# Casa Oliveira: Toasting a Competitive Edge with SAP® ERP

Partner

CASA OLIVEIRA C.A.
DISTRIBUIDORA DE LICORES

IBM

**Executive overview**

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## Company
Casa Oliveira C.A.

## Industry
Wholesale distribution

## Products and Services
Liquor, wine, champagne, and other beverages

## Web Site
www.casaoliveira.com

## SAP® Solutions
SAP® ERP application

## Partner
IBM Corporation (www.ibm.com)

How does Casa Oliveira C.A. stay on top in Venezuela's competitive liquor import and distribution industry? It makes moves like replacing its legacy business software with the SAP® ERP application when the need to automate and integrate business processes became apparent. "With streamlined, standardized processes, we are seeing better efficiency in every department," says partner Moises Paula De Souza. "Reliable, highly visible data gives us a **real-time pulse on market demand,** improving sales."

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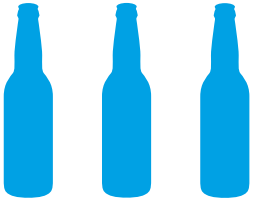
# Satisfying Venezuela's thirst for imported beverages

Casa Oliveira was founded by Portuguese immigrant Americo Oliveira in 1962 to bring the fine taste of Portuguese cuisine to the people of Venezuela. As the company grew, it developed a specialty in importing and distributing liquor, wine, champagne, and other beverages. Despite substantial competition in its market, Casa Oliveira has grown in recent years to become a significant player in the industry. Headquartered near Caracas, Casa Oliveira now employs 70 people full time and another 50 on a subcontracted basis.



**50** years

In business

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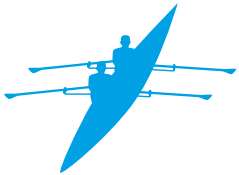
# Pinpointing ways to achieve a competitive advantage

Casa Oliveira wanted to leap ahead of its competitors and sought ways to boost sales and cut costs. It did not take long to spot a clear opportunity: sales, purchasing, finance, and other processes were disjointed and almost entirely manual. Productivity suffered and information took too long to deliver. Executives wanted timely market data to avoid excess inventory and ensure the availability of popular products, but reports on product demand took six months and were out-of-date before they arrived. "We wanted to be at the very forefront of market demand, predicting what retailers need to have in stock before they know it themselves," says De Souza. "We wanted to be able to identify which products were selling best, analyze seasonal variations, and highlight lucrative gaps in the market. But we couldn't do a good job, because our business software was holding us back."

Minimizing risk was another concern, and there too Casa Oliveira found an excellent opportunity to improve by automating the error-prone task of calculating taxes due on imported goods. "Importers in Venezuela are subject to many regulations," explains De Souza. "When a container lands, seven different tax templates are generated once the invoice is presented to customs. We were dealing with each of them manually. Not only was the process slow – up to six hours per container – but with manual lookup of all the applicable tax rates, the chance of human error and serious penalties was too great."



**6** hours

Per container formerly spent computing taxes

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# Recognizing the potential ROI from SAP ERP

Casa Oliveira resolved to replace the culprit software and began by engaging a local company to develop a custom-built solution, but the end result did not meet expectations. That is when the liquor importer and distributor realized that it could recoup its investment in a tried-and-tested enterprise resource planning (ERP) solution through the extra benefits such software would deliver.

After examining the ERP field closely, Casa Oliveira selected SAP ERP, along with hosting and implementation services from IBM Corporation. "We found that SAP ERP had a very impressive track record of success and the kind of functionality and integration we wanted," reports De Sousa. "Rapid implementation and freedom to focus on our core business instead of IT issues were important priorities for us, and we got both with IBM because of its extensive experience implementing and hosting SAP software."

Casa Oliveira found that SAP ERP spanned the gamut of its business needs with its financials, controlling, materials management, inventory management, and sales and distribution functionality.

"Deploying SAP ERP has enabled Casa Oliveira to automate and standardize many everyday operations, resulting in better use of resources."

Moises Paula De Souza, Partner, Casa Oliveira C.A.

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# Systematically achieving implementation goals

Casa Oliveira and IBM divided the implementation into three stages. They started with a 16-week transition phase, during which IBM Global Services worked with Casa Oliveira to fully understand the company's needs, helping to ensure a stable and scalable solution. Next, the team brought the solution into production for a two-week validation phase, during which IBM Global Technology performed a calibration to optimize performance. Finally, the project entered a stable operational phase, in which IBM provided its Mid-range Express hosting service for the environment. This service includes a call center for efficiently resolving equipment problems, along with technical support for hardware and the Microsoft Windows 2008 operating system five days a week, eight hours per day.

"We believe that deploying SAP ERP on an IBM-hosted infrastructure has optimized processes at Casa Oliveira, making us faster, more agile, and more efficient."

Moises Paula De Souza, Partner, Casa Oliveira C.A.

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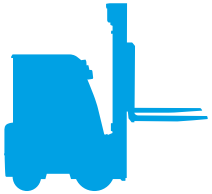
# Automating and integrating standardized business processes

Casa Oliveira standardized its business processes to conform to the best practices supported by SAP ERP and took advantage of the application's functionality to automate and integrate these processes into a smooth overall flow. For example, consider how the software has streamlined the management of orders and their associated invoices. As De Souza illustrates, "SAP ERP precalculates all payable taxes on an order, and we make just a single check before invoices are passed automatically to the accounting department. The process takes 90% less labor than before, and the accuracy is much higher – helping us avoid penalties. With SAP ERP, managing orders and invoices could not be easier."

With its integrated SAP ERP application, Casa Oliveira is able to quickly and easily gain a comprehensive view of business performance. Real-time sales order information helps executive management better plan future imports, more closely match stock levels to demand, target sales programs more effectively, and reduce waste. In real time, marketing pulls all the necessary information from SAP ERP about demand for individual products, by client and by geographical area if desired, and assembles it into weekly reports on product demand for managers. "We can also track seasonal demand and study our competitors' presence in the market," lauds De Souza. "This has transformed the responsiveness of our company to market trends, ensuring we stay at the front line of a highly competitive marketplace."



**90%**

Less labor to process orders and associated invoices

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# Aligning marketing strategy with client demand in real time

Adopting SAP ERP has enabled Casa Oliveira to increase automation across operations, boosting efficiency and accelerating processes. The company has increased agility and responsiveness while replacing manual tasks with more efficient and reliable automated processes. As a result, the firm can identify and pursue opportunities more proactively and use resources more efficiently. "We estimate that SAP ERP has enabled us to cut the number of tasks performed manually from 70% to just 10%," says De Souza. "Streamlining our processes has also allowed us to significantly decrease overall operation costs – savings we can pass on to our clients to keep our products competitively priced."

Promotions and price setting are critical to Casa Oliveira's success. SAP ERP gives the company the tools to wield these weapons as effectively as possible, nimbly adjusting its marketing strategy to take best advantage of variations in customer demand. "We are also able to predict demand levels more accurately than ever before, enabling us to order just enough to minimize transportation costs while avoiding disappointing customers," De Souza continues. "That is critical because import and transportation are our biggest expenditure areas."

**10%**

Tasks performed manually, down from 70%

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# Considering SAP Customer Relationship Management next

With demand reports available weekly instead of just twice a year, Casa Oliveira has developed a deeper understanding of the marketplace than was ever possible before. The company is using its insights to forge stronger relationships with clients and has been able to offer them important new services. "We use product demand data to inform our customers which products that they do not currently carry are doing well in the market – a highly popular new capability," De Souza illustrates. "Also, major clients now have the ability to connect directly to SAP ERP to track orders, a value-added benefit that could prove a key competitive edge for the future."

As its next step in serving the customer even better, the company is considering implementing the SAP Customer Relationship Management application.

"We truly believe that deploying SAP ERP has optimized processes at Casa Oliveira, making us faster, more agile, and more efficient," De Souza concludes. "The greater insight into the marketplace has provided benefits both for us and our clients. Ultimately, we feel that by working with SAP, we are well equipped for further success and expansion."

**1**x per week

Frequency of demand reports, up from twice a year

CMP15437 (12/03)