

SAP Customer Success Story Healthcare

“We managed to integrate the operations and bring about a considerable improvement in the performance of our supply chain, with more reliable processes leading to consistent financial gains.”

Bruno Fernandes Vieira, Operations Manager, Fernandes Vieira Group



AT A GLANCE

Company Name

Fernandes Vieira Group, Brazil
www.gfv.com.br

Industry

Healthcare

Key Challenges

- Integration of management systems
- Reliable support for continued, rapid growth
- Structuring of business processes

Implementation Partner

Plaut

Solution and Service

SAP® solutions for small and midsize businesses

Implementation Highlights

- Achieved 97% precision in inventory management
- Achieved total integration of financial controlling throughout group

Key Benefits

- Better-structured businesses and improved flow of information
- Enhanced financial return
- More efficient stock management
- Improved reliability, flexibility, and transparency of business processes

Hardware

Sun

Operating System

Solaris with Oracle database

FERNANDES VIEIRA GROUP

SAP® SOLUTIONS FOR SMALL AND MIDSIZE BUSINESSES SUPPORT RAPID GROWTH OF BRAZILIAN HOSPITAL GROUP

The need for a long-term solution to support average annual growth of 20% over the last 10 years was a crucial factor in the decision of the Fernandes Vieira Group – located in Recife, Brazil – to adopt a new IT solution to help manage its business.

The group encompasses a total of 15 companies (subsidiaries and joint ventures), employs 2,500 workers, and has forecast a turnover of €44.6 million for 2004. The Fernandes Vieira Group, which has most of its activities geared towards the provision of medical care and hospital services, opted for SAP® software at a moment of huge change in the medical care market. The medical care market – in which the company leads the region – was undergoing a dramatic transformation from a private-payment system to a model based on healthcare plans. To avoid financial risk, the company realized it would have to overhaul and enhance its financial controlling systems to cope with the requirements of the new environment.

The operational management of the group acknowledges the ROI already realized with the SAP solution. “We have seen surprisingly good gains in the supply chain area,” says Bruno Fernandes Vieira, operations manager. “In the areas of finance, accounting, projects, and materials, I feel confident the departments are being supported by a solution that provides us with reliability in all the processes, as well as flexibility and transparency.”



A NEW CONCEPT IN HOSPITAL ARCHITECTURE

The Fernandes Vieira Group founded the Santa Helena Health Center in 1965. In 1979, the group inaugurated the Santa Joana Hospital, introducing a new concept into hospital architecture – where many different types of medical examinations could take place in one single location – making it a benchmark for design quality.

Ten years later, the group built the São José Memorial Hospital, implementing the same concepts of quality and innovation. Since then the group has grown quickly, investing in areas such as diagnostic imaging technology and home care.

Despite being the market leader in medical and hospital services in the region, the group continues to pursue a strategy of expansion and diversification in its businesses. As a result, the Fernandes Vieira Group has also moved outside of the medical care market into the agriculture and fishery sectors, setting up three new companies in the process.

SUSTAINABLE AND STRUCTURED GROWTH

In 1998 the group began the process of selecting an enterprise resource planning (ERP) system to support its continued growth. The stabilized Brazilian currency helped push this initiative forward. “We needed, as soon as possible, a solution that supported this growth and structured the business processes of the companies, affording sustainable growth and avoiding organizational ‘bloat,’” says Fernandes Vieira. During that period of frenetic growth, Fernandes Vieira remembers how the group’s management was concerned that some areas of the companies were expanding too fast, without the trained professionals and business systems necessary to support the growth.

“Therefore we decided to evaluate all the options and study a solution that could offer integration with patient-management software, and satisfy our need for a seamless implementation, without disruption,” Fernandes Vieira points out. He adds, “The evaluation was confirmed by consultants from both Deloitte and Plaut, who did an excellent job.” As a result the group adopted the SAP solution to meet its needs. “We selected SAP,” explains Fernandes Vieira, “because it is a worldwide leader and there was no doubt about its technological capabilities.”

FLEXIBILITY AND TRANSPARENCY

The project included the implementation of solutions for materials management, financial accounting, controlling, sales and distribution, and plant maintenance. The company applied the SAP plant maintenance solution in vastly different parts of the group’s operations, from the management of large hospital equipment to the maintenance of a plant used in its new operations outside the healthcare market. Today the companies have a positive cash flow, making the project self-sustainable and highly profitable. According to Fernandes Vieira, the solution produced considerable benefits, especially in the hospital supply chain area. For example, the hospitals saw benefits such as reduced inventory levels, increased turnover of stock items, and financial savings.

“Before the implementation, there was no integration between the management systems of the pharmacies, operating tables, and healthcare units and the management of purchases and distribution in the storage units. This prevented us from achieving good operating results in the logistics area. With the implementation of the SAP solution, the hospitals obtained 97% precision in managing their inventory, which is an extremely impressive figure considering the 3,500 items held in stock,” explains Fernandes Vieira.

CREDIBILITY, COMPETITIVENESS, FINANCIAL RETURN

But the gains do not stop there. The group's companies are also more efficient in the financial and accounting area. "The financial management department, under the supervision of Mauro Carneiro, the SAP project manager, works for the whole back office of the group," says Fernandes Vieira. "The management of supplies, control, technology, and the financial area is centralized, and the SAP solution was installed as a shared service. At the end of every month, financial results from each company are consolidated for the group as a whole. Each of the companies then operates the rest of its business itself."

"Today we are extremely satisfied with SAP solutions. We are supported by a solution that gives us complete reliability, flexibility, transparency, and financial return," states Carneiro, pointing out that the companies are better structured, that the processes are more solid, and how the information now flows to the right people at the right time – improving decision making at every level. "We have a differentiated management level – with information flowing according to the needs of the people who have to make the decisions. This lends us more credibility and makes us better prepared to face the competition," he adds.

All in all, the group's decision to implement the SAP solutions has been very positive. Reflecting on the experience so far, Fernandes Vieira says, "We managed to integrate the operations and bring about a considerable improvement in the performance of our supply chain, with more reliable processes leading to consistent financial gains."

LOOKING AHEAD

In 2005 the group plans to implement the budgeting functions in the SAP R/3® software – this software is available today in the mySAP™ ERP solution. The plans also include upgrading versions of the SAP software in the coming year. The group is also keenly anticipating the arrival of the SAP Business One solution for

"We selected SAP because it is a world-wide leader and there was no doubt about its technological capabilities."

Bruno Fernandes Vieira, Operations Manager,
Fernandes Vieira Group

small and midsize businesses. "The solution is perfectly adapted to the needs of the other companies in the group that have not yet implemented the SAP solution," Carneiro concludes. "We intend to use SAP Business One as a definitive solution for the smaller companies, as it can be easily integrated into the other solutions that have already been implemented in the group."

www.sap.com/contactsap

THE BEST-RUN BUSINESSES RUN SAP™



50 073 165 (05/03)

© 2005 by SAP AG. All rights reserved. SAP, R/3, mySAP, mySAP.com, xApps, xApp, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary. Printed on environmentally friendly paper. These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.