



3A NUTRITION

OPEN SOURCE ERP COMPIERE, TO AUTOMATE ITS DISTRIBUTION PROCESS

CASE STUDY

CUSTOMER

3A Nutrition

INDUSTRY

Distribution of Nutrition products

SOLUTION

Compiere On premise

HIGHLIGHTS

Choosing the right ERP, which will FIT the business process is a key decision made by companies. A careful analysis by 3A's IT team and Tenth Planet consultants, ensured, majority of the business process will FIT into Compiere. The underlying architecture seemed be right for scalability of business operations, and ensuring security and performance.

Key objectives for the ERP Implementation:

- To automate the inbound process, order fulfillment, accurate inventory levels, outbound process, customer returns, Account receivables, payables and invoicing
- To synchronize the data from 8 branches and 101 direct agencies, and have a visibility into the entire operations, movement of stock across branches, sales performance and customer ageing.
- To support the growth in sales reduced idle stock, and streamlining the credit limit approvals.
- Migrate Legacy data into the Compiere ERP
- Attain the service levels in the distribution chain
- Reporting on inventory, revenue, tax, journals, financial and Management accounting

"As on May 2010, Compiere ERP was successfully implemented, in HQ and across 8 regions, supporting the core business operations of 3A, with integrated accounting and reports"

CUSTOMER DETAILS

3A Nutrition, the sole distributor of Abbott nutrition products in Vietnam, decided to choose Open source ERP Compiere, to automate its distribution process. 3A was operating across 8 branches in Vietnam and had direct sales for retailers, called primary sales. Secondary sales were through direct agencies, connected with the retailers.

3A was using a legacy application for 14 years, and was looking for the right ERP to automate its core business processes.

PROPOSED SOLUTION

- Leverage the feature rich functionalities of the Compiere ERP
- Utilize the multi currency, language features
- FIFO costing method and FEFO inventory
- Intuitive interface to easily access information
- Flexible document types, to fit the business process
- Robust accounting engine for accurate reporting
- Use of application dictionary and meta data, to reduce coding
- Open API's to send and receive data with third parties
- Multi user environment with concurrent transactions
- Synchronization of data across branches to HQ
- Flexible reports for Management and financial accounting

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SOLUTION IMPLEMENTATION

- » Tenth planet followed the phased approach, in getting the project live in different phases, as opposed to the big bang of implementing everything in single phase.
- » The key functional areas of sales, purchase, and inventory were implemented and put into user testing, within 90 days.
- » Simulation of the Compiere ERP with real data, running parallel were followed before sun setting the older system
- » Trade accounting and Non trade accounting were implemented as subsequent phases with Vietnam accounting standards.
- » Tenth planet followed the process framework Ten10, a service request based delivery model to ensure quality at the micro level.
- » Releases were controlled through standard operating procedures and appropriate acceptance at every level

METHODOLOGIES

- An integrated project management tool, Basecamp
- Instant communication via campfire
- Incident management using bugzilla
- Consistent Deliverables – Key7
- Approval process for roll outs
- Detailed standard operating procedures
- Proper closure and sign off process

BUSINESS VALUE ADDS

With the acquisition of 3A Nutrition by Abbott, there was a business need to extend some of the existing functional areas.

These extensions include:

- DRP [demand replenishment planning]
- It helps in supply planning to know the current physical inventory in different status in warehouse to forecast replenishment
- Compliance to US GAAP reporting
- This functionality will map the Vietnam accounting standards GL code to the respective US GAAP GL code
- Credit limit and cash control
- This functionality will ensure proper credit limit checks and timely approval for effective order processing
- Promotions and campaign management
- Campaigns are a centric point for all the promotions. This functionality will map the campaigns in terms of price list, channels and customer programs
- Electronic payment orders

- Provision to raise NTA AP invoice using this functionality results in more control over NTA Purchases
- Trade promotions
- Provision to package products, Free of cost, sample, bonus pack deals
- Channel profitability
- To track the revenue at the channel partner level
- Billing cut off
- System will automatically convert the transactions for the following month, for orders after the billing cutoff date

MONTH END ACCOUNTING PROCESS

Billing cut off, automation of critical reports, helped the business to close the month end accounting cycle in 3 business days.

Every Month 3A will do the sales till the close of month end, towards the targets to be met. Reports will be taken only on the next month beginning to close the previous month. This was avoided now by making the sales cutoff date 6 days prior to the month end. Sales done after the sales cutoff date will be automatically converted to next month sales.

Reports were taken to a separate reporting server, Schedulers and jobs were provided to make the reporting data reloaded for month end process easy. Users were able to see the near real time data from the reporting server. This gave the accounting users more confident in closing the month end on time in 3 days

INTEGRATION WITH THIRD PARTY SYSTEMS

SFA INTEGRATION

We did sales order automation using SFA Integration with Compiere, 80 % of the order processing happening through the system.

HSBC INTEGRATION

We did payment automation with HSBC, through that users are not required to manually key in the payment transactions.

ACCUMATICA INTEGRATION

We integrated with Accumatica's budget management system to pull information on budget, proposal and activities and generate gross revenue and top line reports.

"Tenth Planet's familiarity of the business process, with a complete understanding of how best to achieve the extensions using Compiere, helped for a quick turnaround of the expected functionalities, which was satisfying the business needs"

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TECHNOLOGY

Tenth planet choose the professional edition of Compiere for HQ, and branches, Adempiere for Direct agencies, and Pentaho for Business Intelligence and Data ware housing, synch API's to integrate the data.

With increased volume of sales and operations over the last 7 years, the Compiere ERP has withstood the challenges and a clear case study of a successful large scale Compiere Implementation.

SUPPORT

Tenth planet has been providing support over the last 7 years, for the incidents reported in the Compiere ERP. The incidents could be data issues, user action or minor changes in functionality and reports. Tenth planet's support and deliverables has ensured compliance for the IT system by external audits.

OUTCOME/ RESULTS

- By implementing the Compiere ERP into 3A nutrition, there is an increase in sales.
- The ERP supports the Abbott compliance without any major change in the current system.
- We can able to see 100% 3way matching (Order Vs Receipt Vs Invoice) also we reduced the out of stock due to stock accuracy.
- We improved the lead time by implementing the sales order processing.
- Improve the stock accuracy and visibility of stock in warehouse and avoid the wastage due to wrong pick in the warehouse.
- Increased the efficiency of accounting with real time transactions also accurate COGS and inventory accounting.

FUTURE PLANS

Centralization of business functionalities, data warehousing and archival, implementing compliances for accounting, connecting with third party solutions, possible upgradation on the roadmap

“Since May 2010, Compiere ERP has helped the distribution process, across the nation to be effective and with an improved level of customer services”

- 3A