



# Natural Ferma optimizes business processes with SAP Business One

**Client:** Vitall SRL

**Industry:** Compound feed production/  
Poultry slaughter

**Solution:** SAP Business One

**Partner:** System Innovation Romania

**Number of employees:** 300

**Users:** 22

## Criteria for choosing SAP Business One

- best value for money
- extended standard functionalities
- flexibility in terms of customization
- implementation team with an analytic approach
- BI analysis packages
- investment that adds value to the company
- integrated system capable of supporting medium and long term company development

## Benefits:

- Full traceability of information and control over different activities across the company
- Improvement of decision-making by quick access to information, reports and analysis
- 80% reduction in production line shutdowns by ensuring continuity in procurement
- Increase in production cost transparency and reduction in miscalculations
- Smooth operation and increased productivity
- Secure access to information according to job description
- Reliable system allowing company growth and process changes

Present on the market since 2007, the „Natural Ferma” feed brand owned by Vitall has quickly become the main choice for small and medium farms due to the diversity of its products, as well as its quality ingredients. The Company opened their first compound feed factory in Coşoveni, Dolj County in 2013, as a first step in an intensive expansion process - new poultry farms and a slaughterhouse opened in Vulcan (Braşov) and Crevedia (Dâmboviţa), allowing the company to grow to over 300 employees. The Company produces over 100,000 tons of compound feed for poultry, sheep, and pig farms. There is a wide range of feed recipes, as well as packaging, and 99% of their composition is made up of organic ingredients, groats and cereals. Vitall's customer base includes both farmers, of which 75% are poultry farms, and distributors. As of 2017, the Company has expanded into a new market, poultry slaughter, under the „Avicola Crevedia” brand.

## Initial Situation

Initially, Vitall used a simple and local information system for managing their business, which only covered basic financial and accounting functionalities. The company's requirements increased considerably following the expansion of their business and the development of complex production facilities in 2013. The existing system did not allow work flow management, nor a coherent management of multiple branch-

es. The solution did not provide Business Intelligence functionalities, and the reports delivered did not have a comprehensive analysis and were difficult to adapt to the changes in the legal requirements.

*„The business has been extending quickly since 2013, and the previous financial management solution used could not sustain the company's rapid growth. We realized that company growth was not possible without a high performance system and, therefore, in 2015 we decided to purchase an ERP. Our goals were to reach a high level of operational efficiency by real-time access to data, automatic reading of the production line data, and a wide scope for analysis. Moreover, we wanted to customize the flow of information according to user profile, to eliminate redundant entries and inefficient manual operations, and to be able to quickly obtain analyses by profit and loss centers”,* said Mihaela Iovan, Chief Financial Officer at Vitall.

## Choosing a Solution

Vitall chose System Innovation Romania and SAP Business One, an ERP for small and medium enterprises. *“We were looking for an integrated solution that would provide us with the best value for money, and a team of consultants who would have a good understanding of the specific nature of the business conducted by Vitall SRL. The offer made by System Innovation Ro-*





*mania was the best suited, and the verified references convinced us that it was the best choice for us”, Mihaela Iovan also said.*

## Project Implementation

The project started in November 2015 with an analysis session attended by key users from all departments. The project team gathered all requirements in a Business Blueprint Document and mapped the different business processes into the system. Vitall implemented the following modules: Procurement, Sales, Fixed Assets, Inventory, Financial and Accounting, Production, Human Resources Management. The system was adapted and configured to allow the management of specific aspects of the compound feed production business. Following a structured end user training, Vitall started using SAP Business One on the 1st of March 2016,. In addition, progress has been made in terms of integrating the SAP Business One solution with the applications used in the factories owned by Vitall SRL. The export of production recipe details from SAP Business One and the automatic reading of actual consumption from factory equipment was implemented in Cosoveni factory.

## Modules and Key Functionalities

The solution proposed by System Innovation Romania satisfied Vitall’s requirements for management of specific flows related to: transfer of stocks between business units,

reading of data from production line applications, production runs, import of specific recipes, item and partner lists, compliance with the APIA reporting requirements. The SAP Business One standard solution was extended by other products developed by System Innovation Romania, bringing significant added value to the internal processes: BI QlikView analysis packages and Banking Integration AddOn. A range of different integrations will be implemented in the near future (e.g. integrations with scales) and applications, such as Web-Sales Management System for customer orders.

The Financial and Accounting module enables an analysis by multiple cost centers and provides real-time reports and cash flow analysis. Stock movements are posted into the system in real time by managers in accordance with their respective roles, and the solution automatically generates the related documents. Transport costs are automatically added to raw material costs in order to determine the actual production cost. The Financial Department enters supplier invoices and generates customer invoices based on the documents posted by managers, and thus the generation time of such documents decreases. Stocks are recorded by lots, with expiry dates and other specific information (additives, inclusion rate, enzymes), for both raw materials, and finished products. The solution allows procurement planning according to: sale orders, minimum stock, supplier procurement parameters (minimum order quantity, multiple order quantity, delivery time), and production recipes.

SAP Business One automatically manages production costs taking into account all deviations from the standard recipe, directly reading consumption from production lines, and thus the margin of error is minimum. In poultry farms, production takes longer time, all costs incurred during the growth period are recorded (feed, water, medicine, other costs), and then the cost per bird/kg is determined.

*“Our collaboration with System Innovation Romania was very efficient, as their consultants understood Vitall’s business processes and were able to align the system to meet these requirements . Furthermore, SAP Business One is a very flexible solution, which enabled a customized configuration to match specific company needs”, Mihaela Iovan believes.*

## Benefits

The main benefits in implementing SAP Business One are the total traceability of information, its quick transformation into support for business decision making. At present, the management team has strong business control and monitoring tools, as well as an efficient reporting system necessary for making quick decisions in a dynamic company. The data processed by the information system are real, not estimated, and the recording of costs by line of business is complete. Moreover, there is no more redundant data entry, which has led to a considerable drop in the number of operational errors. The 22 users have access rights in accordance with their job roles, and their work is more efficient.



*„I estimate that the investment in SAP Business One will be recovered in one to two years. However, the most important benefit for us is the control gained and Vitall's development perspectives with the help of SAP Business One and the consultancy team of System Innovation Romania”*

**Mihaela Iovan, Chief Financial Officer at Vitall**

*“The time saved and working together are the most relevant benefits. /we used to work separately, with no integration and no exchange of information. SAP Business One solution that brings all departments together, eliminates redundant data entry, and makes information available to everyone”,* Mihaela Iovan also stated.

**Improvement of decision-making support by quick access to information, reports and analysis.** Vitall carefully analyses the indicators of profitability for various categories of products and activities, working capital, days payable outstanding and days sales outstanding, and debit and credit balances. This visibility helps reducing risks and taking the best decisions. With the previous solution, the Financial Department was under great pressure to collect such information, and the necessary workload was very high. Moreover, there was a constant risk of errors in data handling.

**80% reduction in production line shutdowns due to lack of raw materials.** As the previous information system did not allow strict monitoring of the synchronization between production and procurement, Vitall had to deal with frequent shutdown of the production lines due to lack of raw materials. In SAP Business One, the production system is directly related to stocks, and these are automatically refilled according to the ongoing orders. *“Thanks to*

*a maximum stock visibility and the application notifying users when stocks reach the critical threshold, out-of-stock situations have been considerably reduced and, therefore, there has been an 80% reduction in the shutdowns of production processes after the implementation of SAP Business One”,* Mihaela Iovan declared.

**Increase in production cost transparency and reduction in miscalculations.** With the help of SAP Business One, Vitall manages production on a real basis. Miscalculation of production costs is minimal, which helps with the real monitoring of the gross margin and profitability for multiple categories. The correction of the standard cost was done manually, in Excel, thus generating much higher differences. The Financial Department had to spend 1-2 days to obtain a report, which is now instantly available in SAP Business One.

**Full traceability of information.** Vitall's business has been very much simplified in terms of auditing the system. Now it is easy to identify who updated specific information into the system, flows are easy to monitor, and there is a full traceability process. The Financial Department is able to directly set up budgets, profit and loss centers for each line of business, projects, which enables a separation of costs and a more efficient management. The financial standing audit and reporting to banking in-

stitutions have been simplified significantly.

**Smooth operation and increased productivity.** The implementation of SAP Business One has reduced the operational effort of recording stock-related transactions. It also allowed factory employees to focus more on production processes, by automatically reading actual consumption directly from the production lines, thus eliminating any effort and potential manual input errors. The system makes it possible for the Commercial Department to receive customer orders online and to automatically send the related documents. The increased productivity is also clearly visible within the Financial Department where a big part of the activity was previously dedicated to producing management reports and accounts.

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