero) Tbk.



Data collection for this study was conducted using the document study method. This method involves examining various types of documents relevant to the research topic, serving as valuable and informative materials for analysis.

4. Results and Discussion

4.1 Implementation of ERP at Kimia Farma Company

The implementation of Enterprise Resource Planning (ERP) at Kimia Farma involves several key components aimed at enhancing its business activities and operational efficiency. Firstly, the company has focused on acquiring necessary licenses to ensure compliance with regulations and standards governing the pharmaceutical industry. This step is crucial for maintaining legal and regulatory compliance, enabling smooth operations without any interruptions due to legal issues. Secondly, Kimia Farma has invested in acquiring hardware and services essential for the effective utilization of the ERP system.

This includes procuring the necessary infrastructure such as servers, computers, and networking equipment, as well as engaging with service providers for technical support and maintenance. By ensuring the availability of reliable hardware and services, Kimia Farma can maximize the performance and reliability of its ERP system. Thirdly, the company has engaged in acquiring ERP implementation services to facilitate the deployment and customization of the ERP software to meet its specific needs and requirements. This involves collaborating with ERP vendors or consulting firms specializing in ERP implementation to ensure a smooth and successful rollout of the system.

Through effective implementation services, Kimia Farma can optimize the functionality and usability of its ERP system, enabling seamless integration with existing business processes. Lastly, Kimia Farma has also invested in managed services to support

the ongoing maintenance and management of its ERP system.

This includes outsourcing certain aspects of ERP administration, such as system monitoring, troubleshooting, and updates, to external service providers. By leveraging managed services, Kimia Farma can offload routine maintenance tasks and focus on core business activities, thereby improving operational efficiency and reducing administrative burden. Overall, the scope of ERP implementation at Kimia Farma reflects its commitment to enhancing business performance, optimizing operational processes, and maintaining its position as a leading player in the healthcare sector. With its extensive network and infrastructure, Kimia Farma is well-positioned to leverage ERP technology to drive innovation and growth in the pharmaceutical industry.

4.2 Implementation Results

The integration efforts undertaken by Kimia Farma have resulted in significant expansions across various aspects of its operations. Presently, Kimia Farma operates 10 production facilities, facilitating the manufacturing and processing of pharmaceutical products. Additionally, the company has established a network of 49 distributors, ensuring efficient distribution channels for its products across Indonesia.

Furthermore, Kimia Farma has expanded its presence in the retail sector with a remarkable total of 1,174 pharmacies, making its products easily accessible to consumers nationwide. The company has also ventured into the healthcare services sector by operating 406 health clinics, catering to the medical needs of communities across the country.

Moreover, Kimia Farma has diversified its portfolio by establishing three beauty clinics, offering specialized services to enhance its customer offerings. Additionally, the company operates 72 clinical laboratories, providing diagnostic services to support healthcare professionals in accurate disease detection and management.



This extensive network and infrastructure have significantly contributed to Kimia Farma's reputation and recognition among all levels of Indonesian society. By offering a comprehensive range of products and services, Kimia Farma has become synonymous with quality and reliability in the healthcare industry, further solidifying its position as a trusted provider of pharmaceutical and healthcare solutions.

5. Closing

5.1 Conclusion

The conclusions in writing this research article are:

1. The ERP implementation at Kimia Farma encompasses various aspects, including license acquisition, hardware/service acquisition, ERP implementation services acquisition, and managed service acquisition. This comprehensive approach ensures that the company has all the necessary resources and support systems in place to effectively deploy and utilize the ERP software.
2. The presence of such an extensive implementation scope offers numerous benefits for Kimia Farma. Not only does it contribute to the expansion of business activities, but it also adds value to the company by enhancing operational efficiency and effectiveness. By streamlining processes and integrating disparate systems, the ERP implementation supports Kimia Farma in achieving its strategic objectives and improving overall performance.
3. Kimia Farma's extensive and integrated health service network spans across all 34 provinces of Indonesia. This widespread presence not only enhances the company's visibility but also strengthens its reputation as a trusted healthcare provider. By offering a comprehensive range of services from upstream to downstream, Kimia Farma has established itself as a reliable and accessible healthcare solution for all levels of society.

6. With 10 production facilities, 49 distributors, numerous health clinics, beauty clinics, clinical laboratories, and over 1000 retail pharmacies, Kimia Farma plays a crucial role in maintaining national health security. This robust infrastructure enables the company to meet the healthcare needs of the population effectively. By ensuring the availability of pharmaceutical products and healthcare services across the country, Kimia Farma contributes significantly to safeguarding public health and well-being.

6.1 Suggestion

Suggestions that can be given to Kimia Farma are:

1. Innovative Implementation Variations: Kimia Farma can differentiate itself from other clinics by introducing innovative implementation forms. This could involve adopting new technologies, such as telemedicine or digital health platforms, to offer unique and convenient services to customers. By staying ahead of industry trends and embracing innovation, Kimia Farma can attract more customers and improve patient satisfaction.
2. Scope Expansion for Added Benefits: Expanding the scope of ERP implementation beyond operational and business activities can unlock additional benefits for Kimia Farma. For example, integrating ERP with customer relationship management (CRM) systems can enhance customer service and loyalty. Similarly, incorporating supply chain management modules can optimize inventory management and reduce costs. By leveraging the full potential of ERP, Kimia Farma can drive efficiency and profitability across all areas of its business.
3. Global Health Service Expansion: While Kimia Farma has established a strong presence in Indonesia, it can explore opportunities to expand its health service networks abroad. By venturing into international markets, Kimia Farma can access new revenue streams and diversify its business portfolio. This could involve



partnering with overseas healthcare providers or acquiring existing facilities to establish a presence in key markets. Expanding globally will not only enhance Kimia Farma's reputation as a leading healthcare provider but also contribute to its long-term growth and sustainability.

4. Enhanced Customer Experience: Kimia Farma can prioritize customer experience by increasing the range of services offered and improving facilities at its clinics and pharmacies. This could include introducing additional healthcare services, such as preventive screenings or wellness programs, to cater to the evolving needs of customers. Moreover, investing in modern amenities and comfortable waiting areas can create a welcoming environment for patients, enhancing their overall experience. By focusing on customer satisfaction, Kimia Farma can build strong relationships with patients and foster loyalty to its brand.

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