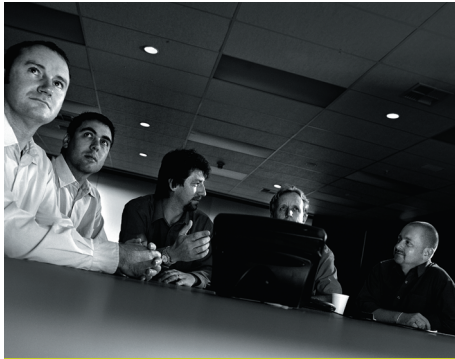


CASE STUDY: *Innovative Supply Chain Solution at Sancell*



“One of the directors said to me ‘An SAP go-live on time and this smooth is unheard of’.”

John Carnaby, Sancell Company Secretary.

Oxygen shares the risk at Sancell with innovative supply chain solution

By combining an innovative, risk-sharing SAP implementation with the adoption of supply chain best practice, Oxygen Business Solutions has boosted the bottom line for Sancell. Sancell is the manufacturer and marketer of the Libra brand feminine hygiene products, and Tena brand sanitary products throughout the Australasian region.

Oxygen’s supply chain solution has halved Sancell’s required working capital, reduced materials purchasing costs by \$600,000 per year, and saved \$200,000 a year in pallet handling. Inventory is set to decrease, and additional cost savings realised on material purchasing. Sancell expects to completely eliminate air freight costs and stock obsolescence, and to cut the unit cost of goods sold.

Working to a fixed price contract, Oxygen implemented SAP’s Sales & Distribution, Production, Purchasing, Inventory Management, Finance, Costing, Profitability Analysis, Fixed Assets and Warehouse Management modules.

Throughout the implementation, Sancell’s customers continued to place their orders in the usual way, with no disruption of service.

Prior to implementation, Oxygen configured each module to fit blueprints complying with MRP II, the world’s most sophisticated manufacturing resource planning theory. The SAP go-live took Sancell closer to its goal of MRP II certification.

The project was delivered on time and on budget, in a go-live so smooth it drew attention and favourable comment from Sancell’s Board.

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The Business Challenge

- Sancell's three month lead times meant any inaccuracy in production planning cost it dearly.
- The company was incurring large air freight costs as it tried to speed up production to meet with unforeseen demand.
- Over production occasionally resulted in stock obsolescence.

The Oxygen Solution

- Innovative fixed price implementation. If the go-live date slipped – and the scope remained the same – any extra cost would be split 50/50 between Oxygen and Sancell.
- Oxygen configured and implemented SAP's Sales & Distribution, Production, Purchasing, Inventory Management, Finance, Costing, Profitability Analysis, Fixed Assets Warehouse Management modules.
- Oxygen configured each module to fit blueprints complying with MRP II, the world's most sophisticated Manufacturing Resource Planning theory.

- Project delivered on time and on budget.

Return on Investment

- Sancell's required working capital has decreased by 60%.
- Materials purchasing and handling costs have been cut by \$800,000 per year.
- Sancell expects that 95% customer satisfaction levels will lead to increased sales.
- The SAP project took Sancell close to its goal of MRP II certification. The company expects to cut the unit cost of goods sold, and to further decrease inventory and materials purchasing costs.
- No disruption to Sancell's customers.

"I can't fault the quality of Oxygen's technical design and input."

John Carnaby, Sancell Company Secretary.

Customer Profile:

Sancell

Annual Revenue: \$150 million

Business Profile: Australian-based Sancell manufactures and markets Libra brand feminine hygiene products, and Tena brand sanitary products throughout the Australasian region.

Key IT Suppliers: SAP, Microsoft, HP ERP System: SAP R3 and BW.

Number of Screens: 130