



End-to-end SAP S/4 HANA Implementation for SAG

Consolidating business processes with migration
to modern ERP platform

Industry: Textile

Location: Uzbekistan

Employees: 3000+



Client Background

Founded in 2000 as a small carpet-weaving factory, today SAG is a leading manufacturer of carpets and tapestries in Central Asia and the CIS. To date, all processes, ranging from thread production to the packaging of the final product, are carried out at the enterprise itself. SAG is the main founder of an eponymous group with 3,000 permanent and more than 12,000 seasonal employees. As SAG is exporting their goods to 11 countries around the world, they aim to be among the Top 5 best manufacturers of carpets and tapestries.

Website: www.sag.uz

Business Challenge

In order to optimize and improve internal business processes, SAG wanted to migrate to a modern integrated business platform. Absence of direct integration between corporate solutions based on legacy 1C and CPS platforms posed a number of difficulties for their business:

- The internal financial system lacked detailed quantitative- and cost accounting, while the quantitative accounting system could not provide a detailed accounting of costs and revenues. As a result, the company received multiple streams of unconnected data.
- The legacy systems could only provide a fragmented overview of the core business processes.
- Due to data fragmentation and fractured workflow, SAG had to put significant effort into the reconciliation and merging of data streams, which, however, did not produce the required results.
- The ability to make timely strategic decisions was another critical factor and an essential requirement of the modern market.

- Inability to receive timely reports and analytics affected and slowed down other business processes, while also creating an imbalance in resource consumption.
- In order to minimize the influence of the human factor, the level of automation had to be increased.
- On top of that, new cost centers emerged in a dynamically developing company, making it more difficult to establish proper control over them without a unified system.

A unified modern ERP platform was the best way to get accurate analytics, timely reports, and effective insights. Deeply integrated with manufacturing, such a system would encompass all business processes: from the order placement and production capacities load to the initial production redistribution and transfer of the ready-made products from the warehouse to the stores.

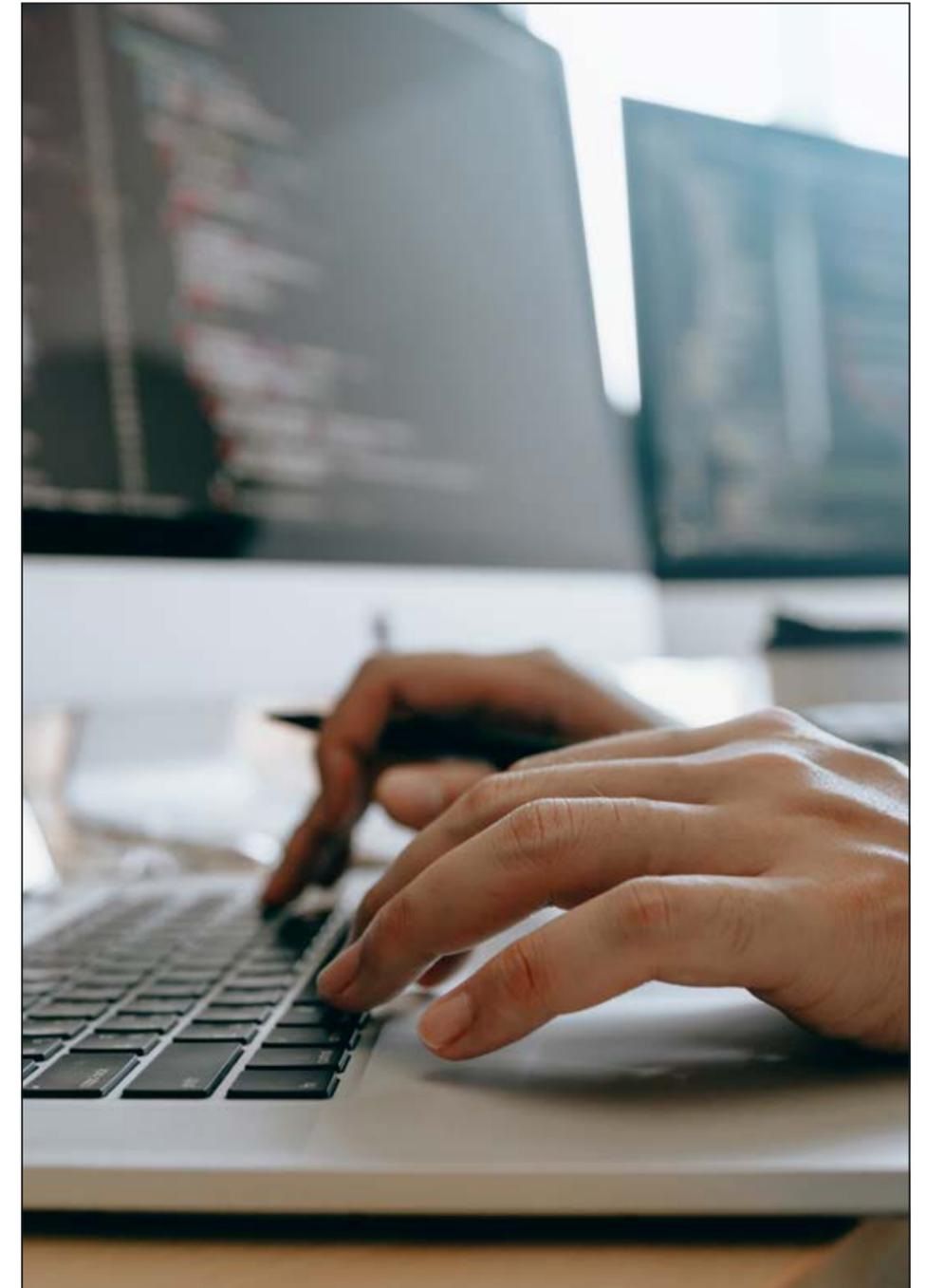
Solution

According to Muzaffar Khamdamov, SAG finance controller and SAP project manager, SAG selected Infopulse as an implementation partner based on Infopulse's extensive expertise with BA & BI technologies, great resilience, and the best price/quality ratio. Direct support from SAP and close collaboration between Infopulse and client's teams were instrumental for the success of this complex migration project.

In order to suit SAG business needs — specifically, the production of carpets — Infopulse had to build the architecture of the solution from the very ground up. SAP S/4 HANA ERP platform was selected for this migration as the most effective system on the market capable to solve all business challenges. Infopulse experts carefully studied all the aspects of our client's business in order to ensure that the solution would cater to the needs and requirements of our client.

To achieve seamless integration, Infopulse experts had to migrate massive amounts of data from multiple isolated systems for further consolidation. Data migration and the creation of the non-standard databases and reporting required a tremendous joint effort from both Infopulse's and from the client's teams.

A number of modules were created within the integrated SAP platform to digitalize, manage and consolidate all the company's production- and business processes, including manufacturing, sales and purchases, quality control, accounting and finance, logistics, and others. Since the system is deeply integrated within numerous aspects of the manufacturing process, the initial rollout to a modern ERP platform had to be as perfect as possible. Infopulse conducted numerous acceptance tests and fixed all inconsistencies quickly, which helped to avoid halts of production and delays in the delivery.



Technologies



SAP S/4 HANA



SAP Mill Industrial
Solution



SAP BI



SAP Enable Now



SD

Business Value

The system was deployed and ready for use by the beginning of September 2018. In the first 6 months of using the SAP S/4 HANA platform, SAG increased the floating capital and liquidity balance by 13% and 11% respectively, while reducing the free flow of finished products by 40%.

Pleased with the outcome of the migration project performed by Infopulse, SAG received the following benefits from this digital business transformation project:

- Detailed margin analytics at the product- and customer levels;
- Accurate product cost accounting and correct pricing;

- Improved inventory traceability;
- Ease of business scalability;
- The ability to analyze costs up to the level of equipment and vehicles, etc.

A unified SAP S/4 HANA system helped our client streamline and consolidate their core business processes, from procurement and production to logistics, warehousing, sales, and financial accounting. Besides, SAG is now able to receive all necessary reports and analytics at any time and in full, allowing their top management to make timely strategic decisions, as well as further optimize and develop the company's business.

As the next stage of SAG digital transformation, starting on Dec.1, 2019, SAG and Infopulse plan to implement a similar SAP migration project for their carpet and synthetic turf factory. Later on, SAG and Infopulse plan to perform a similar migration for their linen mill, which produces fabrics for bedding and clothing.

The consolidation of all business processes into a joint network will allow our client to get a better overview of the operational and financial activities of the SAG group of companies.



As SAG grows its business and aims to expand market presence, we strive to utilize the newest, most powerful technologies to improve all our internal processes. Migration to SAP S/4 HANA platform has become an important step conducted fully in line with our business transformation strategy. I would like to express my sincere gratitude and appreciation to Infopulse, our reliable partners in this complex migration project, for their expertise, professionalism, and commitment to quality. SAG is already enjoying the results of this digital transformation project on multiple levels. In the end, digitalization will help SAG achieve our strategic goal — to be among the Top 5 world-leading manufacturers of the high-quality carpets.



**Muzaffar
Khamdamov**

SAG Finance Controller
and SAP Project
Manager



The Infopulse team is very responsible in terms of task execution. I can confirm that the Infopulse team has proven themselves as top-level experts. They fully grasped the subtleties of our production processes, and worked closely with the SAG team, fulfilling all our requests. Infopulse consultants helped us train our employees, thus making it easier to transition from older systems. They got in touch with us at any time of the day and night. Now, all SAG employees, and there are hundreds of them, are working in a single unified system.



Shukur Safarov

Internal SAP MM
Consultant

Video Testimonial





About Infopulse

Infopulse, part of the leading Nordic digital services company Tietoevry, is an international vendor of services in the areas of Software R&D, Application Management, Cloud & IT Operations, and Cybersecurity to SMEs and Fortune 100 companies across the globe. Founded in 1991, the company has a team of over 2,300 professionals and is represented in 7 countries across Europe and the Americas.

Infopulse is trusted by many established brands, such as BICS, Bosch, British American Tobacco, Credit Agricole, Delta Wilmar, ING Bank, Microsoft, Offshore Norge, OLX Group, OTP Bank, SAP, UkrSibbank BNP Paribas Group, Vodafone, Zeppelin Group, and others.

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