CIC: Digitally Transforming Operations to Increase

Efficiency and Insight Now and in the Future

(Reading time: approximately 4 ½ minutes)

A leader in air-conditioning and refrigeration systems for consumers and businesses, Concepcion Industrial Corporation (CIC) is dedicated to making life in the Philippines cooler. As the company continues to grow and add new products and services to its portfolio, it found that legacy IT systems could not keep pace. What CIC needed was a modern, intelligent ERP system that would streamline and standardize processes, harmonize data, and increase insight enterprise-wide. It chose SAP S/4HANA®.

Executive Overview

# Unifying Processes and Data to Optimize Operations with SAP S/4HANA®

## Before: Challenges and Opportunities

* Standardize processes, harmonize master data, and improve reporting across all departments to enhance shared services and increase enterprise insight
* Enhance current operations and support future growth and business model changes

## Why SAP

* SAP S/4HANA® to integrate systems, automate processes, and unify data in line with best practices
* Greater simplicity and usability made possible with the SAP Fiori® user experience
* Scalability and ease of integration that helps IT focus on innovation

## After: Value-Driven Results

* Streamlined auditing and enhanced profitability analysis
* More-accurate planning with clear visibility into materials and costs
* PO and invoice automation and visibility that speed fulfillment and vendor payments and improve cash flow
* Lower inventory levels and fewer stock-outs
* Faster sales-order creation, invoicing, and back-order processing – with fewer rejected orders
* Greater visibility into incentives, credits, and pricing – helping stop leakages and boost revenue

Objectives

# Combining Processes and Data on an Intelligent, Modern ERP System

For much of the year, beating the heat is top of mind in the Philippines. This is why residents and businesses around the country count on air-conditioning and refrigeration solutions from Concepcion Industrial Corporation (CIC). Founded nearly 60 years ago, CIC has grown into a market leader for cooling solutions, consumer appliances, and building and industrial solutions and services.

In addition to product innovation, CIC knows the importance of continually evolving its business model

to stay better connected with customers and meet their needs in a competitive market. To do this, it looked to integrate and standardize business processes, harmonize master data, and enhance reporting across all lines of business (LoBs).

The goal was to empower employees with the process automation, real-time data access, and deep business insight needed to make fast, effective decisions and keep the focus on customer-centered tasks.

From general business operations to finance, manufacturing, supply chain management, and sales, CIC needed a common IT infrastructure that could both support current operations and serve as a foundation to drive business, product, and technology innovation well into the future.

The ask? A next-generation, intelligent ERP system on which CIC could run, analyze, and scale every aspect of the business.

Solution

# Finding a Strong, Reliable, Long-Term Technology Partner and ERP System

When choosing a technology provider for its enterprise-wide digital transformation, CIC wanted a partner with experience, stability, and global leadership it could count on for the long haul. Therefore, it turned to SAP and SAP S/4HANA®.

SAP S/4HANA has the features and functionality CIC needed to unify financials and make procurement, warehousing, manufacturing, and sales more efficient by aligning them with built-in best-practice process standards. It also provides an array of integration and intelligent technology capabilities that will help the company quickly scale and innovate moving forward. Plus, the SAP Fiori® user experience enables greater ease of use and mobile capabilities that allow employees to work from anywhere – a particular advantage in the continually evolving hybrid work landscape.

Finally, SAP S/4HANA offers the reliability and infrastructure security CIC needed to help ensure back-office processes do not act as a roadblock to front-end operations. It also supports a shared-services framework, allowing cost-efficient resource sharing enterprise-wide.

Results

# Increasing Efficiency and Productivity Across Lines of Business

CIC is reaping the rewards of an intelligent, unified ERP system across all LoBs.

## Finance

In finance, instant data access and bank statement upload functionality are saving time and drastically simplifying reconciliation – cutting month-end closing time by 83%. Bulk uploading across cost centers speeds the booking of invoice vouchers and increases visibility across departments. Plus, automated, real-time reporting streamlines auditing and profitability analysis.

## Manufacturing

Harmonized data is also enhancing project management processes at CIC. Planning and forecasting are simpler and more accurate. Data can be automatically pulled into the planning system using sales codes – offering clear visibility into materials availability and costs. This includes real-time labor data, helping project managers optimize resources and lower labor costs.

## Procurement

PO and invoice automation, including mass uploads in payables booking, are streamlining procurement – increasing spend insight and improving cash flow. With one purchase requisition (PR) system instead of two, the lead time from PR to PO can be as fast as two days – down from as much as five days. And CIC now has visibility across the PO-to-pay process, with no data duplication or cross-referencing. On top of that, order fulfillment is faster and more efficient, and supplier relationships have improved by offering visibility and more-accurate payments.

## Inventory management

With complete, comprehensive, and flexible reporting, CIC is optimizing inventory management. The result is a significant reduction in days in inventory and stock-outs, helping eliminate work stoppages and speeding production. Digitalization of materials and delivery documentation are increasing visibility in the warehouse – helping improve inventory control and make the most of limited space. In fact, CIC is realizing the lowest raw material inventory levels it has seen in five years.

## Sales

Automation and unified master data are speeding sales-order creation, invoicing, and back-order processing – improving the efficiency of sales overall. Capturing more-detailed data on every order is improving the quotation process and helping reduce the number of rejected orders – resulting in happier, more satisfied customers. Also, by standardizing processes across distribution channels, sales teams have greater visibility into incentives, credits, pricing, and price controls – helping stop leakages and, ultimately, boosting revenue.

With SAP S/4HANA at its core, CIC has the harmonized data, continuous information flow, and deep analytics it needs to make better decisions. Process standardization and automation and anytime, anywhere system access are saving time and empowering employees to focus on value-adding tasks. Plus, the ease of integration and scalability means IT can keep the focus on new development and innovation that will help keep CIC competitive over the long term.