



OSI GROUP

AN INTERNATIONAL FOOD PROCESSOR
REQUIRES A WORLD-CLASS ERP
SOLUTION – SAP® BUSINESS ONE

QUICK FACTS

Company

- Name: OSI (China) Holding Co. Ltd.
- Location: Shanghai, China
- Industry: Consumer products – food
- Products and services: Raw, partially cooked, and fully cooked chicken, beef, and pork products; a variety of dough, egg, and produce products
- Employees: 3,500
- Web site: www.osigroup.com.cn
- Implementation partner: Shanghai MTC Information Technology Co. Ltd.

Challenges and Opportunities

- Accommodate rapid sales growth and business expansion
- Comply with stringent food safety requirements
- Manage increased complexity of business processes and variety of products

Objectives

- Update, centralize, and standardize business processes
- Strengthen management control of enterprise operations
- Achieve real-time product tracking and tracing
- Support management decision making with real-time information access and data analysis

SAP® Solutions and Services

SAP® Business One application

Implementation Highlights

- Secured executive-level sponsorship and participation in the project
- Selected an experienced implementation partner with proven methodology
- Mapped business processes to enterprise requirements

Why SAP

- SAP's market leadership and reputation
- Scalability of the software and ability to support best-practice business processes
- The software's power, affordability, and ease of use
- Ability to meet enterprise demand for industry-specific functionality, data analysis, and configurability
- Flexibility to support ongoing business needs

Benefits

- Standardized and optimized business processes with enhanced operational control
- Better tracking and monitoring of product quality, along with traceability in real time
- Improved cash-flow efficiency and increased visibility of the cost structure
- Greater support for enterprise decision making with multiperspective reporting tools and key performance indicator analysis

“SAP Business One is tailored to our food-processing business and meets management needs. It has helped us streamline the business process, improve operations efficiency, and enhance data visibility . . . while minimizing the cost and risk of implementation.”

Steven Zhang, VP and CFO, OSI (China) Holding Co. Ltd., OSI Group, Asia-Pacific Region



OSI GROUP, LLC

OSI Group is an international food-processing company with over 50 facilities in 17 countries around the world. It was established in 1909, and the headquarters is located near Chicago, Illinois. Today, OSI Group is a global leader in supplying value-added protein items and other food products to leading foodservice and retail brands. When the time came for OSI Group to update its business management software for its Asia-Pacific region, it turned to the SAP® Business One application.

Striving for Operations Excellence

OSI Group opened its first plant in China in 1991, in Beijing, and has provided high-quality food products to McDonald's restaurants since then. Under OSI (China) Holding Co. Ltd., a Shanghai-based regional headquarters, the company today employs over 3,500 people across its meat and vegetable processing facilities in China. "Our goal is to become the dominant supplier to leading global foodservice companies and the branded food products industry within China through operations excellence," says Steven Zhang, VP and CFO of OSI (China) Holding Co., OSI Group, Asia-Pacific Region.

OSI China has been experiencing rapid business growth in recent years, with increased need to adapt to ever-changing market environment and to be more responsive to its customers. "A close customer-supplier relationship is vital to our business success. We always strive to maintain sound

communication and interaction with our customers," Zhang explains. "To keep up with increasing volume, along with increasing requirements for our customers, we needed to invest in our technology infrastructure."

OSI China realized that its legacy information system was failing to address the company's rapidly growing business needs. Data was not fully integrated, transactions relied heavily on manual processes, and financial reporting often came too late for management to use. "When it became apparent that the old system was an obstacle to our business growth, management urged that we find a more reliable and powerful solution," Zhang says.

Selecting a New System and Partner

After evaluating its business requirements and researching available software solutions, OSI China selected SAP Business One. "We believe

that SAP was the right choice for us," Zhang explains. "The software supports best-practice business processes for many industries and is highly regarded worldwide." Adopting SAP Business One provided the added benefit of keeping operations on a common platform with OSI Group's other business units in the United States and Europe, where SAP software is used to support enterprise operations.

Powerful, affordable, and intuitive to use, SAP Business One offered OSI China an accelerated implementation cycle so it could quickly address enterprise demands for business management support and industry-specific functionality. "The software addresses the entire spectrum of our business operations so we can make tangible improvements in operational efficiency," Zhang explains. "It can also help us enhance internal controls and be more responsive to market demands while supporting decisions to improve service quality and customer satisfaction."

During its software selection process, OSI China carefully evaluated implementation partners and selected Shanghai MTC Information Technology Co. Ltd. (MTC). "We believe MTC has strong technical capability, a professional and stable consultant team, good experience in providing ERP solutions for the food industry, and a strong track record for serving multinational clients," Zhang says.



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Steven Zhang, VP and CFO, OSI (China) Holding Co. Ltd., OSI Group, Asia-Pacific Region

Reengineering the Business Process

Through active collaboration between the project and business teams, as well as good cooperation with MTC consultants, OSI China achieved a very successful implementation of SAP Business One. The company reengineered business processes to take full advantage

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of SAP standard functionality as well as customized development that was tailored to the food industry.

“Seamless cooperation between the project team and external consultants was critical for the success of the project. We required everyone from the team, including our consultants, to understand our business in depth. Everyone worked diligently,” Zhang says.

For example, to embed the company’s stringent quality and food safety requirements into the software, the MTC implementation team customized food-tracing functionality based on standard functions in SAP Business One. “We can now trace our products back to their source of origin in just a minute, and all the way through the

quality inspection stage, and we can research other factors to meet product recall requirements,” Zhang explains. “We also implemented a virtual warehouse module to control the product quality. This has helped our shop-floor managers keep track of the quality status of every product in real time, from the first day material arrives to the last day on which finished goods ship.”

Boosting Business Success with the 90%–10% Rule

OSI China has implemented SAP Business One successfully in all six domestic business units. “Based on SAP Business One, we have a comprehensive, integrated business platform for OSI China, laying a solid foundation for the long-term development of our business,” Zhang says.

“The standard functionality of SAP Business One met roughly 90% of our business requirements,” Zhang continues. “We reinforced from the beginning that we must standardize most of the functionality so it could be easily replicated to other business units later on. Some customization is necessary to tailor to local business needs. However, such customization must be prop-

erly authorized and carefully evaluated to avoid out-of-control deviation. By adopting a 90% standardization–10% customization rule, we fully utilized the value of the system while minimizing our capital, implementation, and maintenance costs.”

SAP Business One enabled streamlining business processes in almost all aspects of daily operations with adequate internal controls set in place. For example, the company integrated SAP Business One with an e-banking system, enabling the plant accountant to perform a “four-way match” of purchase order, receiving, quality status, and invoice through the SAP software. This information will be automatically posted to the e-bank payment center, where the company treasurer will review and arrange for payment, thus greatly improving cash-flow efficiency.

Data visibility has also been enhanced significantly with SAP Business One. A multilevel cost structure has been established, and different cost centers have been accounted for, generating all related costs for different processing centers and final products. “Having the information all in one place supports enterprise decision making by allowing for multiperspective report management and key performance indicator analysis,” Zhang adds.

The new visibility also enables the company to conduct real-time monitoring of product-quality status, so operators can instantly see warranty periods,

qualified products, defective product tracking and disposal, and product recall information, all within the software. Through the product-quality tracking function, the software can remind operators to remove products from inventory that are approaching their expiration dates. "We're able to deal with shelf life in a timely manner, which significantly reduces the risk of obsolete inventory as well as error and waste caused by manual operations," Zhang says.

Duplicating the Software Footprint Across Operations

The majority of the standard functionality in SAP Business One has been used. Where there is a need for customization, adequate authorization has been enforced by OSI senior management to avoid overcustomization that will lead to uncontrollable deviation.

Building on the success of the SAP Business One implementation in China allows OSI Group to duplicate its software footprint into other Asia-Pacific countries. OSI India was first, taking only three months to go live successfully, and this gave the management more confidence for rolling out implementation in Australia, where OSI has two sizable manufacturing facilities. That project has already been kicked off.

Meanwhile, OSI China is honing its software expertise with an eye on expanding use of SAP Business One into new business divisions. "We are planning to expand the scope into our agricultural and husbandry business, such as poultry vertical integration, beef feedlot programs, and a lettuce-growing farm," Zhang says. "By taking these steps and making full use of SAP Business One, OSI China is poised to achieve its long-term sustainable 'farm to table' strategy."



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