



With revenues amounting to US\$ 418 million for the fiscal year 1996, PLIVA d.d., a pharmaceutical, chemical, food and cosmetic manufacturer, is the first manufacturing company from Eastern Europe listed on the London Stock Exchange. PLIVA's aim is to maintain its position as the leading company in Central and Eastern Europe well into the 21st century. PLIVA wants to implement applications that will make their business more efficient, and enable them to enter information only once but have it available everywhere. This is why PLIVA has chosen SAP R/3 to help them do it.

PLIVA



Keeping pace with time

PLIVA d.d. was founded in Croatia. It manufactures and supplies a wide range of pharmaceutical products, agrochemical and animal health products, foodstuffs, cosmetics and hygiene products. PLIVA has a 76-year long tradition and the skills, innovation and creativity of its employees, made it the largest pharmaceutical company in Central and Eastern Europe. One of the founders of PLIVA was Dr. Vladimir Prelog, a Nobel Prize winner in 1936. In April 1996, PLIVA became the first manufacturing company from the region to be listed on the London

Stock Exchange. Due to its increasing value on the world market, PLIVA has had to adjust its business in order to attract the interest of various investors.

One of its main problems in business management was the availability of information. Until now the available information often failed to give an accurate picture of the current business situation. Today companies need up-to-date information in order to make the right business decisions.

PLIVA decided to solve this problem using the experience of other companies from all over the world. The management team was well aware that there was no point in trying to find their own solution: It was better to purchase a packaged business solution from an internationally renowned and experienced software vendor. PLIVA wanted a user-friendly software that would integrate all areas and levels of their business, and research on the world's software market indicated that the most suitable solution would be SAP R/3. SAP R/3 would improve the efficiency of their business by giving them the functionality to enter the information only once and have it available everywhere. This gives PLIVA:

- A unique database
- More efficient management
- The ability to make business decisions in real-time
- An integrated solution that connects all business areas.

Once the decision to implement SAP R/3 had been made, PLIVA appointed a team to manage the SAPLI project (short for SAP and PLIVA). The team included experts from PLIVA, Intelligroup Inc. USA, SAP AG and SAP Hrvatska, HP & Hermes Plus.

Teamwork – an essential part of any R/3 implementation project

"Since SAP R/3 includes many different modules, we decided to implement FI and CO first," said PLIVA's IT Manager, Ms. Jasna Turkovic. "FI is a crucial module that integrates all business information; the whole business cycle begins and ends in FI. Once we have implemented SD, PM, PP, QM and HR, all our business processes will be managed by information technology and any information entered into the system will be available everywhere in real-time.

We had to tackle the implementation of SAP R/3 in two ways. On one hand, we had to adjust the software to meet our requirements, and on the other, we had to adjust our business processes so that they corresponded to internationally recognized best-business practices."

"The project team consisted of 25 members, all of whom were experts in their fields," said Mr. Damir Martinovic, the SAPLI Project Manager. "They were responsible for making all operational and strategic decisions during software implementation. Experts from our consulting agencies helped us get the best results from particular modules and consultants from SAP Hrvatska provided support with technical issues and the software itself, particularly regarding Croatian legal requirements."

Ms. Vedrana Momirski Jurleka, an FI consultant with SAP Hrvatska, explained how the project was organized. "We had three project teams handling the majority of tasks related to the implementation of R/3 and user training: One for FI (Financial Accounting), one for CO (Controlling) and one for BC (Basis System)."

Ms. Vedrana Momirski Jurleka who worked with end users said: "Thanks to the user friendliness of the system and the positive effect the new, more integrated approach had on day-to-day work, the initial skepticism felt by end users was soon replaced by universal acceptance of R/3. A lot of operational steps have been eliminated and processes simplified so that all users have easier and faster access to the information they need. PLIVA's end users have been quick in recognizing the advantages of using SAP R/3, and they enjoy working with it enormously, although they still have to do their regular jobs at the same time."

"When we implemented SAP R/3," Ms. Turkovic said, "we didn't only want the IT department to support the whole business, we also wanted it

to become an active business partner that would increase the company's performance. When financial experts learn that a company is implementing SAP R/3, share value on the stock exchange usually increases by 2-5 %. This illustrates the importance the financial market gives to a company's IT structures.

One of our most important aims is to be able to find the right information quickly, to use it efficiently, to integrate end users into the whole process and to improve overall business. However, this kind of infrastructure is properly used only if it is continuously developed and improved. We will achieve our ultimate goal only by making this idea a fully accepted part of PLIVA's business practices."

Addition

After successful implementation of FI and CO at PLIVA, the project team was also able to implement the same level of functionality at the PLIVA-owned foodstuffs company, VIVERA, within just six weeks.

PLIVA's R/3 System

- R/3 modules
 - FI (Financial Accounting) – G/L General Ledger
 - AP Accounts Payable
 - AR Accounts Receivable
 - CO (Controlling)
 - CCA Cost Center Accounting
 - PCA Profit Center Accounting
 - Operating system: Unix (HP-UX)
 - Database: Oracle
- LAN: Microsoft Network
- Presentation: Macintosh, Windows 95, Windows NT
- Hardware: R/3 server
- End users: 150