



**THRIFTY FOODS**

**SAP BUSINESS TRANSFORMATION STUDY**

**AT A GLANCE**

<b>Industry</b>	Retail – grocery
<b>Revenue</b>	CAN\$550 million
<b>Employees</b>	3,700
<b>Location</b>	Vancouver Island, British Columbia, Canada
<b>Web Site</b>	www.thriftyfoods.com
<b>SAP® Solution and Services</b>	SAP® ERP Financials Solution
<b>Implementation Partner</b>	Deloitte & Touche

Thrifty Foods Inc. is a leading grocery retail chain in British Columbia, Canada, and has more than 40% of the Victoria market and 25% of the Vancouver Island market. The business includes a grocery and produce wholesale operation that distributes to all 19 Thrifty Foods stores and more than 60 independent grocers in the province. Thrifty Foods packages more than 700 product lines sold under its own brand label as well as Alex Campbell Signature Series premium-quality food products.

**Key Challenges**

- Data-mining, analytical, and forecasting functionality lacking in outdated legacy system
- Costly and lengthy period-end closing process
- Costly administrative processes
- Labor-intensive process necessary for managing financial transactions
- Limited integration ability with operational, financial, warehousing, and distribution systems

**Why SAP Was Selected**

- Built-in business best practices
- Ability to integrate with SAP® software
- Long-term, highly respected software provider
- Low risk of obsolescence
- Retail financials functionality
- Consulting expertise and integration with internal implementation team
- Commitment to 6-month implementation time frame and budget

**Implementation Best Practices**

- Consistent understanding across implementation team about which business processes best practices to use during implementation
- Experienced external implementation team
- Internal business personnel with understanding about business practices required for success
- Commitment of executive management

**Low Total Cost of Ownership**

- 6-month implementation including RFP through go-live
- On time and within budget
- Involvement of small team of 3 senior business and IT personnel
- Short implementation minimized impact on business and IT groups

**Financial and Strategic Benefits**

- More efficient financial operations and controls
- More complete and accurate business data for stronger decision making
- Enhanced ability to analyze business performance
- Ability to drill down into transaction-level data
- Tighter integration with financial institutions
- Real-time visibility into revenue and cost information for everyone – from store personnel to executives
- Improved consolidation of results across more than 20 companies

**Operational Benefits**

<b>Key Performance Indicator</b>	<b>Impact</b>
Time required for period-end closing	-40%
Cost of bank charges	-40%
Increased efficiency in managing financials for stores	+50%



**“SAP software helped us improve our financial structure and allows us to drill into financial details for better understanding of our business. We also see ease of use in integrating SAP financials software with non-SAP operational systems.”**

John Tucker, Chief Financial Officer, Thrifty Foods Inc.

**“SAP has assisted our organization in asking the ‘what-if’ questions by using the information now available – information we did not have access to in the previous system.”**

Stephen Gates, Controller, Thrifty Foods Inc.

### **Modernizing Operations to Support Growth**

To meet the daily challenge of the slim margins typical of the retail food industry, Thrifty Foods Inc. must maintain top-quality products and deliver excellent customer service. With multiple stores, locations, and brands under management, the company seeks to drive continued revenue growth and overall net returns while controlling its operating costs. Thrifty Foods’ legacy financial system, however, could not support modern retail grocery operations. Its many disparate, disconnected, and manual financial processes limited the company’s ability to improve efficiency.

### **Taking the First Step in Finance**

After a comprehensive selection process, Thrifty Foods chose the SAP® ERP Financials solution as the foundation for its new financial structure. By using this solution, the company’s executives would be able to analyze multiple dimensions of the organization’s financial operations. SAP ERP Financials provided standard and scalable financial processes, leading-edge functionality, and complete integration with existing operational systems. A Thrifty Foods project team (consisting of top financial and IT personnel) and consultants completed the implementation in six months during 2006 – on time and within budget.

### **Realizing Significant Benefits**

Within 12 months, Thrifty Foods realized significant efficiency improvements in its core financial business and banking processes and store-based financial operations. The grocery chain reduced its period-end closing process by 40% – from 25 days to 15 days – by replacing numerous manual procedures and multiple systems with automated operations and by quickly identifying and addressing issues. Faster period-end closings enable Thrifty Foods to adjust operations and increase revenues and margins. Operational personnel also receive preliminary period-end closing numbers within two weeks.

“We achieved real cost savings, efficiency gains, and greater business insight capability,” says John Tucker, Thrifty Foods’ chief financial officer.

Integration with the systems of external financial institutions and access to more accurate and timely financial data helped Thrifty Foods reduce its bank charges by 40%. Enhanced analytical functionality and integrated financial processes help Thrifty Foods manage each store’s financial data 50% more efficiently.

The restructuring of Thrifty Foods’ financial operations is the first step in the company’s business transformation. As Thrifty Foods continues to grow, the company plans to utilize additional SAP applications to enhance operations such as wholesale distribution.