Sanquin: Two blood groups harmoniously integrated in SAP

Sanquin provides blood resources in the Netherlands. SAP's partner itelligence has integrated the financial administration of two of Sanquin's individual business units while still allowing both units to file independently at year's end. This was done to substantially improve and increase efficiency while centralizing four independent financial departments at the head office in Amsterdam.

Partner

itelligence NTT DATA Business Solutions

Management summary

Company or Organization
Sanquin

Headquarters or Location
Amsterdam

Industry
Life Sciences

Products and Services
Blood products

Employees
3000 (2011)

Turnover or Budget
circa € 357 million (2010)

Website
www.sanquin.nl

Implementation Partner
itelligence

BUSINESS TRANSFORMATION

Main objectives:
- Improve the quality and efficiency of administrative processes
- Create the opportunity to centralize financial departments

Solution:
- Migrate SAP Company code for the existing environment with: SAP ECC 6.0 and the modules for Finance & Controlling (FICO); Plant Maintenance (PM); Production Planning for Process Industries (PPPI); Material Management (MM); Sales & Distribution (SD); Quality Management (QM)
- Added: SAP Warehouse Management (WM)

Greatest benefits:
- Two independent business units that share facilities while retaining individual accounts
- Reduction from 5 payable/receivable administrations into one integrated non-redundant administration
- Yearly savings of up to €350,000.00 on internal billing
- SAP is easily expandable
- All records in a single language (English)

ACHIEVED BENEFITS

8

8 FTE savings op total of 16

10.000

to 10,000 internal invoices unnecessary

350.000

Yearly savings up to € 350.000

"SAP's partner itelligence combines all of SAP's knowledge plus that of the pharmaceutical world to provide a comprehensive SAP ERP solution wherein stringent European and American regulations are met."

Rogier van den Braak, Corporate Controller, Sanquin

Supplying Blood as efficiently as possible

Sanquin Blood services provides blood resources in the Netherlands, thanks to hundreds of thousands of people who donate blood voluntarily. Core business consists of the safe and efficient production of blood products for the treatment of patients. Ongoing research helps Sanquin maintain and expand its knowledge of blood and transfusion medicine. This knowledge is used in advising hospitals and clinicians.

Sanquin consists of the Blood Bank and four other divisions that also oversee marketing activities and a pharmaceutical branch of the business that distributes plasma products. All divisions have used the same SAP ERP system since 1996, while the blood bank must always submit a separate (financial) report to the government. That was the reason for having two separate administrations set up in SAP. SAP's partner itelligence has integrated these administrations via a so-called validated SAP Company Code migration. The Blood Bank is still able to fulfill its legal requirement to file separate (financial) results, but Sanquin has greatly improved efficiency as four separate financial departments are now combined at the head office in Amsterdam. Sanquin has additionally converted all records into standard English during this process.

"By combining two SAP administrations and their associated processes harmoniously, we're able to save a lot of time and cut costs."

Rogier van den Braak, Corporate Controller, Sanquin

Combine two administrations to save substantially

SAP’s partner itelligence developed the architecture and the migration plan to combine the two Sanquin divisions. Rogier van den Braak, Corporate Controller at Sanquin: “As our preferred supplier for many years, itelligence knows our organization intimately. Furthermore, as a specialized SAP partner, itelligence is very well aware of the stringent requirements imposed by regulations in the pharmaceutical world. Having immediately switched all systems to English, we are now able to unequivocally report internationally (in the EU and US, the Food & Drug Administration, for example).

itelligence has converted all historical data and completed an accurate value transfer for the equipment belonging to both divisions. By doing so, a singular organization has emerged, with costs and charted accounts shared for Sanquin’s support services (such as HR, corporate staff, maintenance and IT) without the need for internal invoices.

1 language for all systems

“With SAP providing the administrative backbone of our organization, even a solitary risk in such a transition process is acceptable. itelligence has accomplished this complex and extensive task in nine months, on schedule and within budget. Well thought out, thoroughly tested and clearly communicated to all departments affected by the consequences. By harmoniously combining two administrations, future SAP expansions may easily be carried out.

‘Redundant dossiers make 100,000 lines unnecessary’

The five independent financial departments built up substantial accounts payable and account receivable over time. By eliminating redundancy, 45,000 records became superfluous.

Eric Duhne, project leader from itelligence: “We have verified the integrity of data and done the conversion utilizing the SAP Best Practice LSMW conversion tools. By intelligently setting up the 45 migration objects, 100,000 (obsolete) rules were made unnecessary. With the integrity of the data guaranteed and documented, we meet all of the legal requirements. This cleansing operation has made the administration considerably more efficient. It now takes eight minutes instead of the three hours it used to take for the exchange of data between SAP and one of the Blood Bank information systems.

GREATEST BENEFITS

8

8 instead of 16 FTEs for the same work

10.000

Up to 10,000 fewer internal invoices per year

5

From 5 to 1 accounts payable

‘Our cost savings are huge’

The benefits for Sanquin are impressive. The financial departments that are now dispersed around the country will soon operate centrally from the head office in Amsterdam. Instead of 16 FTEs, there are only eight required for the financial administration of the Blood Bank. Five separate accounts receivable and account payable have been merged into one wherein approximately 45,000 of the 60,000 records became obsolete. The internal billing between departments largely disappeared.

Rogier van den Braak: “Merging the administrations into one SAP ERP solution saves us between 5,000 and 10,000 internal invoices per year.” At a processing fee of €35.00 per invoice, the costs for Sanquin quickly add up to €350.000 per year. We do not know the exact return on investment in advance, but it is clear that Sanquin works much more efficiently since both SAP administrations have been so smoothly merged.

Another advantage is that Sanquin can easily expand SAP ERP in the future with additional possibilities. Van den Braak: “We obviously want to make the most of the advanced options offered by SAP ERP. Should we want to add modules, it’s no longer necessary to do so for two different administrations and that saves us at least half of the costs and half of the time necessary for implementation.”

SAP limits risks

Sanquin wants to expand SAP again. Rogier van den Braak: "We also added SAP Warehouse Management by the merger and control of virtually all of our administrative processes with SAP ERP. With SAP meeting Good Manufacturing Practices for pharmaceuticals, we remain confident of retaining a validated status. The link to the Blood Bank information system works very efficiently and we can add modules offering new functionality which will further streamline processes such as SAP SRM to scan invoices and provide authorization electronically."

"Making changes remains exciting, as it has an impact on all departments. However, itelligence has guided us well and calculated the impact of the new environment in a number of modules. Thanks to the itelligence's good guidance and SAP's built-in control mechanisms, we have always limited risks. By pre-testing thoroughly, we were confident that we would meet the deadline and I expect we shall continue to do so in future adjustments."

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