

**mySAP™ ERP  
Success Story  
Consumer Products Industry**

**"Our decision to use SAP has transformed the way we run our business and created a dynamic platform for our future growth and success."**

David Babbs  
General Manager, Administration Operations  
Kin Seng Group



## The Kin Seng Group

**With a fast-growing international business and a workforce of more than 2,000 staff in Hong Kong, Macau and Mainland China, the Kin Seng Group urgently needed a way to keep its operations agile, competitive and focused. Yet when it attempted an ERP deployment in the wrong ways, problems occurred. Undeterred, Kin Seng turned to SAP and discovered the true power of partnering with the world's leading ERP provider.**

### AT A GLANCE

#### Company name

The Kin Seng Group

#### Industry

Consumer products

#### Key Challenges

- Build a corporate-wide, integrated and scalable ERP system that enables global best practices and business processes to enhance competitiveness and drive business growth.

#### Implementation Partner

Compass Business Solutions Limited

#### Solution and Services

mySAP™ ERP Modules:

- Material Management (MM)
- Sales and Distribution (SD)
- Production Planning (PP)
- Financial and Controlling (FICO)

#### Existing Environment

- A local ERP solution with a mass of unconnected applications. Many bugs were found in the software.

#### Implementation Highlights

- A full-scale review of available software, including a bidding invitation to seven major ERP providers. Finally, mySAP™ ERP was chosen.
- Rapid deployment – Phase One of the project was successfully completed in just 4 months.

- Kin Seng's management team and employees proved themselves wholeheartedly committed to the project.

#### Key Benefits

- Cross-functional business processes and wide-ranging collaboration both within the company and with external third parties.
- Better control and management of business processes, including finance, human resources, procurement and logistics, product development, manufacturing, sales and customer service.
- Enhanced business transparency and real-time, online views of inventory order, production and financial statuses.
- Dynamic alignment of the company's operations to market demands, resulting in lower costs and increased revenue opportunities.
- Faster response to customers' needs and changes in the market, including a shortened production lead-time.

#### Hardware

- HP Integrity rx2620

#### Operating System

- HP Unix



Since its inception in 1987, the Kin Seng Group has been committed to providing a complete service to its customers using an innovative line-up of product solutions. These include one-stop service for electronic tooth brushes, electrical appliances, toys, health and beauty products and medical devices – from sourcing and product design to testing and manufacturing.

Kin Seng operates offices in Hong Kong and Macau to oversee customer services, purchasing, order processing, shipment, finance and IT support. It also has two well-established manufacturing plants in Southern China, with a combined workforce of more than 2,000 staff.

Since 2001, the group's business has grown rapidly, creating a critical need for a reliable, integrated, scalable business platform that's able to cope with continuous growth and changing business needs.

### **Enhancing competitiveness and driving growth**

To cope with its expanding business operations, Kin Seng was using a wide range of standalone, single-function systems scattered across multiple applications. Each department had its own systems and processes to manage documents, and record and store data.

Unfortunately, this ad hoc approach to IT management had led to extensive duplication of information and inconsistent record-keeping, which was also beginning to undermine the company's financial and production forecasts. "Our sales data was not in sync with factory production information," explained Mr. David Babbs, General Manager, Administration Operations, Kin Seng Group. "It was difficult for us to forecast what materials and labour would be required, or to control inventory levels. The disparate applications and the total disconnect between each department's system interfered with internal communications and led to poor decision-making, which greatly affected our market competitiveness."

At the same time, the company faced increasing pressure from customers who expected it to have a comprehensive management system for the entire supply chain – including high quality, accurate financial data and a real-time understanding of production issues.

"To maintain our market competitiveness and surmount the major obstacles faced during our growth, we knew that we needed a systematic, fully-integrated, corporate-wide ERP system," Mr. Babbs continued. "We needed constant access to the latest information about customers, production processes and distribution channels. Most importantly, we needed to provide prompt and accurate analysis of the company's profitability and financial situation."

### **Failure on the first attempt**

Four years earlier, Kin Seng had already started evaluating ERP systems, and had chosen a number of local solutions. Unfortunately, all these projects failed.

"Those projects went way over budget and still could not meet our requirements," said Mr. Babbs. "Those local ERP solutions vendors were unable to deliver what they committed to in their proposals. In fact, their solutions were so raw that we needed to go through a lengthy customization process, so that it took a long time even to test simple functions."

Yet the problems didn't end there. As Mr. Joe Chan, I.T. Manager, Kin Seng Group, describes, integrating the operations of each department proved impossible for these substandard ERP tools. "There were great risks involved in upgrading the system and linking it with other parts of the company and often different functions of the same application couldn't be linked together. This obstructed business flow so much that eventually the whole system became a mass of unconnected applications. We also found many bugs in the software, which the software vendor was unable to fix. There was simply no way to create a logical, reliable and integrated ERP infrastructure."

Not surprisingly, Kin Seng decided to discontinue the deployment and dumped the system. Thankfully, however, this disastrous experience hadn't undermined Kin Seng's confidence in ERP, but rather had shown it the importance of finding the right ERP vendor.

### Globally acclaimed ERP solutions by SAP

Hearing of Kin Seng's bad experiences, one of its customers referred the company to SAP. The customer explained to Kin Seng that it was using SAP systems and had found the applications to be both helpful and powerful.

This simple referral started a new round of ERP evaluations at Kin Seng. Understanding that an effective ERP system was crucial to its business growth, Kin Seng undertook a full-scale review and invited major ERP providers to participate in the evaluation process.

After one month of intensively studying the functions, support, continuity, scalability, technical expertise and references of each ERP provider, Kin Seng knew it had found the right ERP partner.

**"SAP's solutions stood out from the rest because of their exceptional reliability and powerful functionality. The company's well-established, highly scalable system modules and functions not only met all our current business needs, but also suited our future development. The fact that no customization was required was another key factor in choosing SAP, because this enabled us to control the implementation budget and schedule."**

Mr. Joe Chan, I.T. Manager,  
Kin Seng Group

"We offer 25 industry solutions that have been developed with intensive testing and evaluation, combined with more than 33 years' experience in implementing ERP systems," explained Mr. Lee Boon Lee, Chief Operating Officer, SAP North Asia, and President, SAP Hong Kong and Taiwan. "This wealth of expertise and experience enabled us to help Kin Seng create a highly reliable and stable system that follows industry best practices, just as we've done for our many other customers."

### A role for everyone in the successful deployment

To ensure a smooth migration, the deployment of Kin Seng's ERP system was divided into two phases. The company would implement SAP's modules including Material Management (MM), Sales and Distribution (SD), Production Planning (PP) and Financial and Controlling (FICO) modules. In the first phase, two subsidiaries would be implemented including factory in PRC and sourcing company in HK, while another PRC factory and two sales subsidiaries in HK would be implemented in the second phase.

With a thorough deployment plan and clear-cut methodology, the first phase was successfully completed in just four and a half months, and then we spent another 4 months to smooth out the operation. A hallmark of every SAP implementation is to generate support for the project across the whole company. During this period, Kin Seng's management team and employees proved themselves wholeheartedly committed to project planning, development, implementation and rollout. "Without the employees' active participation and feedback, this project would not have been so successful," added Mr. Babbs.



### **Best practices lead to heightened collaboration and transparency**

mySAP™ ERP is a world-class, integrated ERP solution that addresses the core business software requirements of thriving organizations around the world, no matter what their industry or business sector. Tightly integrated to optimize cross-functional business processes, it enables wide-ranging collaboration both within an organization and with external third parties.

**"With mySAP™ ERP, we can better control our assets and business processes. It effectively manages all our business processes, including finance, human resources, procurement and logistics, product development and manufacturing, as well as sales and customer services."**

David Babbs, General Manager, Administration Operations,  
Kin Seng Group



mySAP™ ERP has also helped Kin Seng achieve better business transparency and solve real-time business issues on an operational and strategic level. Today, mySAP™ ERP enables Kin Seng to sense and respond to market changes and continuously align its operations with market demands, thus reducing costs and increasing revenue opportunities.

"We are now responding to customers faster with shortened production lead-time, as well as providing real-time online views of inventory, order and production status," said Mr. Babbs. "Our internal communications have also greatly improved. Effective collaboration between departments has eliminated wastage, production delays and uninformed decision-making. Now we know why SAP is the most famous ERP system in the world! We sincerely believe the SAP system will be a powerful engine to accelerate our business growth."

Built on SAP NetWeaver – the SAP technology platform that reduces IT complexity while supporting scalability and growth – mySAP™ ERP also enables organizations to transition to a comprehensive global solution as necessary. Organizations can upgrade incrementally by simply adding solutions such as mySAP™ CRM, mySAP™ Supply Chain Management (mySAP™ SCM), mySAP™ Product Lifecycle Management (mySAP™ PLM), and mySAP™ SRM.

It's a world of business intelligence – the power of mySAP™ applications.

#### **SAP HONG KONG**

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