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Success Story Mid-Market Solutions

PUNCHING ABOVE THEIR WEIGHT:

HOW HP & SAP ARE HELPING OXFORD CHEMICALS TO SUCCEED IN A LARGE, COMPETITIVE MARKET

How does the Burger King Whopper acquire its famous flame-grilled taste? Or Estée Lauder get that Beautiful fragrance just right?

You may like to think that it's that authentic barbecue tang / essence of rose petals but, in reality, it's a mixture of chemical compounds. Not as appetising or romantic, granted, but clever enough to make us swallow the marketing vision whole.

When you look at the wide range of companies who need this type of service, it's clear that this market, Flavours & Fragrances, that most of us are blissfully unaware of, is actually huge – around \$12bn. IFF (International Flavours and Fragrances Inc.) for example is a \$2.5bn company listed on the NYSE, but very few of us have ever heard of it.

As with all industries, at the other end of the spectrum are the smaller, ambitious, specialist firms looking to make a real impact on the market. And, given the sheer size and competitive nature of the Flavours & Fragrances chemicals sector, it presents a huge challenge, but with equally sizeable rewards.

UK based Oxford Chemicals Limited, a key manufacturer of aroma chemicals for the F&F industry, employing over 90 staff, has experienced an impressive growth rate over the last few years. For Dr Richard Smith, the managing director, the pressures of a growing business with increasing global requirements from customers, such as Nestlé, Givaudan and IFF, has meant fundamental decisions have to be made, to ensure the future growth planned for the company can be realised.

Whilst he felt that the company was well-drilled and successful, the leap in growth had brought with it a realisation that its underlying systems were no longer up to the task, and were beginning to hinder progress. This was particularly obvious with regard to the company's Enterprise Resource Planning (ERP) solution, which supported many of the company's most important processes, from production planning to distribution. As Smith explains:

"We'd been using our existing system for a number of years, but it was becoming increasingly obvious that we'd outgrown it. Getting at



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information was proving to be a chore. It just wasn't delivering the speed and accuracy we required to make the jump to the next level. As an ambitious organisation, I felt we had to act fast."

Added to this, the company needed to cope with the demands of globalisation - multinational companies were increasingly demanding global partners. For a smaller organisation without the points of presence and funds to set up across multiple markets, a solution needed to be found quickly to keep current partners happy and capitalise on the inflexibility of competitors. In essence, Oxford Chemicals needed to punch above its weight.

To address this, Smith put in place aggressive plans. Any solution had to cater for present and future needs, be easily adopted by the user base and - perhaps most dauntingly - be up and running within twelve weeks. When you consider that an implementation of this type would, for a large organisation, cost millions of pounds and take years to complete, the extent of Oxford's ambitions becomes clear.

From the start, it was clear that the likely solution would be a migration to mySAP.com, the e-business platform from SAP. When this was evaluated against other offerings, from players such as Baan and Movex, the decision became more obvious. Whilst better known as the leader in the large enterprise space, Smith was impressed by the company's Mid-Market offering and saw several key advantages to the solution:

"As well as addressing the shortfalls of the existing software, it was also apparent that SAP was considered industry standard in the chemical sector. This would offer compatibility with our main partners, which is key to our future e-business and collaborative plans. Added to this, we saw the company as a stable, successful company which would be around to support us well into the future."

After thorough planning, the SAP system was installed in a deal worth £200,000. The environment was to run on HP Netservers, and be put in place by specialist SAP Solution Provider, Plaut Consulting. The SAP solutions initially selected were designed to address certain key areas of the business: production planning, materials management, distribution, finance and fixed assets. This was to provide the company with a strong platform on which to base its core processes.

The migration itself went relatively smoothly technology-wise, and go-live went ahead as scheduled, bang on target, with Oxford taking orders on the same day. All well and good - but to say the transition was seamless would be an exaggeration. As with any project of this speed and magnitude, the most difficult challenge to overcome is change itself: the way in which new technology is accepted culturally and operationally into the organisation.

"I have to admit that we went through the pain barrier. Some departments were extremely enthusiastic, but not everybody in the organisation took to the solution straight away. At the time we thought we may have been too ambitious, but with intensive training and tailored, dedicated support we ironed out a number of the issues extremely quickly", explained Smith.

Some departments, such as customer services, needed a more detailed change management plan to get them used to new ways of working. What made this process easier, however, was the fact that, once issues began to be resolved, the benefits soon became apparent to the users.

For a start, the reliability and accuracy of the data was way ahead of the existing system. This meant that Oxford Chemicals could access and interpret data better and faster - detailed reports could be produced in half the time previously taken. The company could therefore get a far better steer on areas such as profitability, planning and problem tracking/resolution.

Implementing SAP on HP Netservers has brought the company complete visibility across their operations. "Now, in real time, we know which customers have purchased which products and when. This enables us to plan and control our business in a more effective manner, and gives us greater flexibility and improved decision-making."

Added to this, trends and changes could be picked out much more easily, allowing more targeted marketing and keener pricing to be undertaken.

Overall, Smith sees the ability to work and react faster as the key current benefit of the mySAP solution. But perhaps its biggest impact is still yet to be realised. As Smith explains:

"The prime reason for making the leap to SAP wasn't to be prepared for the future, but to seize it by being innovative and obtaining a real first mover advantage. E-commerce is just beginning to take off in our sector, and the new infrastructure will allow us to be at the forefront of this. As a large number of our trading partners both suppliers and customers also use SAP, there's a real possibility that we can not only reduce transactional and administrative costs but actually strengthen our business relationships through future collaboration."

"If I was to sum up what the project meant to us, it would be: 'some pain, but worth the gain'. What we've now got is a platform which not only allows us to work extremely efficiently and effectively, but also provides a strong base upon which we can really build. And as it's SAP, it has the strength of an enterprise solution with the speed and flexibility that a mid-sized company requires."