BRASIL FOODS

SYSTEM LANDSCAPE OPTIMIZATION GROUP FACILITATES CORPORATE MERGER AND REORGANIZATION

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Marcos Badollato, Controlling Manager, Brasil Foods S.A.

QUICK FACTS

Company
- Name: Brasil Foods S.A.
- Location: Santa Catarina, Brazil
- Industry: Consumer products – food companies
- Revenue: Real 24.4 billion (US$14.5 billion)
- Employees: 100,000
- Web site: www.brasilfoods.com
- Implementation partner: SAP® Consulting

Challenges and Opportunities
- Merge 3 companies into 1 in 4 months with 2 going-live events
- Execute merger process in parallel with 2 other major projects, maintaining precise control over all project-related activities

Objectives
- Harmonize and unify processes, master data, and transactional data
- Execute merger at minimal cost and effort in the business, service, and IT areas
- Facilitate future mergers and acquisitions

SAP Solutions and Services
Migration services of the System Landscape Optimization group of SAP Consulting

Implementation Highlights
- Merged 3 companies into 1
- Implemented the SAP ERP application to cover 230 locations, including plants, breeding farms, ranches, distribution centers, and sales branches
- Introduced tools and processes for the first time in Brazil
- Went live in 2 events in 4 months with no impact on operations

Why SAP
- Data security and guaranteed data integrity
- Unique services and tools to meet the business requirements by the deadline
- Extensive experience of SAP experts

Benefits
- Reduced project time from 10 months to 4, when compared to a conventional scenario
- Reduced project and operational effort
- Lowered impact on user by maintaining organizational structure codification
- Reduced implementation costs

Existing Environment
- SAP ERP
- SAP BusinessObjects™ Access Control application

Third-Party Integration
- Database: Oracle
- Hardware: IBM
- Operating system: AIX

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At the end of 2008, Brasil Foods S.A. reorganized. To sustain profitable business, it had to streamline its corporate structure, reduce operational and financial costs, and reorganize operational activities. Yet, unifying its operational companies into one organization meant updating and aligning its SAP® solutions – in use at 230 locations – and migrating critical business data to the new corporate structure. It chose the System Landscape Optimization group of SAP Consulting. The experts completed the work in record time – four months.

Merger of Perdigão Companies

Founded in Santa Catarina in 1934, Brasil Foods – formerly known as Perdigão S.A. – had grown by 2009. It employed over 100,000 people and managed 60 industrial units in 11 Brazilian states, besides 3 others in Europe and 1 in Argentina. During its 76-year history, the group followed an expansion trajectory based on organic growth, acquisition of companies, and implementation of processes and systems aimed at increasing productivity.

Boasting a revenue of Real 24.4 billion (US$14.5 billion) at the end of 2009, Brasil Foods is one of the major food companies and one of the world's leading marketers of processed foodstuffs. Its exports supply more than 110 countries. Based on a broad and complex structure consisting of 36 distribution centers, Brasil Foods is one of the major Brazilian players in the area of milk harvesting, dairy products, and pasta products.

In response to its objective of establishing itself as an international and diversified organization, the company operates under a number of brands. They include Perdigão, Chester, Batavo, Elegê, Doriana, and Becel (through a joint venture with Unilever), as well as the franchise Turma da Mônica. The company enjoys a Brazilian market share of 56% in the area of meat, dairy products, margarines, pasta, frozen vegetables, and others. On the international market, it operates under the brands Perdix, Batavo, Fazenda, Borella, and Confidence.

Minimal Impact

The company's consolidation operations involved merging the former Perdigão S.A. with its three operational companies: Batávia, Perdigão Mato Grosso, and Perdigão Agroindustrial. At the time the System Landscape Optimization group was chosen to help with the work, the merger project had reached its highest point. By that time, it was clear that the integration of the IT landscape necessary for the consolidation would require two separate going-live events: the first one in January 2009 and the second one two months later, in March.

To guarantee that all operations would be integrated by the deadline, Brasil Foods opted to use an accelerator for the project: the services and tools provided by the System Landscape Optimization group. According to Antonio Carlos Cesco, Perdigão's planning and IT project manager, it would not be feasible to conclude the project by the deadline using the conventional merger processes of a new company within the SAP software environment. "The System Landscape Optimization group was the perfect tool to accelerate the merger process," Cesco emphasizes.

Cesco pointed out a second challenge requiring expert finesse: the simplification of the process. "Through the

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group of SAP experts, we managed to guarantee a reduction of the effort related to the conversion of master and transactional data, thus allowing us to meet the required deadline." In addition, by reducing the project time from 10 months to 4, The System Landscape Optimization group realized a merger project that exacted far less effort from the business areas.

The tight schedule did not lower the quality of the group of experts' services in any way. Cesco affirms that Brasil Foods had no integration-related or operational problems in the company in the days following the productive operation of the new software. "The project, which would actually take about 10 months if traditional integration models would have been used, was concluded in 4 months, with less effort and enhanced integrity of data and applications," Cesco states.

According to Marcos Badollato, controlling manager at Brasil Foods, "The System Landscape Optimization group achieved project execution that fully satisfied the level of reliability required by the corporate governance levels put forth by the company itself."

Marcos said that the project was executed in compliance with the specifications defined at Brasil Foods general assembly, which anticipated the merger with Batávia and Perdigão Mato Grosso in January, and with Perdigão Agroindustrial in March. The merger with Perdigão Agroindustrial represented approximately 80% of the group's operations.

Once the merger was completed, Brasil Foods was able to engage in operations exactly as predicted at the outset of the corporate restructuring project. The reorganization required harmonization, process integration, and unification, which enabled the group to operate in a more efficient way and reduce the number of operational companies.

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Antonio Carlos Cesco, Planning and IT Project Manager, Brasil Foods S.A.

"Today, we have unified processes for billing, delivery, payables, and receivables. All of them have been streamlined. This has been beneficial for supermarkets, retailers, and distributors. In matters of accounting, we have now a simplified balance sheet and unique data consolidation and visualization throughout all of the company," Badollato reports.

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