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Federico Quiros, CEO, Grupo Q

QUICK FACTS

Company
- Name: Grupo Q
- Location: San Salvador, El Salvador
- Industry: Automotive
- Products and services: Automotive vehicles and after-sales services
- Revenue: US$500 million
- Employees: 2,100
- Website: www.grupoq.com
- Implementation partners: SAP® Consulting, Capgemini

Challenges and Opportunities
- Manage rapid growth across multiple brands, dealerships, and countries
- Acquire industry-specific functionality in standardized solution

Objectives
- Incorporate best practices in the back and front office
- Centralize business processes as shared services
- Create synergies in purchasing
- Optimize inventory and service levels

SAP Solutions and Services
- SAP Dealer Business Management application
- SAP Vehicle Manager application
- SAP ERP application
- SAP Customer Relationship Management application
- SAP Ramp-Up program

Implementation Highlights
- Minimal customizations
- Multiphased approach
- Committed project team
- Board endorsement
- Direct involvement of CEO

Why SAP
- Industry-specific functionality combined with standard business software
- Stable platform
- Integrated solution for back and front office
- Flexible licensing agreement

Benefits
- Reduced administrative expenses while tripling growth
- Established more consistent and more effective control of operations
- Enabled management to view regions in a more integrated, consistent way
- Reduced inventory
- Realized improved support for long-term business strategy

Existing Environment
- Custom-tailored solution

Third-Party Integration
- Database: Oracle
- Hardware: HP
- Operating system: Microsoft Windows
Grupo Q faced a dilemma many companies will recognize – how does an organization tailor an IT solution to the way it does business, yet not lose the benefits of standardized software? El Salvador–based Grupo Q, which sells, services, and finances automotive vehicles in Central America, found the answer in SAP for Automotive solutions – especially the SAP® Dealer Business Management and SAP Vehicle Manager applications.

“We were doing a lot of modifications to our previous system in attempt to make our users more efficient,” says Federico Quiros, CEO of Grupo Q. “But keeping the system running was a challenge because people were ordering so many changes that we needed to custom build all the time. This was not sustainable in the long term.”

Rapid business growth brought the situation to a head. “We’ve added brands, we’ve added countries, we’ve added people, and we’ve grown in complexity,” Quiros says. “We felt the only way to support that growth and become a world-class organization was with a world-class solution. We needed to incorporate best practices in the back and front office; we needed to centralize our business processes as shared services, create synergies in purchasing, and optimize inventory and service levels. That’s why we chose software from the SAP for Automotive solution portfolio.”

Grupo Q sells 20,000 cars a year and services 120,000 vehicles annually at 15 service centers and seven paint and body shops. The SAP software enables it to run the back office as a shared service out of its El Salvador headquarters site. This means users across operations in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama can access functionality to support processes for accounts receivable and payable, purchasing, controlling, budgeting, treasury, fixed assets, and human resources.

The cost benefit has been substantial. Says Quiros, “We reduced overall back-office expenses while we tripled revenue. We are doing three times as much business with less administrative cost than before.”

Automotive Best Practices Power Solution

Grupo Q uses SAP Vehicle Manager as a shared service, enabling its dealers to manage importation of the many brands the company sells. SAP Vehicle Manager allows the dealerships to plan and forecast as well as configure, search for, order, and finance vehicles. They can follow inbound logistics, check customs clearance status, manage storage in a bonded warehouse, and settle country-specific taxation issues. Grupo Q then turns to SAP Dealer Business Management to run the retail operations, including vehicle sales and administration, option installation, and service parts and accessories management.

Using SAP Dealer Business Management, Grupo Q dealer personnel can access master data for vehicles, customers, parts, prices, and labor operations. The software’s new car sales database stores information across all 20 brands. Used car information – such as customer history, vehicle make, warranty details, and related inventory – is available in a single screen. SAP Dealer Business Management simplifies service management via a service-scheduling engine that lets users schedule appointment dates and technicians and bays. The software also provides an online view of parts pricing and availability, stock across dealer sites, and warranty claims.

As Grupo Q executes these business processes, managers can view metrics like sales volume, margin per car, invoice status, daily cash desk, salesperson performance, and trade-in data, as well as inventory details like quantity, age, and location. For the service centers, Grupo Q can view productivity information, such as service volumes, and determine whether technicians met their goals, how many cars of what type were repaired, and which maintenance or corrective services were performed.
“The SAP for Automotive solutions allow us to exert more consistent and more capable control over our operations,” Quiros says. “We can view them in a more integrated, consistent way. We can optimize capital and cash flow by investing less in inventory. For example, because we can see stock levels across different countries, we are able to exchange parts and fulfill orders based on an overall inventory position. We now have one standardized system for the whole region; with the legacy system, we had five different versions at five different levels of implementation. This is a better long-term solution.”

SAP Software Emerges as Clear Choice

Grupo Q evaluated a number of choices before selecting the SAP software. “We considered regional vendors, custom solutions, and applications designed for automotive dealers,” Quiros recalls. “Since we import as well as sell, a dealer-only solution was not right for us. We also needed a solution that could handle multiple currencies, countries, and tax rules and that could consolidate information up to the group level. Custom or regional solutions did not meet these criteria.”

Grupo Q narrowed the choice to two suppliers. “The SAP software was more stable and reliable,” Quiros says. “It provided industry-specific functionality for our business, within the framework of standardized software. SAP also had a more integrated solution for the back and front office; the other vendor had recently acquired a number of outside solutions for its suite, and there was uncertainty as to how well the solutions would be integrated. This also meant that our implementation partner would have to deal with multiple companies.”

Add’s Quiros, “It was just easier to do business with SAP. For example, the licensing agreement was simpler. We also spoke to other SAP customers who said that the SAP software was more predictable in terms of implementation cost and process.”

Implementation Comes in On Time, Within Budget

Grupo Q divided the implementation into two phases. The first phase, the back-office rollout, included SAP Vehicle Manager and the SAP ERP application, which supports core business processes that are tailored for each customer’s specific industry. Grupo Q went live in six months, on time and within budget, and then rolled out the software to a new country every three months thereafter.

The company engaged Capgemini as its implementation partner. Says Quiros, “Capgemini was very instrumental in the success of the project. It provided us with a very capable team.” The CEO cites Grupo Q’s internal project staff as another success factor. “We are fortunate to have very good people in our organization, and we handpicked the best people in each business area for the job. They were disciplined and truly committed to delivering the project on time, with quality, and within budget.”

Another success factor was strong backing from the board. The CEO himself was designated to oversee the project. “I was involved directly in the implementation,” Quiros says. “I made myself available whenever needed, and I followed up on all weekly and monthly meetings and progress reports. This helped us keep track of the project and deliver it on time.”

Best Practices Limit Need for Customization

Grupo Q wanted to avoid customizations as much as possible. “We wanted to use the SAP best practices-based functionality as much as we could, so we limited our enhancements to absolutely necessary things, like specialty tax regulations,” says Quiros. “We used standard SAP functionality whenever possible; it met our needs quite well.”
Grupo Q worked with the SAP Consulting organization on phase two: implementation of the SAP Dealer Business Management application. The rollout was part of an SAP Ramp-Up program. SAP Ramp-Up enables customers to implement the newest versions of SAP software as soon as they become available. Customers benefit from accelerated support channels and dedicated coaches from SAP Consulting who have direct access to SAP product development.

Says Quiros, “By having support from the SAP Ramp-Up experts, we were able to reduce our risk during the implementation.”

**New Initiative Enhances Business Intelligence**

Grupo Q next plans to implement software from the SAP BusinessObjects™ solution portfolio, starting with the SAP BusinessObjects Rapid Marts® packages. These packages combine prebuilt data models, transformation logic, and data extraction tools to accelerate the deployment of analytics and business intelligence. Grupo Q will begin with the SAP BusinessObjects Cost Center Rapid Mart and SAP BusinessObjects Inventory Rapid Mart packages. “We want to see a quick return, so we will be implementing the standard packages,” Quiros says.

Grupo Q will also roll out SAP Dealer Business Management to additional countries. It wants to expand workflow management and complete implementation of the SAP Customer Relationship Management (SAP CRM) application. “We want to take SAP CRM to its full potential, using it for surveys, special campaigns, call centers, and customer-related issues,” Quiros says.

That’s where Grupo Q aims to distinguish itself – by using the full breadth of SAP software to enhance customer service. “Competition is growing and margins are shrinking,” Quiros says. “A brand is a commodity, and you need to bring value to the brand through good customer service. If you have a solution that optimizes your processes and gives you more control and visibility, you can provide better service.”

That’s how the CEO sees IT – supporting people. “The solution by itself does not make a difference in the eyes of the customer; it’s the people who do. A solution is only a tool, and if it’s a good tool like SAP software, it helps our people do their jobs better.”