

SUCCESS STORY



Medical and hygiene products | SAP rollout to China | Lohmann & Rauscher



SAP rollout at subsidiary in China – L&R consolidating SAP landscape

Lohmann & Rauscher (L&R), an internationally active supplier of medical and hygiene products and therapy and care systems, is consolidating its IT landscape with SAP ERP. The successful SAP rollout in the new sales company in China, L&R China Medical Products Co. Ltd., is another milestone toward achieving this consolidation goal. Intercompany processes between China and the headquarters run with IT support, with additional ORBIS solutions enabling local regulations to be complied with precisely in financial statements and billing.

SAP rollout at subsidiary in China – L&R consolidating SAP landscape

Lohmann & Rauscher International GmbH & Co. KG (L&R) successfully concluded its rollout of SAP ERP in the newly founded Chinese sales company within six months. With the SAP rollout in China, the internationally active supplier of medical and hygiene products and therapy and care systems has taken a further step toward consolidating and simplifying its IT landscape.

Lohmann & Rauscher

Head office: Rengsdorf (Germany) and Vienna (Austria)

Products: Medical and hygiene products

Group companies: 39

Production sites: 9

affiliated companies in 21 countries

Sales partners: more than 130 selected

Employees worldwide: more than 4,000

www.lohmann-rauscher.com

L&R has a global presence, which it is aiming to expand continuously as part of its strategy for growth. As a result, transparency in its business workflows and in the flow of data and values is an increasingly important factor in its ability to compete. With its 39 group companies and nine production sites, the company group is currently represented in all major markets. It is growing continuously as demand for its products and strategies continues to rise. In 2013 L&R increased its sales revenue to 530 million euros.

Unifying IT processes and SAP ERP

The continuous improvement of operational workflows is an important part of the company's business strategy, which aims to achieve sustainable growth. The group-wide optimization is the result of core processes being standardized across all sites, from sales to purchasing, from production and storage to reporting. The company group has relied on the tried-and-tested functions of the integrated SAP ERP business software for many years.

All the group companies worldwide are to be gradually combined via application to form one single instance under the umbrella of the SEP ERP platform. The SAP processes defined at the head office are to be established as a standard in all companies as part of a template-based approach. Twelve production sites and group companies are currently integrated in SAP ERP, including the recently added new sales subsidiary L&R China.

With the founding of L&R China, L&R is increasing its involvement in one of the largest growth markets. In China, healthcare is one of the largest sectors of the national economy. In 2012 China achieved a gross domestic product of over 8 trillion US dollars, with 13.4 billion attributable to medical products. The Chinese government's health reform, which started in 2009, prescribes an enormous expansion of the medical infrastructure – including the building of clinics and the training of care assistants for the elderly. For L&R, being involved in China is an important strategic move, enabling it to play a major role in sustainably improving local medical treatment with its innovative medical products, concepts, and therapy systems.

Laying the foundation for expansion in Asia

The SAP rollout in the Chinese subsidiary is providing numerous business benefits for L&R, such as transparent and largely automated intercompany workflows. As information on jobs, orders, material, and inventories is exclusively exchanged via the SAP software, internal ordering and calculation processes can be shortened.

This reduces process costs throughout the supply chain, while shortening delivery times. Equally, with the rollout of the ERP application in China L&R has set up a good foundation for exporting its hygiene and medical products to other countries in Asia.



Controlling business in China effectively

Financial and sales key figures are also maintained exclusively in SAP ERP in China, providing L&R with multiple further advantages. Management can access an overview of all major financial key figures on site, making it possible to control business development with even greater precision. The financial key figures of the Chinese subsidiary are also directly transparent for central financial control, enabling consolidated financial statements to be compiled promptly.

This gives local management and the group executives up-to-date information on the current economic situation at the new sales company, so its development can be controlled effectively from the outset. The integration into the central SAP ERP system eliminates costs for the operation and maintenance of local servers and applications.



SAP rollout with an experienced partner

L&R commissioned the demanding ERP rollout in China to ORBIS Consulting Shanghai, a branch of the Saarbrücken – based business consulting company ORBIS AG. The specified timeframe and the estimated budget were kept to, thanks to the template-based implementation method, the consulting, product, and process skills of the ORBIS experts, and the problem-solving approach that was taken.

Another factor that helped the project to be completed on time was that ORBIS Consulting Shanghai had local consultants work on the project. They are familiar with issues specific to China, particularly those relating to financial accounting or exchanging data with the financial authorities, which is performed via the state-controlled Golden Tax System.

Fulfilling local requirements

To ensure that local regulations concerning financial statements and billing are complied with precisely in China, Lohmann & Rauscher relies on additional ORBIS IT solutions. The smooth exchange of data with the financial authorities via the Golden Tax System is ensured by the ORBIS Golden Tax Interface (GTI), a bidirectional interface between SAP ERP and the state's fiscal software. GTI enables the relevant document data to be exported from SAP and sent in a data format that the Golden Tax software is able to read. In turn, after the bill is printed, the corresponding data is converted into an SAP-compatible data format and fed back into the ERP solution.

The financial accounting department in China uses the ORBIS FI Reporting Package to generate financial reports. The SAP-based add-on provides the reports required by the authorities in pre-configured form, such as balance sheets, profit and loss accounts, cash flow reports, account balances, and booking processes. In the course of the rollout, the ORBIS consultants also incorporated an external logistics provider from the free-trade area in Shanghai into the ERP solution to facilitate communication.

At Lohmann & Rauscher, the SAP rollout in China is seen as a success. The rollout has given the company a stable foundation for further international rollout projects and for the optimization and further development of existing IT processes.



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