



# EMPRESAS POLAR

## SAP BUSINESS TRANSFORMATION STUDY

### AT A GLANCE

<b>Industry</b>	Consumer products
<b>Revenue</b>	US\$3+ billion
<b>Employees</b>	25,000
<b>Location</b>	Caracas, Venezuela
<b>Web Site</b>	www.empresas-polar.com
<b>SAP® Solutions and Services</b>	SAP for Consumer Products solutions, SAP® xApp™ Mobile Direct Store Delivery composite application
<b>Implementation Partner</b>	Accenture; SAP Consulting; SAP Custom Development

Founded as a small brewery in 1941, Empresas Polar is one of Venezuela's largest private firms, serving over 250,000 customers directly. Its Polar beer owns some 70% of the country's beer market. Polar also manufactures and distributes nonalcoholic beverages that include PepsiCo brands, as well as corn meal and corn oil, pasta, and seafood. Other product lines include animal feed, canned food, and cleaning products.

#### Key Challenges

- Growing operational complexity
- Increasing margin pressure
- Redundant applications, data, and processes
- Ineffective reporting and analyses
- Inability to adapt to changes in business processes
- High volume of stock outs

#### Why SAP Was Selected

- Comprehensive support for go-to-market (GTM) strategy
- Optimal support for key current and future operational requirements
- Seamless integration with SAP® and non-SAP software
- Scalable functionality at low total cost of ownership

#### Implementation Best Practices

- Phased approach using knowledge from previous deployments
- Configurations supporting mobile direct-store-delivery
- Linkage of new processes to overall company value chain, ensuring optimum cooperation and support from end users
- Effective communication between project teams
- Extensive on-site training sessions prior to go-live

#### Low Total Cost of Ownership

- Elimination of multiple high-maintenance legacy systems
- Drastic reduction in customization efforts and costs of adding new functionality
- Standardization of processes
- Use of best practices supported by SAP
- User-friendly software functionality

#### Financial and Strategic Benefits

- Flexibility to review, configure, and redeploy GTM strategy
- Real-time, accurate view of demand and inventory
- Organized and streamlined order processing
- Easy access to timely data from salespersons' handheld devices
- Enhanced management of credit limits and AR
- Significant increase in customer satisfaction
- Competitive differentiation

#### Operational Benefits

Key Performance Indicator	Impact
SKUs with increase in activity	+60%
Average increase in sales activity for SKUs mentioned above	+195%
Time spent on administrative activities (sales personnel)	-50%
Collection-to-cash (AR) process time	-50%
Back-office closing time	-30%
Truck-load assignment time	-40%





**“The integrated SAP software helped us differentiate ourselves from all other competitors in Venezuela.”**

Ramón A. Castillo, Project Manager, Food Business Unit, Empresas Polar

**“Users can retrieve customers’ past sales records on handheld devices and advise them on what items to stock and how much. Salespeople can calculate each product’s profitability, based on sell outs and suggested retail prices.”**

Alfredo Bocaranda, Sales and Distribution Director, Food Business Unit, Empresas Polar

### Disparate Processes and Systems

Empresas Polar’s food division, Alimentos Polar, the largest food producer and distributor in Venezuela, needed to overhaul its go-to-market strategy. In addition to double-digit inflation rates and the rising costs of raw materials, Polar was experiencing serious margin pressure due to government price controls.

An aging legacy system hindered its ability to manage operational changes and monitor enterprise-wide sales. Sales personnel in different divisions used dissimilar practices and reporting tools that required massive coordination efforts. Because of rising demand and inadequate analysis and reporting functionality, stock outs had increased to 25%.

### Integrated Direct Store Delivery

After determining the need for a direct store delivery (DSD) solution to support its go-to-market strategy, Polar chose SAP for Consumer Products solutions because they met the company’s immediate and future needs, integrated seamlessly into its existing SAP® infrastructure, and ensured low support costs. Following a three-month pilot, Polar kicked off a phased deployment, focusing on aligning business processes across all agencies. Within 16 months, it had the full Alimentos Polar sales force serving its 45,000 customers from 47 locations using only SAP software, with DSD software running on 680 devices. Polar agencies handle orders, inventory, and sales support for the field sales and telesales operations.

Polar tested the mobile software and found it fully supported its business strategy. Effective teamwork between Polar and Accenture and SAP contributed to the project’s success, while comprehensive on-site training before go-live helped ensure user acceptance.

### Commercial Transformation

The SAP xApp™ Mobile Direct Store Delivery composite application enabled seamless end-to-end integration throughout the Polar value chain, providing complete visibility of all business activities and customer interactions.

Polar sales employees can now access timely, accurate inventory data, retrieve customers’ sales records, and upload orders via handhelds. They can also collect information from the customer point-of-sale level to improve visibility of market demand and enhance forecasting/planning. As a result, they can quickly advise customers about which items need restocking and calculate items’ profit margins. Meanwhile, updates from the field help the manufacturing, distribution, and logistics operations adapt supply and distribution plans and fulfillment activities quickly and easily in response to customer demand. The software also helps Polar streamline order processing, reduce errors, improve sales force productivity, and ensure next-day delivery – improving customer satisfaction.

Integrated processes ensure that workers use the same information, while enhanced inventory visibility and daily reports help Polar proactively reduce stock outs. Enhanced functionality allows salespeople to spend more time on strategic activities rather than mundane administrative tasks. In fact, since the SAP implementation, an analysis showed that 60% of the SKUs increased the frequency at which they were sold by 195%.

In addition to reducing the collection-to-cash cycle by 50%, Polar now generates pending-payment collection information within hours versus days, which helps improve cash-flow management. It has also reduced its monthly closing process.

Polar is embarking on a similar project that is already deploying the DSD solution for PepsiCola Venezuela (its nonalcoholic beverage business unit) with a target of 1,400 mobile devices over the next 16 months. Once again objectives are to increase customer satisfaction as well as revenue, while reducing costs.