



SPIN MASTER

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Consumer products
Revenue	Approximately US\$400 million
Employees	>400
Location	Toronto
Web Site	www.spinmaster.com
SAP® Solution & Services	SAP® R/3® software (functionality now found in the SAP ERP application)
Implementation Partner	Deloitte Consulting

Founded in 1994, Spin Master Ltd. designs, develops, manufactures, and markets innovative children's toy, entertainment, and furniture products. Spin Master has successfully transformed itself from a small toy enterprise into a dominant, internationally recognized leader in the children's entertainment and lifestyle industry. Headquartered in Toronto, the company employs over 400 people and has a presence in more than 42 countries.

Key Challenges

- Expand global presence and improve brand awareness
- Accelerate product development life cycle and manage product transitions and assortments
- Gain visibility into supply chain
- Improve customer relationships
- Retire manual processes and legacy systems
- Achieve a "single version of the truth" and real-time data access

Why SAP Was Selected

- Ability to deliver integrated view across all business processes
- Scalability to enable organic growth and acquisitions
- Agility to accelerate response to market demand
- Flexibility to adapt to evolving market and needs
- Global support and service
- Simple, user-friendly interfaces
- Commitment to the consumer products industry

Implementation Best Practices

- Risk mitigation and change strategy developed
- Phased approach that leveraged ASAP methodology and out-of-the-box functionality
- Master data management designated as a centrally managed business function¹
- 40 hours of in-house end-user training provided

Low Total Cost of Ownership

- Minimal customization during phase 1
- Legacy systems eliminated
- Minimal disruption to business during implementation
- Immediate user adoption
- Self-installed SAP® software in 2 other locations
- Need for multiple data servers eliminated

Financial and Strategic Benefits

- Increased visibility and velocity across supply chain
- Improved customer satisfaction
- Ability to push/pull products according to market demand
- Improved ability to seamlessly integrate acquisitions
- Single version of the truth for better decision making
- Noncompliance penalties from retailers reduced²
- Ability to view profit and loss by SKU to determine product margins

Operational Benefits

- Increased inventory turns
- Reduced inventory carrying costs
- Decreased order processing time
- Compressed length of product development life cycle
- Improved in-stock performance
- Drastically reduced sales and operations planning cycle
- Decreased number of days to close books

1. IT staff are the "keepers"; business staff are the "owners."

2. Noncompliance penalties are issued for discrepancies over delivery date, product dimensions, product weight, packaging, and UPC.





“SAP software has been a quantum leap for Spin Master. We now can share information across multiple sites and have access to real-time information. Our ability to make accurate projections and plan for the future has improved dramatically.”

Anton Rabie, CEO, Spin Master Ltd.

“SAP software enables the transformational change that can unlock the growth potential of Spin Master.”

Iain Kennedy, Chief Operating Officer, Spin Master Ltd.

Spin Master Flies onto the Scene

Founded in 1994 by three college friends with CAD 10,000 (US\$8,800), Spin Master Ltd. is a Toronto-based company that designs, develops, manufactures, and markets children's consumer products. The company has experienced periods of accelerated growth since the late 1990s. Spin Master recognized that to continue to grow in this highly consolidated and competitive industry, it had to accelerate its product development life cycle, improve customer relationships, and integrate its systems to enable better decision making. Specifically, the company needed to replace its manual spreadsheets with a globally scalable and flexible system that would grow with its business.

Partnering with SAP

After a thorough analysis of several software providers, including Oracle, the company chose the SAP® R/3® software (functionality now available in the SAP ERP application). SAP provided the automated platform that Spin Master was looking for, with access to real-time, accurate data and full visibility across all business processes. Spin Master employed a comprehensive risk mitigation and change strategy. A core project team met off site to ensure cross-functional understanding of all business process requirements, and a steering committee convened monthly to resolve issues that arose during the implementation phases. Users received 40 hours of in-house training, ensuring immediate and continuous adoption.

Spin Master Moves Ahead of Competition

After implementing SAP software using ASAP methodology and out-of-the-box functionality, Spin Master achieved a single version of the truth across all business processes including finance, production planning, sales and distribution, new product development, and logistics. This has allowed employees

to understand how their day-to-day operations affect the entire supply chain and has given them a broader perspective of the business.

With this new functionality, Spin Master can now enhance its decision making and reap a plethora of benefits. Complete visibility into the supply chain continues to do wonders for the business. Inventory turns have increased, and carrying costs have fallen. The company also reports a reduction in noncompliance penalties from retailers, because it can now meet all order specifications and commitments precisely. Combined with the fact that response time to customer inquiries has gone from three days to real time, this has customer satisfaction at an all-time high for Spin Master.

Moreover, with a drastic reduction in the monthly sales and operations planning cycle, employees spend more time focusing on the company's core competency – continuously raising the bar with creative products for children. In fact, Spin Master has reported a dramatic decrease in its product development life cycle, allowing the company to go to market with new products much faster – a key competitive advantage.

Future Game Plan

Now the largest privately held toy company in Canada and one of the top 10 toy manufacturers in North America, Spin Master is on a quest to grow faster than the industry and become the best children's entertainment company. During phase one of SAP software implementation, the company laid the foundation to support growth and global operations. During the next phase, Spin Master plans to further improve its analytical and decision-making capabilities and to further optimize its first-class supply chain facilities by leveraging additional SAP solutions, such as the SAP NetWeaver® Business Intelligence component.