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# AIR21: Achieving Operational Excellence with the SAP® ERP Application

Effective credit management and control is a vital part of running any business, as unpaid invoices and bad debt can severely impair success. To achieve operational excellence, Airfreight 2100 Inc., a leading logistics provider, **eliminated inefficiencies and lack of visibility** in its financial management operations by implementing the SAP® ERP application.

# Executive overview

**Company**
Airfreight 2100 Inc.

**Headquarters**
Parañaque, Philippines

**Industry**
Transportation and logistics

**Products and Services**
Door-to-door delivery, sea freight, crating, warehousing, and trucking

**Employees**
1,083

**Gross Turnover**
P2.5 billion (US$59.5 million)

**Web Site**
www.air21.com.ph

**Partner**
BanyanTrade Inc.

## BUSINESS TRANSFORMATION

### The company's top objectives

- Improve business efficiency
- Replace multiple software applications with one integrated solution
- Streamline business processes in line with best practices

### The resolution

- Implemented the SAP® ERP Financials solution and SAP ERP Human Capital Management solution
- Undertook business process reengineering
- Adopted best practices supported by SAP software to minimize customization requirements

### The key benefits

- Reduced the collection period for its accounts receivable, thanks to new visibility into customer credit information
- Improved the decision-making process through more reliable and comprehensive business reporting
- Reduced time and resources to generate HR reports

Read more

"We needed a robust and reliable software backbone to give us a real-time view of our business. The SAP ERP application measured up perfectly."

Alberto D. Lina, Chairman, Airfreight 2100 Inc.

## TOP BENEFITS ACHIEVED

**20%**
Reduction in overdue accounts receivable

**90%**
Reduction in time to generate HR reports

**5%**
Savings on labor time

See more metrics

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Resolution

Business transformation

Future plans

# Streamlining business processes and improving efficiency

Established in 1979, Airfreight 2100 Inc. (AIR21) is a total logistics solutions company, providing door-to-door delivery, sea freight, crating, warehousing, and trucking services. As the exclusive authorized agent of Federal Express in the Philippines, AIR21 handles all the company's pickup, customs clearance, and delivery requirements in the country. A subsidiary of the Lina Group of Companies, AIR21 employs more than 1,000 employees and services more than 11,000 customers across the Philippines.

As its business expanded rapidly, AIR21's multiple internal IT systems grew more complex and disconnected; different business units operated disparate in-house systems. Without integration, its multiple applications and inefficient manual processes could not provide the accurate and up-to-the-minute information the management team needed to run the business efficiently. For example, such limited reporting meant that the management team had limited visibility into its credit exposure risk. Customers could operate multiple accounts to circumvent credit policies. In addition, the company's wayward days sales outstanding (DSO) for accounts receivable meant that too much money was tied up in unpaid accounts and not being used to drive the business forward.

To overcome this lack of visibility and cohesion, AIR21's management team realized the need to replace disparate islands of applications with a single, integrated, company-wide system. At the same time, they realized that the company would also benefit from introducing best-practice business processes to run more efficiently and competitively.

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# An SAP® solution supports best-practice business processes

The executive team opted to augment the positive impact of the technology transition by combining the deployment of the new software in tandem with reengineering its business processes. In undertaking the dual transformation, AIR21 would yield optimal operational efficiency, streamlined processes, and real-time, company-wide reporting.

As firm believers in the support for best-practice business processes offered by SAP software, the executives elected to deploy the SAP ERP application as its IT backbone. To change the way the business operated, the team set about reengineering the company's processes to mirror these best practices.

The management team first analyzed existing business processes, compared them with best-practice benchmarks, and identified process gaps. They then used the results of this analysis to structure the framework for its business improvement.

Adopting the best practices supported by SAP software as its own business processes, AIR21 brought in BanyanTrade Inc. to implement the new software with as few customization requirements as possible. The consultants first set about deploying the SAP ERP Financials solution and integrating accounts payable and receivables management.

Next, they implemented the SAP ERP Human Capital Management (SAP ERP HCM) solution to streamline and integrate transactional HR processes.

"We adopted best practices supported by SAP to optimize operational efficiency, streamline business processes, and achieve real-time financial reporting."

Alberto D. Lina, Chairman, Airfreight 2100 Inc.

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# Value from real-time reporting and informed decision making

"Since implementing SAP ERP and reengineering our business processes, we are benefiting from streamlined operations with accurate, real-time reporting," says Alberto D. Lina, chairman at AIR21.

With fully integrated data streams, tight financial management, and the elimination of manual processes, AIR21 is taking advantage of faster, more informed decision making. "We now have full visibility into our credit exposure risk for customers with multiple accounts and have eliminated the need to outsource customer credit checks," Lina says. AIR21's management has also imposed strict credit policies, which have reduced the company's DSO collection period by 20%.

Leveraging SAP ERP HCM, AIR21 executives can now run HR reports in real time because employee-related data now resides on the same platform. Since transactional HR requirements are vastly reduced, AIR21's HR team is now providing strategic business value.

## KEY BENEFITS

**20%**
Reduction in overdue accounts receivable

**90%**
Reduction in time to generate HR reports

**5%**
Savings on labor time

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# Consigning SAP ERP across additional businesses

AIR21's management continues to take advantage of, and extend, its SAP software backbone to improve business efficiency and competitiveness. The successful completion of the SAP ERP Financials implementation at AIR21, which includes automated billing and receivables management, has been well received by the company's management team. Delighted with AIR21's streamlined business processes and real-time financial reporting, executives at the parent company intend to roll out the software to 15 more of its businesses.

AIR21 is planning to extend its SAP software footprint with the SAP Treasury and Risk Management application to manage cash, liquidity, and financial risk with greater transparency and control. The company also intends to deploy the employee self-service and manager self-service functionality of SAP ERP for leave requests and approvals. In addition, AIR21 plans to implement SAP BusinessObjects business intelligence solutions to take advantage of advanced analytics capabilities for market trending, forecasting, and executive dashboards.

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