

SAP Solution Brief
SAP for Consumer Products



SAP® ERP PACKAGED SOLUTION FOR THE MEAT INDUSTRY

The SAP® ERP packaged solution for the meat industry is an affordable option for meat companies seeking a world-class solution tailored for their industry – and a fast implementation at a fixed price. This preconfigured solution, when implemented by meat industry specialists, can help reduce costs by more than 50%, compared to traditional approaches. A survey of leading manufacturers shows that SAP solutions achieve real results – improving labor efficiency by up to 40%, reducing inventory by up to 30%, and cutting financial closing time in half.

A Solution Built for You

Meat producers today face a host of challenges and opportunities. A weakened global economy and brutal negotiation by retailers for lower prices, in what is largely a private-label business, have reinforced competitive and margin pressures. Many mid-market companies are pursuing acquisition strategies to enable value creation and growth.

Dominant retail players are driving toward better results from their supply chains. Consumer tastes are evolving due to changing lifestyles and rising concerns over health issues. Effective innovation is key to achieving profitable growth. Companies need to apply both technology and biotechnology to bring new products to market, while actively managing their brand and product portfolios.

Increased consumer awareness over food safety, stringent government regulations, and the threat of bioterrorism present more challenges for the meat industry. The implications of product recalls are enormous – in costs as well as in brand image losses. Together, these pressures are forcing meat producers to introduce better food chain traceability and quality management.

Today companies must increase efficiencies, reduce costs, and ensure compliance with food regulations over the whole supply chain. Easier said than done, right? Hampered by a legacy of non-integrated systems that impede visibility and perpetuate inefficiencies, many companies recognize the need to standardize on a single platform. But who has the resources to engage in a long-term system implementation project with ill-defined business benefits?

SAP can help. The SAP® ERP packaged solution for the meat industry, paired with the consulting services of a recommended implementer such as SAP Consulting can give you a fully configured enterprise-class solution within as little as 16 weeks, depending on your circumstances. Based on mySAP™ ERP and SAP Best Practices, this packaged solution is designed to allow a rapid implementation at a defined price. That means increased ability to meet market demands and compete effectively without straining your budget or risking your business.

A Single Platform for Greater Business Effectiveness and Flexibility

From managing your supply chain, logistics, and operation to financial controlling and corporate services, the SAP ERP packaged solution for the meat industry provides a single integrated platform that solves the vexing problems posed by multivendor, heterogeneous IT environments. Built on open standards to facilitate future growth and flexible extensibility, the SAP solution provides streamlined functionality that improves visibility, increases productivity, and helps you regain control of business processes.

Set Up Flexible Pricing at Livestock Procurement

The SAP ERP packaged solution for the meat industry supports individual setup of pricing criteria and different methods to pay. This functionality builds up accurate pricing management that covers the typical market requirements for livestock procurement. Pricing criteria can be captured in real time in different stages – in the goods receipt area, for example, or during production.

Monitor and Improve Performance

Information flow is seamlessly integrated over the steps of procurement, slaughtering, segmentation, further processing, sales, and distribution – ensuring gap-free capture of information along the whole supply chain. This capability enables analysis of losses and costs over multiple production steps, and supports process improvements as a daily job. Furthermore, recall functionality is available in case of product contamination.

Optimize the Production Chain

Yield management involves documenting where in-process meat losses are occurring so that manufacturing can target process improvements. Typically, this means taking data from in-process scales to specifically measure inputs and outputs at key process steps. The goal is to optimize the total throughput of meat; the objective is to provide this data on a near real-time basis so that process corrections can improve future yields. You can set up target quantities, measure results, determine gain/loss, and report and analyze results in a closed loop.

Maximize Transparency of Product Profitability

The SAP ERP packaged solution for the meat industry allows analyzing the profitability of products based on contribution margins. Target costs as well as costs of goods manufactured are displayed and compared to the sales price. The margin contribution of each product sold is calculated, and can be the basis for further improvements and management of the sales – crucial for tactical product portfolio management.

Manage Food Safety

As food safety compliance becomes more advanced, SAP can support the required batch control and track-and-trace capability. The SAP solution has the functionality to find and recall a defective batch already delivered to a customer and trigger batch-specific returns processing.

SAP Best Practices for Your Business Success

Based on years of experience working with companies in the food industry, SAP has developed an understanding of the industry best practices you need to maintain competitive advantage. Our consulting and implementation services help you configure the SAP software to perform these best practices, speeding up the implementation and scoping it properly to meet your needs as a midsize company.

SAP has packaged software and services to help midsize meat companies improve operational efficiency, and provides a solution designed to address certain regulatory compliance issues. SAP Consulting is also focusing on the meat industry, and can provide consulting and implementation services in conjunction with this new packaged solution. The anticipated benefits of working with a recommended implementation partner such as SAP Consulting include accelerated implementations, attention to certain integration risks, and easier adoption of new technologies.

The new SAP ERP packaged solution for the meat industry (16-week implementation) includes the following functionality:

- Livestock procurement
- Production planning and execution
- Sales and distribution of meat
- Inventory management
- Food safety including batch management, handling-unit management, quality management
- Yield management
- Contribution margin analysis
- Product cost controlling
- Financials

Additional options such as indirect sales, direct store delivery, or rebate management for meat companies can be applied in individual cases as necessary.

Rapid Implementation at a Defined Price

SAP and a recommended implementer such as SAP Consulting each offers predefined pricing structures tied to a phased implementation approach. By clearly defining the SAP software configuration and settings needed to address your specific challenges, SAP is able to articulate the scope of each implementation phase in exact terms. As a result, the entire process is transparent to you and contingencies are greatly minimized. The streamlined implementation is designed to minimize disruptions

to your business while maximizing enterprise-wide adoption. Furthermore, each phase of the implementation can help you realize a higher overall return on your investment and a lower total cost of ownership (TCO).

SAP Delivers the Richest Functionality

- Support for industry best practices based on 30 years of feedback from over 900 food customers
- Number-one rating by numerous analysts for functional completeness
- Recognized leadership in supply chain management, supplier relationship management, customer relationship management, and product life-cycle management

Real Value

- Business process improvements such as improving labor efficiency by up to 40%, reducing inventory by up to 30%, and cutting financial closing time in half (according to Martin Selchert, *Enhanced Project Success Through SAP Best Practices, International Benchmarking Study*, SAP Press, 2004)
- 20% reduction in overall operating costs over a three-year period, resulting primarily from the redesign of business processes
- 22% reduction in overall project costs, mainly due to the decrease of time-dependent costs (M. Selchert, as above)

Speed and Flexibility

- Preconfigured and prepackaged to speed implementation, cut deployment, and minimize maintenance costs
- Flexibility to deploy capabilities all at once, individually, or for specific processes
- Open architecture to leverage existing applications and protect your investment

The Safe and Affordable Option for Midsize Companies

SAP's extensive knowledge of business processes comes from experience gained while serving thousands of customers in more than 25 industries. And SAP solutions are not just for major multinational corporations. Nearly 60% of all SAP installations are in organizations with annual revenues of less than US\$500 million. Integration of users, processes, and data within the organization and beyond has created unparalleled efficiencies and collaboration across the entire value chain. With a defined-price implementation and a predetermined scope measured in weeks, SAP and a recommended implementer such as SAP Consulting can help your business benefit from the security, innovation, and low TCO.

The solution provides:

- Flexible and powerful technology combined with robust scalability designed for investment protection
- Vendor stability that mitigates risk and offers a rich heritage of world-class customer support
- Rapid time to benefit with minimum disruption to business activities

Find Out More

To learn more about how SAP can help your company achieve higher levels of business success, please contact your SAP representative or visit us at www.sap.com/consumer

mySAP ERP is powered by the SAP NetWeaver™ platform – the open integration and application platform that provides the best way to integrate all systems running SAP or non-SAP software. SAP NetWeaver unifies integration technologies into a single platform and is preintegrated with business applications, enabling change and reducing the need for custom integration.