



Gustavo Villarreal
General Manager
Materiales Jalisco
 Last Updated: September 25, 2007

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Topic	Response
1 <i>Hello, today, I have with me Gustavo Villarreal, the Manager of Materiales Jalisco. Could you tell us a little about your company?</i>	Materiales Jalisco is a group of three companies, and the three are basically focused on the supply of materials for the construction industry, mainly powders, cements, adhesives, although we have also made inroads with other products. At present, we are one of the three largest distributors of cements in the western part of the country; we have 45 employees, and we are located in Guadalajara, Jalisco. From here we serve more or less three states from our five stores.
2 <i>What were the business' main goals and challenges that led Materiales Jalisco to look for a new application solution like SAP Business One?</i>	Starting 2005, we began an expansion plan. This business has been in the market for 35 years. We had two stores and we wanted to grow, but it was not possible with the software we had at that time because it didn't give us the tools we needed to connect the branches with each other or get more detailed information. That is why we thought about switching to software that would give us more tools.
3 <i>Could you tell about your original information technology environment and how that environment may have affected your ability to reach your sales goals?</i>	Basically, the software we had was already quite old – it focused only on the accounting area. Because we were unable to link the branches to each other, we had to carry information back and forth on discs from one branch to the other, which made the closing procedures quite a hassle, in addition to the fact that the information was not up-to-date. We never knew what was going on at the branch until after the close of the month, so this didn't let us grow in an orderly manner.
4 <i>What were the key objectives that you wanted to reach with a new solution?</i>	We were basically working on the timeliness of the information, on the accuracy of the information, and on the capacity for analyzing that information. Those would be the three most important points.
5 <i>Could you tell us about your process of selecting providers?</i>	Although the process had already started when I joined the company, basically we first looked at the companies that were worldwide leaders in the field. We, I mean, if we are thinking about growing, we decided to go with the most solid companies, which we did not have before, second, we interviewed different providers to see their different proposals, not only with respect to costs, but with respect to whether they would meet a series of requirements that we had determined according to the needs we thought we would have, and based on that we made a decision.
6 <i>What were your key selection criteria for providers and solutions?</i>	Well first reliability; it should be, as we have already said, a reliable company, there should be support and backing from a known brand name, proven capacity and above all possibilities for expansion that we had with respect to whether it could grow or whether they could give support as we were growing.
7 <i>Once your selection plan was established, the time came to begin the evaluations. Could you tell us about the solution evaluation process?</i>	Here we called in the providers, basically Oracle and SAP Business One, from the interview they presented, each made its proposal, we made a... well we had previously established what we needed and they gave us a presentation about what their software could do. At that stage, we felt that SAP could meet most of the requirements we had set forth, not all, but many more than Oracle.



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<p>8 <i>What specific factor led you to select the SAP Business One solution over other competitive solutions?</i></p>	<p>Well, being able to have the information in real time, we were being supported by Citrix to be able to have our branches on line, and well, with SAP, we can have, I mean, in addition to all the accounting information, we can have detailed information about what is happening by vendor, by truck, by branch. Something that made us doubt a little was, well, the fact that in reality there are very few suppliers of SAP here in the area, and being dependent on one supplier; but basically this is compensated a lot by the trust we have in SAP, by its experience in managing large companies.</p>
<p>9 <i>Can you describe your overall implementation experience?</i></p>	<p>We divided up the basic implementation by modules, the accounting area of everything that is invoicing and collection, the critical part, in that part we had about six months for us to have it working perfectly, and we had a preliminary planning phase of about six to eight months. As I was saying, this part in general was difficult, and I think basically because we tried to not necessarily - how do you say - we tried to put previous invoice balances on SAP individually, and that complicated the upload a lot for us.</p>
<p>10 <i>What were the most critical challenges of implementation? What problems did you have to face and how were they handled?</i></p>	<p>Yes, mainly what I was saying. The uploading of the pending invoice balances for the prior year had to be done manually, it could not be directly migrated. SAP consultants recommended uploading them as initial balances, but this would have complicated our collection process. So this information was not, it was very tedious uploading the information and there were several errors and then I think that this was what most slowed down the SAP startup. Finally, at one company, we transferred just the balances and it worked much better.</p>
<p>11 <i>Did the SAP implementation disturb your operations?</i></p>	<p>Well in this part, we had two parts, two areas that made noise, one was with the tax auditors' part, they did come up with a lot of problems, because they were used to receiving the reports in a pre-established format from the previous software, and with SAP they looked different; then there was a series of meetings to convince them that the information that they needed was in the reports that we were giving them; that was one area that made a lot of noise, and the other, like I said, was accounts payable control, that did cause a lot of problems.</p>
<p>12 <i>Can you tell us about your experience changing to active status?</i></p>	<p>Well here what we ended up doing, I mean, was a six-month process to get totally reliable information; we ran the previous software and SAP simultaneously for one month at one of the stores, which helped us a lot; I mean, it's a lot of work, but finally it gave us security, peace of mind that we were then working with reliable information. I think that was the most... it is very demanding for everyone, it stresses the organization, but in the end after that six-month process, we were, I feel, doing much better.</p>



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<p>13 <i>Knowing what you know now, what worked well and what would you recommend to someone initiating the project?</i></p>	<p>Well, the first thing I would recommend is to trust the experience of the SAP consultants. You quickly get stubborn - wanting to do things your way - and it complicates things. Working initially - as we did - in parallel with the prior software to ensure reliability of the information and so on. Here, a good thing would be to try to have the implementation period at a time when the accounting department has less work. And lastly, first ensure the critical areas do not all start the modules at the same time, but maybe with two or three modules.</p>
<p>14 <i>How would you describe your overall experience with SAP?</i></p>	<p>Well I can say that it was pretty hard. It did cost us work, but like every change in the organization and definitely advisable in the mid term, at the end of a year, the difference is starting to be noticed, and starting the second year we have had SAP, we are now beginning to have enough very reliable information to be able to work on budgets and all those things we couldn't do before.</p>
<p>15 <i>How quickly could your users learn to properly use Business One and how did they react to the new system?</i></p>	<p>The basic processes, meaning getting invoices, payments, etc., relatively quickly, I can say that they were probably mastering them in two weeks; other areas, for example, like managing warehouses, here we manage many warehouses, did create more problems for us. And lastly, I would say, I think that we are still in a learning process, there are still reports that people are not mastering. Here I should explain that we had software that was so old that the system change was something, there was - how do you say it - a very wide technological gap, so it did take a lot of work for people. There was a lot of resistance to the change, but I can say that now seeing it from this point, a year and a half, two years later, people are much happier and we have much more information available.</p>
<p>16 <i>What measurable return on your investment did you obtain by implementing the SAP solution, and how long did it take after implementation for you to begin to obtain these benefits? In other words, what important commercial benefits has Materiales Jalisco obtained as the result of its implementation, and how long did it take after implementation for you to begin to obtain these benefits?</i></p>	<p>Regarding the first part, it is very hard to talk about a return on the investment, because I don't have a good idea of what actual savings we have made by having SAP. It is very difficult to compare my previous software, because the other software really didn't cost me anything, maintenance was extremely low, because it was already very well mastered, but the truth is that I couldn't use it for what I hoped. On the other hand, the main benefits that we see is the decision-making; with the information we have in SAP, we can quickly determine margins and prices, we can control prices at which vendors sell our products. This was something we couldn't do before or not as fast as we would have liked. Moreover, it lets us quickly detect any error in invoicing, prices, etc. This is the type of thing we couldn't do with the previous software, and, because we are in a price market that changes each day, it is very important to be able to have this type of controls, isn't it? It is not a fixed price market, but we have to be giving quotes on almost a daily basis or even several times a day, so this information has enabled us to make decisions and get jobs we couldn't have gotten before or we got with the wrong prices.</p>



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17 <i>Did you obtain any benefit that you had not anticipated when you initially formulated your selection plan?</i>	Yes. Something that surprised me is the commitment of the people who are helping us at SAP and the service. We had the case of a report that with the version change had become configured improperly, and the people here were able to get SAP to provide us with a relatively quick solution, it took a couple of months, but the report ended up quite well, and it was a matter of making just one call, we didn't have to keep after them, that was very striking to me.
18 <i>If you look at the total cost of implementing SAP Business One, how does it compare to the total cost associated with your old system?</i>	As I was saying, there is no comparison. The old system cost me practically nothing, but it wasn't worth anything to me, so there is no point of comparison.
19 <i>Do you have plans to implement additional SAP solutions and why?</i>	No, not for the time being, because there are still SAP Business One modules that I'm not using, and I prefer to focus on them. In fact, I have just hired a systems person just to make sure that I am getting the maximum benefit from what I have installed right now.
20 <i>Can you describe your experience with technical assistance in implementation after the time you went to active status?</i>	As I was saying, I think that it has been very good. They have even made us see things that we are not taking advantage of and how we can take advantage of them; the follow-up on problems is very good, with all the problems we have had, the answer is relatively quick and we don't have to keep after them; so I think that we are very happy. I was telling you about the sales report where we were able to find a solution that was even done through, as I understand it, a center in Spain with the help of a person in India and they did it all here directly without affecting my operations.
21 <i>How would you answer someone who says that SAP is only for large companies?</i>	Well I think that the problems of large and small companies are basically the same, aren't they? Thinking that SAP is just for large companies, I think we would have to associate it with the price rather than with the software capacity or the companies' needs, so if a company wants to grow, I think that it has to have the proper tools to do so.
22 <i>Are you satisfied with your choice of the SAP solution?</i>	Absolutely. I think that it has met all our expectations so far. I hope to be able to have it implemented in about two years. Right now, we are at about 80 or 90 percent of SAP capacity and I have not found any problem.
23 <i>Is there anything else that you would like to share, anything that I may have forgotten, but that would be important for other companies thinking about implementing SAP solutions to know?</i>	No, right now I can't think of anything.



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24 <i>Is there any area of the solution that you would like SAP to improve?</i>	No. Basically I think that everything works well. There are some limited reports, for example, getting into details, for example, setting columns, some screens that are not very user-friendly. There are financial statements, when you go down the columns, the titles get lost; there is no option, for example, that Excel or Word, well Excel, has to set the views or windows.
25 <i>Would you recommend SAP and the SAP solutions to other people, why or why not?</i>	I would recommend it and basically because the system has been tried and tested. I think that it is a very well-established system that has few problems. It is very reliable, it hasn't crashed on us, we haven't had any problems, although there are some areas that haven't been thoroughly explored, such as certain areas where it involves more... such as the sales reports areas, since not many people are using them, so they are a bit of a problem.
26 <i>To conclude this interview, briefly sum up the biggest challenges or problems that you faced before implementing Business One and the key differences that SAP Business One has meant for your business.</i>	I think the biggest problems had to do with people's resistance to change, convincing people to make an effort to change culture is probably the biggest problem. Implementation, being able to plan what the needs are and the dialog with the consultants, I think that it can be problematic, because I think that you visualize things one way and probably SAP does offer them, but offers them differently from how you want them. I think that all that will finally be solved little by little - it isn't a quick change. The biggest problem we had was that expectations were being met not as fast as we had thought; when you start a change like this, you have to be ready for a long haul, and everything is different. I think that the fact that we could grow was the difference. If right now we have five stores, with the previous system, we couldn't have managed five stores with the certainty that the information is correct and on time.