

SAP CUSTOMER SUCCESS STORY



Since its inception in 1985, the PLC Group has grown to become the largest lockware and lighting retail and wholesale company in Hong Kong. The Group has in recent years successfully branched out into the manufacturing and distribution of vehicle security systems in China as well as a designer home accessory and lifestyle product retail business in Hong Kong. Headquartered in Hong Kong, the PLC Group operates its spawning retail, wholesale, trading and manufacturing business across the region.

HIGH STREET RETAILER TAKES OFF WITH SAP'S INTEGRATED BUSINESS SOLUTION

Quality is undoubtedly the hallmark of the PLC Group. Over the years, the PLC Group has gained an unrivalled reputation in the Greater China region as one of quality, reliability and professionalism. Its commitment is demonstrated in the establishment of a dedicated Quality Control Centre to oversee the company's manufacturing operation and a guaranteed return policy. Recently, PLC shops were distinguished as Quality Tourism Service (QTS) Accredited Retail Shop.





PLC, a mid-sized company, faces daunting challenges. In addition to a diverse and comprehensive product range, prompt response and delivery are also considered prerequisites of a high street retailer. With its business built around a high-volume, high turn around retail chain, the Group requires significant support in the areas of financial, production and inventory management to continue its success.

“We have undertaken attempts previously to automate our business, initially with the computerization of order processing at retail outlets and subsequently stock keeping. What we created was a series of disparate systems which did not provide us the integration or seamless flow of information across the enterprise operations when we needed it,” said Mrs Joanna Mak, CEO of the PLC Group.

To seamlessly integrate the key areas that are critical to success, the company decided that the time had come for a comprehensive change. The reorientation placed specific demands on the software to be installed. It had to be a solution that was globally proven, fully integrated enterprise business solution, accessible to all departments and flexible enough to grow with the company’s increasing demand. After evaluating several solutions in the market, PLC decided to adopt mySAP Business Suite, a solution suite that encompasses financial and accounting, distribution, material and inventory management.

The deciding factor in choosing SAP was the combination of industry experience and innovative technology. The PLC Group was impressed by the truly integrated infrastructure that the SAP solution provides, the very area that previous computerization efforts have failed. The SAP solution was customized to meet the Group’s ever-increasing needs as the company diversified and expanded its retail, wholesale and after-sales services. While the implementation has not been fully completed, the company has reported significant improvements in operational efficiency.



INTEGRATED SOLUTION LOCKS IN PRODUCTIVITY GAINS

Ironically, the company owes its operation challenges to a successful retail business. The market leader in lighting products, the PLC Group’s retail outlets is laden with voluminous transactions running into several hundreds a day. Even the simple task of keying in the transactions proved a grave burden to store employees. Periodic or batch entry was inevitable, resulting in inaccurate stock balance and delayed verification by the headquarters’ accounts department. In the shop front, customer service suffered as sales staff could not provide prospective customers with up-to-date product availability status. Sales staff then relied on the time-consuming and mundane method of calling other outlets to check stock availability.

“We can perform profitability analyses on individual products, enabling us to discontinue certain items and improve margins on others. We also do profitability analysis by customer and by SKU.”

Mrs Joanna Mak,
CEO of the PLC Group

The adoption of the SAP suite of business solution as the Group’s enterprise-wide business infrastructure for its growing and diversified business has eliminated the woes of its success. Since each transaction is automatically captured at the point of sales, the latest stock information is now accessible real-time to all sales staff, allowing them to fulfill an order and service the customer right on the spot.

“The installation of the SAP solution boosts our in-store productivity by allowing store employees to spend more time with customers and also enabling them to attend to more customers. Our retail operation continues to run smoothly and customer service has improved dramatically. Customer service representatives can now look into the system online to determine delivery dates and answer customer queries immediately,” said Mrs Mak.



PROFITABILITY INCREASE TURNS A REALITY

Not only are the sales and marketing teams kept abreast of the most updated stock balance, they are also kept informed of the fast-moving stocks as well as idle stocks. Consequently, targeted sales and marketing campaigns can be devised and implemented promptly to increase sales and improve profitability. No time will have lapsed in embarking on pricing tactics to rid of slow-moving items, as was previously the case. With a steady flow of precise and readily usable data, sales forecasting, store replenishment, warehouse restocking, inventory management are now made easy, simple and straightforward.

Improving the bottom line is the golden rule of every retailer, the SAP solution has equipped PLC with a continuous flow of real-time, up-to-the-second business and financial information across the enterprise to proactively and efficiently manage a high-volume retail operation with strategic planning and fast market response.

“The importance of a common business platform and the sharing of real-time business critical data throughout the company can never be underestimated. The SAP solution enabled a single and integrated view of the company’s operations and provided us with better performance indicators to make critical business decisions on planning, operation and development promptly and more efficiently,” continued Mrs Mak.

The suite of applications allows business users on every console to efficiently track and analyze key financial information to drive smart decisions to improve productivity and profitability. Through automatic data key-in, the Group’s Accounting Department gets accurate sales and stock figures instantaneously for preparing the necessary financial reports. According to Mrs Mak, her staff is now able to beat the closing deadlines by weeks and produce a portfolio of financial reports in half the time for management review. Crucial business data is available to senior management at their fingertips to empower them for important business decisions.



On-line financial statements detailing such items as cash flow, profit and loss by month and cost centre are now ready for scrutiny by senior executives whenever they access them. A previous time gap of 20 days between closing and reporting has been eliminated. The Accounting Department has also reported 25% increase in efficiency. In the corporation’s relentless race against time to enhance its competitiveness and response to a stiffly demanding marketplace, such achievements cannot be brushed off and taken lightly. The new SAP system has given the PLC Group the much-coveted tool to benchmark its business performance against other companies.



THE BEST-RUN BUSINESSES RUN SAP



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INTEGRATED AND SCALABLE FUNCTIONALITY **Key BENEFIT**

The ability of SAP to integrate diverse and disparate functions across the entire enterprise to realize the seamless sharing of business critical information underlined the PLC Group's choice to opt for the SAP solution. Senior management of the PLC Group has indicated a long-term commitment to partner with SAP to harness the power of mySAP Business Suite. Second phase of the project is planning to incorporate other essential functionality, from Internet sales, automatic stock replenishment to warehouse management and supply chain collaboration. The company may also contemplate the link up of retail outlets and manufacturing facilities across China in a later stage. Different from standalone solutions, there is no interface issue when implementing additional SAP solution, ensuring a cost effective migration path, which is a vital consideration to PLC.

Mrs Mak echoed the company's decision to select SAP a value for money decision.

"The SAP solution is comprehensive and scalable for our future expansion, yet affordable and easy to implement for a medium-sized company like us. We are also impressed by the company's technology advantage, excellent reputation and strong support service."

The choice of SAP as a strategic partner is no coincidence as the PLC Group continues to identify development opportunities in its core business and explore further expansion through vertical and horizontal industry penetration.

"To be competitive in our business, our Group will inexorably pursuing quality, customer delight and productivity, SAP will be the trusted partner to enable us to achieve the target," concluded Mrs Mak.

Indeed, the implementation of the project took only 4 months to complete. It was a smooth course considering the extensive scope of the project, and involving a project team of 20 people representing different interest and requirements from the company's finance, retail, wholesale, purchasing and warehousing departments. The continuous improvement of the operations efficiency and productivity makes PLC optimistic with respect to return on investment in the future. In fact, enhanced customer response, cost savings and efficiency improvements are already fast appearing in the PLC and SAP partnership.

At a Glance:

SAP Modules:	Financial Accounting (FI) Controlling (CO) Material Management (MM) Sales and Distribution (SD)
Hardware Platform:	HP Proliant
Database System:	Microsoft SQL
Operating System:	Microsoft Windows