



BETAGEN

SAP® BUSINESS ALL-IN-ONE HELPS GROWING COMPANY DO MORE WITH LESS

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Tom van der Lee, CFO, Betagen Co. Ltd.

QUICK FACTS

Company

- Name: Betagen Co. Ltd.
- Headquarters: Bangkok, Thailand
- Industry: Consumer products
- Products and services: Milk products
- Revenue: US\$85 million
- Employees: 1,500
- Web site: www.betagen.co.th
- Implementation partner: Supply Chain Consulting (Thailand) Co. Ltd.

Challenges and Opportunities

- Improve internal controls and management information to manage growth
- Integrate sales forecasting, production planning, and logistics

Objectives

Install integrated software for transaction efficiency and visibility into business metrics

SAP Solutions and Services

SAP® Business All-in-One solution

Implementation Highlights

- Kept it simple – used standard SAP software, limited interfaces, and stuck to scope
- Implemented the software 10% under budget and 4 months ahead of schedule
- Dedicated the most experienced employees to project full time
- Involved management through steering committee, meetings, and frequent review of deliverables
- Defined project as a team goal, with joint bonuses for team members and business process owners

Why SAP

- The software’s comprehensive, integrated functionality
- Proven implementations in Thailand’s dairy industry
- Wide choice of implementation partners
- Future integration possibilities with FrieslandCampina, the largest dairy cooperative in the world and 50% shareholder
- SAP’s stability and significant investments in R&D

Benefits

- Reduced headcount by 50% in sales administration
- Reduced headcount by 50% in finance
- Increased working capital by increasing inventory turnover rate by 12% and reducing days sales outstanding from 31 to 29.5 days
- Reduced number of overdue invoices
- Positioned company for growth

Existing Environment

Legacy applications

Third-Party Integration

- Database: Oracle
- Hardware: HP
- Operating system: Microsoft Windows



The need to ensure freshness – and support growth – drove Betagen Co. Ltd. to the SAP® Business All-in-One solution. The company sells 1.3 million bottles of milk across Thailand daily – and producing stock with such a short shelf life makes tight integration between sales forecasting, purchasing, and production and logistics planning critical. Betagen was growing rapidly but it had hit a ceiling – the company could not take the next step because its back-office systems were not strong enough.

“The main goals were to improve internal controls and management information,” says Tom van der Lee, CFO of Betagen. “A solid internal control system provides effectiveness and efficiency of operations, reliability of financial reporting, and compliance with Thai

warehouse prepares the picking slips. Betagen uses the software to print delivery notes and invoices, then delivers the goods. The process from order to delivery takes between 5 and 36 hours, depending on order lead time. Customer and vendor payments are settled

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Tom van der Lee, CFO, Betagen Co. Ltd.

and international laws and regulations. Good management information gives insight into the value drivers, which is necessary to steer the business.” With SAP Business All-in-One, Bangkok, Thailand-based Betagen now has both – efficient operations and transparent information. Make-to-stock production is based on sales forecasts that are updated weekly. Orders come in every 30 minutes via EDI and are automatically checked for pricing and credit. The sales orders are turned into a distribution order; the transportation department starts planning while the

electronically through a banking interface.

As all these transactions occur, Betagen collects data to report on sales and profitability by customer, distribution channel, geographical area, and stock-keeping unit. The company has full visibility into product costs, including variances, down to the batch level.

“We improved our business processes so much that we were able to lower headcount in sales administration and in finance – both by 50%,” says van

der Lee. “We increased our working capital by accelerating our inventory turnover rate by 12% and reducing days sales outstanding from 31 to 29.5 days. We have the management information to identify margins per SKU and per customer so we can better define market prices and stop unprofitable SKUs and customers. Our staff gained significant knowledge – it’s like they got a mini MBA. And SAP Business All-in-One has positioned us for growth.”

That growth will take place with the people who have been with Betagen all along: the company took a firm no-layoff policy when implementing SAP software, with headcount reductions occurring only through attrition.

Says van der Lee, “Our goal has always been to improve our processes, not to fire people. We felt it was wrong to lay people off who had been helping to make this a better company. That took away a lot of tension around the project and ensured cooperation from everyone. People worked six-day weeks and evenings to get it done. This extremely positive atmosphere resulted in highly motivated teams.”

Company Outgrows Its Legacy Systems

Betagen’s previous legacy systems were neither scalable nor automated. “Many tasks were performed manually, and data wasn’t always recorded or structured properly, making it difficult to produce relevant and reliable management information,” says van der



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Lee. “We were not able to calculate customer profitability. We couldn’t capture production costs and variances or track specific batches if we had problems. It was difficult to estimate working capital. We had extremely limited information.”

Betagen evaluated a number of vendors’ products before selecting SAP

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Tom van der Lee, CFO, Betagen Co. Ltd.

software. “We saw that the integration in SAP Business All-in-One is much stronger than in other solutions,” says van der Lee. “The other vendors offered software that was really a combination of programs with after-the-fact integration. SAP Business All-in-One is designed and built from the outset as a single, integrated solution. All the components ‘talk’ to one other. This makes it much more stable.”

SAP Business All-in-One is a business-management application built from the ground up to serve the needs of small and midsize enterprises. It supports critical business functions – sales, financials, HR, purchasing, manufacturing, inventory management, and customer relationship management – and provides a unified view of operations. An open architecture and standard interfaces simplify integration with non-SAP software.

Van der Lee also mentions the SAP Business All-in-One solution’s proven implementation record in the Thai dairy industry as being one of the reasons Betagen chose the software. The company also felt that by picking a standard solution supported by many qualified service providers, it would not be dependent on any one partner for ongoing software maintenance and

development support. Using standard SAP software would also position it better for future integration with the Dutch dairy cooperative, FrieslandCampina (Amersfoort, the Netherlands), a major shareholder. Adds van der Lee, “SAP is also a stable company with significant investments in R&D, resulting in continuous improvements to the software.”

Implementation Partner Focuses on Business Benefits

Betagen picked Bangkok-based Supply Chain Consulting Co. Ltd. as its implementation partner for the project, which was named SPRINT for Sales, Production, and Reporting Integration Thailand. “Supply Chain Consulting provided project management assistance and a solid methodology that embedded business process reengineering and change management,” says van der Lee.

Betagen appreciated its implementation partner’s keen focus on company needs. “Supply Chain Consulting has really been more of a business partner to us. The consultants did not focus on billable hours – they focused on realizing business benefits for our company and sticking to timeline and scope,” says van der Lee, who then adds, “We achieved all time and budget targets. In fact, we finished four months earlier and 10% under budget.”

Van der Lee cites a number of factors for the successful implementation, which followed the classic steps of blueprint, realization, and activation. “First of all we kept it simple – we used standard SAP software, introduced a limited number of interfaces, and stuck to scope,” he says. “We dedicated our most experienced staff members to the project on a full-time basis. We got management involved through a steering committee, weekly meetings, frequent reviews of deliverables, and speeches by the CEO for motivation and focus. We didn’t allow internal politics to jeopardize the project. The project was defined as a team goal, with joint bonuses geared towards project benefits for team members and business process owners.”

Betagen also took advantage of the SAP Business All-in-One support for best practices. “We instantly improved our processes by using the functionality in SAP Business All-in-One supporting world-class best practices,” van der Lee says. “When you follow standard business processes you have limited problems. The moment you start enhancing functionality you enter into risky territory.”

Software Supports a Performance-Based Work Culture

Betagen next plans to optimize transportation. "We want to improve vehicle planning," van der Lee says. "We have 80 trucks, and we want to make sure we increase our utilization rates." Betagen also plans to implement the SAP NetWeaver® Business Warehouse component for even stronger reporting. In addition, it wants to use HR functionality for payroll, career planning, and training registration.

Training is crucial to Betagen's measurement-driven workplace. "SAP Business All-in-One has enabled us to create a performance-based culture," van der Lee says. "We have been able to establish performance indicators that help people focus on what

is important and change the way they work together. Bonuses are based on the company's overall performance. People know that if their department does well but another area doesn't, it will affect their bonuses – so they help each other out. We put a lot of effort in training our people and enhancing their skill sets so they can reach these goals."

That's what's going to allow Betagen to reach its own target – 15% to 20% annual growth.

"By improving our business processes, we meet our customers' needs. This fuels our growth," van der Lee says. "And with the efficiencies brought about by SAP Business All-in-One, we can accomplish this without adding headcount."

Supply Chain

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