

The fine art of Meat Management for
“the fine art of meat”.

**Switzerland’s leading meat manufacturer,
Ernst Sutter AG, invests in SAP intelligence:
individually prepared and served by Softproviding.**

Think ahead. Go there.

An IT concept with bite.



Slaughtering

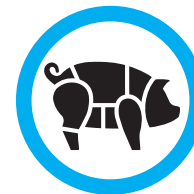
Seven production plants at various locations. Three delivery depots. Processing around 450,000 slaughtered animals every year. And the goal of developing a strong market position in Switzerland as well as expanding abroad: Ernst Sutter AG is pursuing a clear growth strategy in line with its slogan “the fine art of meat”. The fact that process efficiency plays a key role goes without saying.

With the reorientation of Ernst Sutter AG as part of the company’s integration into the fenaco-LANDI Group, the time was right to put the IT structure on a firm new footing. The aim was to standardize processes across the group and consequently organize them systematically: from the procurement market to the end consumer.

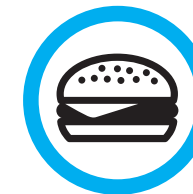
Ernst Sutter AG chose SAP ERP: enhanced with a number of industry-specific functions available from Meat Management by Softproviding.



Disassembly
Cattle



Disassembly
Pork



Further
Processing



Packaging



Picking

“The Softproviding project team understood our requirements and developed a SAP solution for us which we will be using for the next 15 years.”

Reto Sutter, Managing Director, Ernst Sutter AG

“Our joint efforts resulted in sustainable IT solutions. We found the project managers at Ernst Sutter AG to be competent partners who were always open to discussion.”

René Bärtschi, Project Manager, Softproviding AG

Company

Ernst Sutter AG

Headquarters

Freienbach, Switzerland

Industry, products, and services

Consumer products – food companies; meat and meat products

Revenue

SFr 585 million in 2012
(~US\$669 million)

Web site

www.ernstsutterag.com

SAP® solutions

SAP® ERP application

Partners

Softproviding AG, Plaut AG

More than just a business for discriminating gourmets

Ernst Sutter AG is one of the largest meat producers in Switzerland. Yet, when integrated into fenaco, a principal Swiss agricultural cooperative, it found its processes were no longer meaty enough: IT had to be adapted to the new structures. In a major project, the company upgraded its operations to the latest technologies. Based on the SAP® ERP application together with a special industry solution, the meat producer **revolutionized its business.**

As its slogan “the fine art of meat” implies, meat represents more to Ernst Sutter AG than just a business to satisfy discriminating gourmets. As a subsidiary of fenaco, Ernst Sutter AG is part of a cooperative that not only supplies farmers with the means of production but refines and markets their products as well.

Within the end-to-end market-to-market process, Ernst Sutter AG acts as a production hub. It operates three delivery depots and seven production facilities. One of them, Suttero Bazenheid, is one of

the largest and most modern processing centers for fresh meat in the country. Each year 300,000 hogs and 150,000 head of cattle are processed into delicacies here.

“We want to expand our market position in Switzerland and also boost our exports to our neighboring European countries,” says Managing Director Reto Sutter. A strategy like this demands a reliable foundation — and a powerful IT base is a fundamental component.



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One for all

By changing structures that had been in place for decades, Ernst Sutter AG's absorption into fenaco set the traditional company off in a new direction. The company's IT was also put to the test. After a detailed analysis, it became clear that the existing enterprise software could not meet future requirements. Crucial functions, such as automatic batch tracing, were lacking. Many new processes could not be integrated. What's more, a release upgrade was pending — which would have cost millions. New software was required. "It was the only way for us to keep up with market requirements and remain competitive," states Sutter.

With its new IT, Ernst Sutter AG wanted to create end-to-end process support at all its facilities and delivery depots, where previously each site had used its own partially customized software. The company also wanted to streamline its entire business by implementing groupwide standards that would speed up process flows from processing and packaging to sales. The team under Project Manager Walter Auer looked to the new software system to deliver numerous other benefits, especially in the controlling area. "A standardized profit center accounting application alone would save us a lot of work and tremendously improve reporting at the group level," confirms Auer.

"We wanted a solution that we could count on in the future too."

Reto Sutter, Managing Director, Ernst Sutter AG



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Crucial batch tracing: “from the pork to the fork”

In order to be able to replace the central IT systems for a complete group of companies smoothly, the entire team had to be optimally prepared. For Ernst Sutter AG, this began with an evaluation. Using proven methods, the team members conducted intensive comparison tests on a number of different enterprise resource planning (ERP) solutions. But there was always at least one “fly in the soup.” One software package didn’t support profit center accounting. With another, it wasn’t clear whether the performance would be high enough to support all the integrated plants. With yet another, the future of the vendor was uncertain. Only one solution met all the requirements

of Ernst Sutter AG: the SAP ERP application teamed up with MEAT MANAGEMENT software, an industry solution from SAP partner Softproviding AG.

“The batch tracing was the crucial factor for us,” says Auer. European Union Regulation 178 requires food producers to document the entire path a product takes — “from the pork to the fork.” The fully integrated SAP solution logs every station automatically, including delivery of livestock, processing, and distribution. Auditors can trace the path of a product at any time, and the employees can see quickly when a process isn’t going as planned.

“We have integrated our processes end to end, from the SAP software to the production equipment. This gives us more and better operational data and has improved transparency in all the organizational units.”

Thomas Aeschlimann, Head of Information and Communication Technology, Ernst Sutter AG



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A recipe for success

“An SAP software implementation is a business project, not an IT project,” points out Auer. In addition to its seven production plants, Ernst Sutter AG wanted to integrate its three delivery depots, whose organization and day-to-day business differ dramatically from the meat processing tasks at the production plants. The production plants are well staffed, and their industrial production follows an established procedure. In contrast, the delivery depots require flexibility, for example, to process short-term orders quickly with a limited number of employees. How could the company strike a balance between these requirements?

To achieve this, Auer involved employees from every Ernst Sutter AG company in the project in addition to external consultants from Softproviding and Plaut AG.

Change management was an especially important factor. In contrast to the legacy software, the SAP solution handles processes in a strict manner. An invoice cannot be generated until the information is complete, for example. “If you have processes that you’ve been using for years, you have to change your thought processes first,” says Auer.

The Reber plant in Langnau, Switzerland, was the first to implement the new software, and the experiences from this pilot project were highly transferrable to the other facilities. “That saved us a lot of time and minimized the risk of failure. After all, especially when working with fresh meats, we have to maintain our ability to deliver at all times without interrupting the cold chain,” explains Auer, referring to the criticality of maintaining its temperature-controlled supply chain.



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Only the best processes for the best ingredients

Today, Ernst Sutter AG has standardized processes at all its companies. Centralization in financial accounting and controlling lets the company consolidate its financial data much more quickly. "We now have all the data in one software system with a uniform data basis," praises Auer. "It is much easier to generate the financial statements, for example, and the results are always reliable and reproducible in detail at the touch of a button, for both costing and logistics."

MEAT MANAGEMENT, the industry solution from Softproviding, enhances the SAP ERP software with functions specific to the meat processing sector. One example is the reverse bill of material. In contrast to manufacturing companies, products in the meat industry are not put together from individual parts. Instead, one animal provides many different products. Extensive integration makes it possible to model this process directly in the SAP software.

The shop floor is also fully integrated. In addition to 270 touch-screen terminals, hundreds of label printers, scales, pricing lines, and handheld scanners are now integrated with the central software. Integration includes several high-rack storage systems and the automatic cutting facility at the new plant in Bazenheid, Switzerland. "These specialized systems work together seamlessly with the SAP solution. We did not have to develop any interfaces because we could use the connectors provided by SAP directly," summarizes Auer.



270

Touch-screen terminals
integrated



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Lean processes for fresh meats

“Our business just runs faster,” reflects Auer. Stock transfers, for example: Some deliveries ship directly from the production plant, some from other production plants, and others from the delivery depots. This generates heavy traffic between the facilities. However, intercompany processes are now controlled centrally, with diverse stand-alone solutions eliminated. IT has become more streamlined and the processes simpler. “We use end-to-end labels and the standard stock transfer processes in the SAP software. This has made it possible to automate goods issues and receipts between the plants,” observes Auer.

The trust of its customers has always been important to Ernst Sutter AG. This keeps the company managers

on the lookout for new methods to optimize quality management. The new solution helps here as well: It safeguards the exact inspection of each animal on delivery, with no detail overlooked. If a test result is missing, the software halts further processing automatically.

Shorter lead times and higher capacities are two further significant benefits. With SAP ERP and the MEAT MANAGEMENT solution, Ernst Sutter AG is ideally prepared to deal with stiffer requirements when the time comes. Another factor is also important to Auer: “Both solutions are enhanced on a regular basis. So our investment is safe in the long term. Let the future come!”

“I was very impressed by the extensive integration with the existing and new processes. We can adapt the software to changed circumstances at any time. There is virtually no limit to its extensibility.”

Markus Frey, Administrator of the SAP Software Module for Production Planning, Plant Manager of One Plant, Ernst Sutter AG



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Management



Shop Floor
Integration



Financials

Integrated Processes



Controlling



Product Safety



Reporting

The functions, specially developed for the meat industry by Meat Management by Softproviding, integrate perfectly into the world of SAP ERP. Softproviding's SAP-Endorsed Business Solution forms a solid platform for Ernst Sutter AG's dynamic growth.

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