



# EMBRY GROUP

## OPTIMIZING THE SUPPLY CHAIN TO ENABLE GROWTH

### QUICK FACTS

#### Industry

Consumer products – apparel

#### Revenue

HK\$624 million (US\$82 million)

#### Employees

About 5,000

#### Headquarters

Hong Kong

#### Web Site

www.embryform.com

#### SAP® Solutions and Services

SAP® ERP application, SAP Apparel and Footwear application, SAP for Retail solution portfolio, and SAP NetWeaver® Business Intelligence component

#### Implementation Partner

SAP Services organization

Embry Group evolved from a small lingerie manufacturer to a large scale enterprise for intimate and special occasion apparel and accessories, with over 200,000 square feet of production facilities and over 1,000 sales counters throughout China. To support the company's expansion strategy, Embry Group needed to upgrade its technology infrastructure. It selected SAP® software to enable growth and achieve operational excellence while upholding its commitment to quality and service.

#### Key Challenges

- Lack of consistent and accurate data to support effective business decision making
- Company growth outpacing capacity and functionality of legacy systems
- Data islands and limited visibility due to fragmented, function-oriented business processes
- Increasingly complex supply chain with disparate, unconnected processes and poor visibility

#### Implementation Best Practices

- Gain executive sponsorship to facilitate initiative
- Plan for broad business needs, not just functional requirements
- Select a proven service provider to ensure expertise
- Tightly manage the scope of the project
- Leverage best practices and limit modifications

#### Financial and Strategic Benefits

- Reduced inventory losses and requirements for physical inventory counts through improved visibility
- Sped inventory replenishment by automating process
- Improved accuracy of product costing, ensuring proper transfer pricing and profitability analysis
- Achieved insight into store performance through more thorough and frequent reporting and analysis
- Achieved consistent, accurate financial reporting through single chart of accounts across the enterprise

#### Why SAP Was Selected

- Scalable solution able to handle future growth and high volume of transactions
- Single operational platform that meets the data needs of the entire supply chain
- Enterprise-wide data visibility for better control, consolidation, and reporting
- Proven solution with significant customer base in retail and apparel manufacturing

#### Low Total Cost of Ownership

- Tightly managed project scope with little customization sped implementation (completed in 7 months) and reduced costs
- Elimination of legacy systems reduced number of interfaces and the effort required for application development, maintenance, and support

#### Operational Benefits

Key Performance Indicator	Impact
Monthly book closing cycle time	-35%
Time to create purchase orders for vendors	-80%
Inventory reduction	-10%
Finance department productivity	+80%
Purchasing department productivity	+30%



“SAP software enabled fast improvement of our operational efficiency, enhanced our management and control effectively, and laid down a solid foundation for rapid growth in the future.”

Liza Cheng, CEO, Embry Group

## Seeing Opportunities Through Greater Visibility and Control

Visionary business leaders seize market opportunities others overlook. So it is with Embry Group, founded over 30 years ago by an entrepreneur who saw great potential in the lingerie market in China. That foresight still inspires the company's growth as Embry brings its special occasion and intimate apparel and accessories to new markets.

To support its growth, Embry needed an integrated business platform. The company's legacy software could not handle the daily volume of transactions. Business processes were focused on functional areas, creating islands of data that held different values for the same data point. As Liza Cheng, Embry's CEO, explains, “Our legacy software did not provide consistent and accurate data needed for management decisions and control.” The company's growing network of retail outlets and its ongoing investment in manufacturing capacity called for an integrated, end-to-end data and transaction backbone that would allow operations to become more efficient and transparent. To this end, the company selected SAP® software.

## Implementing Best Practices

Meticulous planning is one of Embry's strong suits, which it applied to its SAP software implementation. By working with the SAP Services organization and adopting the ASAP methodology, the project was completed within seven months. Embry's CIO John Wang was instrumental in keeping the scope of the implementation under control. He explains, “By carefully controlling project scope and actively minimizing customizations, we stayed on time and on budget.” Executive sponsorship facilitated change management across the organization. Postimplementation training and continued support of end users ensured acceptance of the new platform and workflows.

## Enabling the Integrated Enterprise

Embry now has integrated, streamlined processes that provide near real-time access to data across the enterprise. Says Embry's chairman Cheng Man Tai, “We have increased trust in the accuracy and validity of management decisions across the organization.” The company is able to create and deliver ad hoc queries and analyses that ensure that business and management decisions are based on accurate, up-to-date data. The result is faster responses to changing market conditions and better operational performance across the supply chain. And, Embry can now determine product costing based on accurate cost information down to the batch level, which has increased confidence in transfer pricing and profitability analysis.

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Better visibility of inventory across the supply chain has improved allowances for aged and obsolete goods and reduced overall inventory levels, while more accurate tracking of transactions and related costs has resulted in shrewder business decisions. “By installing SAP software, we've enhanced the flow of information among headquarters, regional offices, retail outlets, and different departments and strengthened our supply chain management,” Cheng adds. By tracking stores by region, age of store, and other parameters, Embry improved the performance of its retail sales channel. Automated processing of purchase orders and procurement planning based on material requirements have resulted in fewer vendor disputes due to invoice errors. An automated inventory replenishment process means that Embry can look forward to fulfilling the demand from its expanding retail network with fewer warehouses.

## Future Plans

Embry intends to build on the foundation of its initial SAP software rollout as it opens new plants. In parallel, the company is implementing the SAP ERP Human Capital Management solution, to be followed by enhanced business intelligence functionality. Automating the production planning process and additional solutions for the sales and marketing areas are currently under review.

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