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AT A GLANCE

Company

- Name: Troy Laboratories Pty. Ltd.
- Location: Sydney, Australia
- Industry: Life sciences
- Products and services: Animal care products and veterinary pharmaceuticals
- Employees: 33
- Web site: www.troylab.com.au
- Partner: Evolution Software Services Pty Ltd

Challenges and Opportunities

- Large volume of back orders
- Loose integration of existing software
- Paper-based production planning process
- Lack of technical support

Objectives

- Obtain scalable application for process integration across the enterprise
- Acquire software to support manufacturing resource planning
- Reduce back-order volume to no more than 5% of monthly turnover
- Mitigate customization and integration risks
- Find knowledgeable partner for implementation assistance and technical support

SAP® Solution and Services

SAP® Business One application

Implementation Highlights

- 10-month total time frame with 95% operability after 6 months
- On-budget implementation
- Excellent technical support

Why SAP

- Strong reputation of SAP
- Availability of knowledgeable partner for implementation assistance and technical support
- Functional breadth of SAP Business One
- Suitability of the software for the size of the enterprise

Benefits

- 95% reduction in back orders
- Increased sales
- Improved process and operations efficiency
- Streamlined production planning
- Real-time tracking of sales and orders

Existing Environment

Sage accounting software package plus several stand-alone applications

Third-Party Integration

- Database: Microsoft SQL
- Hardware: IBM
- Operating system: Microsoft Windows XP

TROY LABORATORIES

Streamlined Production and a 95% Reduction in Back Orders with SAP® Business One

Troy Laboratories Pty. Ltd. has built a business around helping animals stay healthy. The Australian company has more than a 45-year history developing and manufacturing an array of over-the-counter pet and livestock healthcare products and a comprehensive range of veterinary pharmaceuticals. But keeping its own bottom line healthy was becoming a challenge for Troy Labs as it found itself hampered by an aging IT infrastructure and inefficient manual processes. The company got the help it needed with the SAP® Business One application.

From its Sydney, Australia-based manufacturing and laboratory facilities, Troy Labs has expanded to the point where it now supplies some 150 products throughout Australia and to more than 28 countries worldwide. Annual turnover has reached sales in excess of \$10 million (approximately €6 million).

But in 2004 Troy Labs could see that its core IT systems were holding it back. The company was relying on a Sage accounting package and a range of stand-alone applications and error-prone manual procedures to support its manufacturing and distribution processes. Without a manufacturing resource planning (MRP) application, the company was essentially running on a back-order basis, which made it difficult to meet customer demands. “Raw materials have different lead times, and so we would have to create artificial purchase orders to ensure they would be delivered and production scheduled,” says Ian Saunders, general manager of Troy Laboratories. “This was far from ideal as we were operating with hundreds of thousands of dollars in back orders all the time.”

Another factor driving the need to upgrade was competition, with other companies' products flowing into the market from all over the world. "We can't afford to lose market share, because it takes a very long time to get it back again," says Saunders. "This means our processes have to be as streamlined and efficient as possible."

Choosing SAP Business One

Troy Labs needed an integrated business management application that was powerful yet easy to implement. "I had been involved in a previous implementation with software from a different vendor where a large amount of customization was needed, and it became

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a total nightmare. I didn't want to experience that again," relates Saunders. The company chose the SAP application after considering a number of software packages. "SAP Business One appealed to us because we could see that it would need very little customization to fit our operations," Saunders says.

The software went live in February 2005 after a 10-month implementation period that was on schedule and within budget. Troy Labs gives high marks to implementation partner Evolution Software Services Pty Ltd. "The support given by Evolution was critical to the project's success," notes Saunders. "It is vital to have people working with you who know the software and can overcome any issues that might arise."

A Welcome Change

With SAP Business One supporting a range of company processes including MRP, accounting, customer relationship management, production management, and forecasting, Troy Labs has found the business improvements it was seeking. "Overall, SAP Business One allows us to have much better management of the company," says Saunders. "We have streamlined our production planning and can track sales and orders virtually in real time."

Internal processes are now much more efficient with SAP Business One in use for tracking the arrival and usage of raw materials. And the back-order situation has been fixed. "The improvements have enabled us to reduce back orders from \$A300,000 [approximately €180,000] to around \$A15,000 [approximately €9,000]. That's a 95% reduction. Sales have also increased, and the company is on track to continue its expansion into new markets," Saunders comments.

Improvements and Future Plans

Working with Evolution Software Services, Troy Labs has integrated its SAP Business One application with its new laboratory management and dispensary applications. This helps to further streamline operations by allowing the exchange of data between the applications.

Future plans include the creation of a range of reports for the company's sales team, to provide details on customer orders, pricing, and back-order status. Also under way is work on a tracking procedure to record when people enter the company's laboratory facilities. Correlated with requests for raw materials entered into SAP Business One, this procedure will track who has been working on particular batches of products and help the company maintain quality levels.

Troy Labs is confident that it now has the software in place that will allow it to continue providing the highest-quality products on the market – and SAP Business One will continue to play a central role going forward. "We now say to anyone who wants to sell us software that it must be able to talk to SAP Business One," remarks Saunders. "If it can't do that, then we are not interested."