



Héctor Pincheira

CIO

Macrofood

Last Updated: June 07, 2007

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Topic	Response
1 <i>Could you tell us a little about your business?</i>	Well, Macrofood is a company that produces and markets dehydrated foods such as desserts, powered milk, cream, and these products are marketed at the national and international level in the Latin American market. We are located in Santiago de Chile; as I said, we have about 210 employees.
2 <i>What were the business challenges and the opportunities that led your company to look for a new application?</i>	Well, we undoubtedly had the need to modernize, because Macrofood is in the midst of a growth period; production was completely cut off from the old system. Therefore we had no visibility at the line of impact in terms of cost and efficiency of the processes from what was happening here. Moreover, the system that we had was very old, and it was very difficult to extract timely information in order to be able to make decisions, and we had to run many repetitive processes, create reports in Excel, which led us to lose sight of the company's critical information. Then, together with general management, top management, we hoped to align all the processes into one system in order to improve by cutting costs, in order to be able to improve decision-making in the organization, and we expected, as the result of this on-line work, to be able to better control the manufacturing performance of our plant and continue growing. And with respect to our customers, we needed to be able to effectively manage relevant information on them, looking for some product, some CRM, or some system that would allow us to keep informed of everything that was happening with our customers; these were the major challenges we faced.
3 <i>Could you tell us about your prior computer environment and how it may have affected your access to information?</i>	Well, in our previous infrastructure, we had a rather limited ERP; it only covered the accounting and sales areas, but it didn't cover anything in terms of production and planning; there wasn't efficient inventory control or customer relations. In fact, no system was integrated among them; therefore, generating consolidated reports forced us run parallel processes; there were programs that were like islands of information, and this caused significant data loss, besides the fact that we had obsolete computer equipment, and this created islands of information within the company that did not allow knowledge to be adequately transferred to the organization; this was our previous computer environment.
4 <i>What were the key objectives you sought to achieve from implementation of SAP Business One?</i>	Well, the key objective was to align all the company's critical processes under just one system, seeking to streamline, improve, the strategic decision-making process on a highly efficient and productive platform.



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5 <i>Could you please discuss your selection process?</i>	Well, the requirements clearly pointed to a solution that would cover all the critical areas of our organization, especially in production and sales; then the team was formed with of key users from each area; we hired an outside COA, and he aligned himself with management as the person in charge of modeling the processes of each area in order to be able to select an appropriate system. The project sponsor was the general manager. With respect to the original budget, there was not a specific amount, but we were certain that it had to be in line with our invoicing, and we hadn't defined a timeframe for making our decision. We only wanted to ensure that the product we chose would deal with our problems.
6 <i>What were your criteria for inviting various vendors to participate?</i>	Well, in order to do the evaluation, we considered the following aspects: first, whether the company had an international presence, it had to be a world-class system; it had to include all our processes: administrative management, financial-accounting management, production management; it had to concentrate all the information in a central, comprehensive data base with a technology that would provide security in its daily operations. And with respect to implementation and subsequent support, it had to have highly professional, on-going technical and human support of proven quality. Also, it had to have the capacity to operate normally, not only in the national context, but it also had to allow operation in different countries, considering certain markets we are reaching with our products.
7 <i>Once you established your selection plan, the time came to begin the evaluation. Could you please discuss the solution selection process?</i>	Well, first, an internal effort was made to prepare each critical process by area, in order to model it and keep it in mind when comparing any solutions presented; for this purpose, we worked with the company's operations personnel and with management to be able to consider the actual processes of the organization; as support, we also used the processes that had been defined in the ISO 9000, because we are an ISO-9000 certified company and we used them as our frame of reference for the modeling. In this manner we generated the RFI and the RFP to submit it to the various participants. Now, after analyzing each of the alternatives, we generated an individual evaluation bearing in mind the value chain and what the various solutions brought to the table, the support and service capabilities, the financial viability of the vendors, the qualitative and cost-related measures with respect to the fit of the process that we needed to model, the ease of use and navigation, feedback from the market and flexibility of the product. And in this process, we had the systems area participate chiefly, the general management, supported by all the managers, together with key users. This took about five months and we were looking at products such as Oracle Financial, Microsoft 3Play, Random, which is a Chilean product, Flexland, Manager and SAP Business One.



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<p>8 <i>What specific factors led you to select SAP Business One?</i></p>	<p>Well, after evaluating all the products with our standards, we realized that SAP supports all the processes the company performs in its various administrative as well as operational areas. We also realized that it was not a modular system like many of the systems that were presented, but rather is a complete system in itself, and it allows us complete navigation within the various functionalities without going from one module to another, which is what happened with other systems. We also recognized that it provides an answer that is suitable for all users, both those who input information and those who perform daily operations, as well as what was of most interest to top management, which is decision-making. Also, with what we could determine from the user interface and how it operates, we realized that implementation would not be so traumatic as opposed to the others, and one of the main qualities we could identify was the solid support and extensive experience not only in the national market, but also in the international market, because, as we know, SAP integrates and brings together the best practices on a worldwide business level; so we fully trusted that what came as a solution already solved the company's problems.</p>
<p>9 <i>Could you describe your overall experience with the implementation?</i></p>	<p>Well, our experience was good. We were quite well-organized for it. In fact, the implementation was carried out by designating key users by area. We positioned a COA to ensure the quality of the project, both to oversee and ensure implementation; we appointed two supervisors and project managers, one internal and one from the implementing company. We held weekly progress meetings, and every ten days we met with the COA for general review of the project. We placed a lot of emphasis on the company's strategy for implementation, with regard to considering the parameters and defining deliverables that would provide solutions upon implementation for the strategy, either as a report or function; and the results were within what was planned, considering that implementation of a system includes all the departments of a company, this always has a considerable impact on the organization, but given the fact that we did a lot of project management work and we were very focused on anticipating problems, this was entirely successful for us.</p>



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<p>10 <i>What were the most critical challenges experienced during implementation? What problems were faced and how were they solved?</i></p>	<p>Well, the critical challenges were in the first stage, the general modeling of the system, its adaptation to the company's situation, given the fact that we had to identify key processes and then transfer them to the system; also accounting definitions, because they are the crucial stage and they are the most important challenge of this, because they form the heart of the system and the consequence of each transaction within SAP is the on-line accounting; therefore having a very well-defined accounting plan was our main concern. We also noted that the preparation and purging of massive inputs, the original data masters, was also something critical and relevant that at the beginning we didn't place a lot of importance on, but within the process itself we realized how important it was to define and control this aspect, because, when taking all the information from the old systems, we had problems, for example, in advertising, quality of information. For this, we had to assign people responsible for the information masters, because they had to standardize the information and lastly clean each information record so that everything loaded onto the system would be consistent. But using that strategy, we were able to move forward through those critical issues.</p>
<p>11 <i>How did users react to the new system?</i></p>	<p>Well, now the level of acceptance is complete, but, as with every change, in the beginning there was resistance to the change. So, we made a map of users disappointed with the system, and we invested additional time in training them, and simultaneously we involved these users more in the more successful processes to help them feel and see the advantages of the change. Also, during the training process, the users were quite secure, but during start-up there were some problems, as a result of the change and the pressure of daily work plus the entry, some activities were omitted, but with strong support from the implementation team, it was successfully overcome.</p>
<p>12 <i>Did implementation of SAP cause interruptions of your operations?</i></p>	<p>No, it didn't. And this is because, in the implementation process, we did advance work to replicate on a small scale, what could happen on start-up. So when we went live, there were no interruptions or stoppage in the work of the organization.</p>
<p>13 <i>Could you please discuss your experience with SAP's Go Live?</i></p>	<p>Well, the Go Live experience was quite good. During the first days, there were no major problems. However, after a week, we discovered that some critical operations were not being done on-line and, when they were started, problems arose that the solution quickly handled; for example, all of a sudden there were purchases that reached the company, and we thought that they were being entered on-line, but this was entered the days after; this caused a bit of confusion in the beginning, because there was merchandise that apparently was physically there but had not been entered into the system; then we realized that there was a user that, because of the pressure and everything, had started, had forgotten to perform these activities, but this was handled quickly, and we had key users oversee the critical processes during the first three weeks to guarantee everything was done correctly.</p>



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<p>14 <i>Knowing what you know now, what do you think worked well and what would you recommend to someone who is beginning a project?</i></p>	<p>Well, clearly what worked well was the project management, that is, you have to manage the project well both when planning it and when implementing it. That is why it is essential to clarify the company's internal processes. So the recommendation, before even beginning, is to become familiar with the company's processes by involving key people in the organization to review each process of the organization, because many times we have too much confidence in knowing the operating processes; that is why it is important as part of the big change to initiate a reconnaissance period on how the company works, how they actually perform operating tasks, identifying not only the processes, but also the critical users on which we need to act. In this case, we dedicated 50 percent of the key users' time to tackling the project, giving time to the processes so that they could review it and know what was happening in detail in each area. We planned their respective replacements in advance in case there was additional work, and the personnel involved when selecting it of course have to be key users in each area who clearly know the current processes and who may be used in the start-up as the first line of defense against problems in the area, to be able to anticipate this situation. Now, in order to be able to administer all this, we work with Microsoft Sharepoint, which is a document management and collaborative work solution and for assigning meetings, agendas, responsibilities, timeline planning, in order to be able to have the pulse of the project, whether tasks are being performed, in order to successfully reach start-up.</p>
<p>15 <i>What measurable return on investment have you gained from implementation of SAP?</i> <i>or</i> <i>What business benefits have you received from this implementation?</i></p>	<p>Well, I think that the most tangible benefits of implementation, at present, are the quality and availability of information. In fact, information is now being used to improve and optimize processes; it is allowing us to more effectively manage and control our inventories and the best thing, the system is improving our customer relations, which is our main focus of attention, given our company vision. When we have defined a balance scorecard where there is KBI for each area, information now flows much more smoothly, we have a better view of what is happening in the organization, so clearly we are faster at making decisions within the company and making decisions more effectively.</p>
<p>16 <i>Have you received any benefits that you hadn't considered before the selection process and implementation?</i></p>	<p>Yes, with SAP, we have noticed an improvement in collaborative work in the system. Since information is entered only once, it is immediately available and integrated throughout the entire organization, which has resulted in increasingly demand for reports that allow us to be more flexible and allow us to make more intelligent operating and strategic decisions.</p>



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17 <i>Do you plan to implement any other SAP solution and why?</i>	Well, what we are planning to do in the medium term is to implement SAP Business One in our operations in Colombia, Venezuela and possibly Mexico. Because SAP is a World Class system, it will allow us to duplicate what we have here in other countries where we are already making inroads and have a presence.
18 <i>How would you describe your overall experience with SAP?</i>	Well, excellent. We have had excellent support from SAP Chile, in addition to being our partner in implementation. So our experience has been very gratifying. Of course, at the beginning, when we had just started, we experienced a lot of stress, because we were changing to a new system, but now we are beginning to really enjoy SAP.
19 <i>Could you describe your experience with the support you received after implementation?</i>	Top-drawer. It gives us peace of mind that we can have a good technological partner, because this allows us to concentrate on our business. We have had random difficulties, where all of a sudden we forgot to perform some operations and through the partner that SAP provided, we have had very good response time through the senior consultants especially as a result of the consulting by Ingrid, who was the head of the Quintec program, who has helped us solve difficulties quite well and in quite a short time.
20 <i>How would you respond to someone who claims that SAP is only for large companies?</i>	Well, in my opinion, SAP Business One can be applied to any company, be it small or medium sized, because the product, its parameterization, and its cost I believe to be within reach of any type of company, not only for large companies.
21 <i>Are you satisfied with your choice of the SAP solution?</i>	Yes. So far I'm quite satisfied. The main problems of stability, support and effort have been completely handled by the solution. There is peace of mind among management, because the information is being handled acceptably, processes have been clarified, we are more efficient, so we are completely satisfied with what we did.
22 <i>Would you like to add anything? Did I forget anything you consider important that other companies should know before acquiring an SAP solution?</i>	Well of course, the implementation of these solutions is clearly not a computer project. They are company projects. So it is vital for any company considering acquiring an SAP solution or something like it to bear in mind that you have to have the support of general management and the participatory commitment of management as a whole in order to ensure the success of the project. Also, the assigned project head must be a methodical and orderly person with enough authority from general management to align the team members in the necessary work. If these considerations are taken into account, there will be no difficulties with startup.



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<p>23 <i>Is there any area where you would like SAP to improve?</i></p>	<p>I would just recommend that you improve the software at the NRP level, and as a company we really miss the plant management capability of the system. Anyway, this has led us to be able to develop various reports within SAP, which has also given us a lot of peace of mind to tackle our problems; but I find everything else to be outstanding.</p>
<p>24 <i>Would you recommend SAP and its solutions? Why or why not?</i></p>	<p>Yes, I would recommend SAP and its solutions to other customers, because it is an investment that unquestionably gives a return, and the most satisfied people would be top management and owners, but of course it is necessary to be very well prepared for implementation. The reason for this is clearly because when implementing SAP, you need to know what is happening in the company and you can effectively control the business processes and make timely strategic decisions.</p>
<p>25 <i>To conclude this interview, please briefly discuss the greatest challenges or problems you faced before implementing SAP Business One and the biggest differences that implementation has brought to your business.</i></p>	<p>Well, before SAP, the company invested so much time in preparing reports that when they were complete they were hardly useful for making decisions; they were obsolete; there were parallel systems that did not communicate with each other; there were islands of information and it was very difficult to extract information or to align the organization around the strategy. Since SAP, we have been able to end this problem. Now the information is available in our organization, we know what is happening in each area, we can anticipate any potential problems far in advance; it has greatly improved our customer relations, and it allows us to focus and concentrate on our business and leave the technological problems for those who know, who really are familiar with those areas.</p>