Business Challenge

When raw materials prices move in its favor, Grupo Zapata aims to act fast to capitalize on the opportunities—but a 10-day planning process limited responsiveness.

Transformation

To accelerate reactions, Grupo Zapata designed integrated, data-driven planning and purchasing workflows, enabled by SAP S/4HANA® on IBM® Power® Systems servers and IBM FlashSystem® storage.

Patricio Laposse Zapata,
CFO,
Grupo Zapata

Business benefits:

99%
faster planning process accelerates decision-making

Enables
data-driven purchasing strategies, reducing costs

Protects
profit margins, reducing business risk

Grupo Zapata

Captures fleeting market advantage with rapid, data-driven decisions powered by IBM and SAP

With eight manufacturing plants and operations spanning Mexico, Costa Rica and Guatemala, Grupo Zapata is a leading manufacturer of product packaging. The company has a commercial presence in more than 20 countries worldwide, and supplies clients from a wide range of industries, including food, pharmaceutical, personal care, chemical, and industrial products.

"Since we embraced SAP S/4HANA, we've replaced that drawn-out 10-day process with a concise one-hour meeting: 99 percent faster."

Patricio Laposse Zapata,
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Volatile markets

Grupo Zapata manufactures sophisticated metal packaging for Mexico and many of Latin America's leading consumer-packaged-goods brands. One of the company's biggest challenges is the price volatility of raw materials; with very lean margins, cost increases represent a significant threat to profitability.

When the market shifts, taking advantage of reduced materials prices requires detailed knowledge of current production demand, to figure out if the input cost reduction justifies the capital outlay and storage. But the price opportunities are fleeting, and decisions must be made quickly, often relying on pure instinct.

Patricio Laposse Zapata, Chief Financial Officer at Grupo Zapata, explains: "In the past, our planning process was heavily dependent on manual, spreadsheet-based work.

"It typically took ten working days to collate our upcoming orders, determine the raw materials requirements, build a manufacturing plan, and raise a purchase order for the commodities we needed. Because the lead time for the process was so long, opportunities to purchase materials at a lower cost had often passed by the time our plan was ready."

To improve its ability to seize attractive raw materials prices, Grupo Zapata aimed to find a way to accelerate its decision-making processes.

The goal was to provide its planners with the accurate, timely insights they needed to secure opportunities in the market as soon as they emerged, to reduce input costs and boost profitability.

Patricio Laposse Zapata comments: "One of the most complex challenges we face is balancing the need to protect our margins with the need to offer a competitive price point to our customers. In recent years, we've seen a substantial increase in the cost of raw materials. To combat that threat, it's more important than ever that we drive our operations efficiently and cost-effectively."

Targeting a new approach

Like many leading manufacturers around the world, Grupo Zapata relies on SAP ERP business systems to drive its international operations. After carefully evaluating the new business requirements, Grupo Zapata decided to move to the leading-edge SAP S/4HANA suite, taking advantage of in-memory analytics to accelerate business insight and drive materials purchasing decisions based on near-real-time operational data.

Alejandro Sánchez, IT Manager at Grupo Zapata, explains: "Initially, we considered an incremental move to SAP S/4HANA: first moving to a newer version of SAP ERP, and then subsequently moving from that platform to SAP S/4HANA.

"After we saw the enhancements, we would gain by moving from SAP ERP to SAP S/4HANA, we quickly decided that going immediately to the latest SAP platform was the right choice.

"We knew that we were embarking on a major digital transformation initiative, which would require us to reshape our business processes to support new, data-driven ways of working. Moving straight to SAP S/4HANA gave us the chance to start doing that business process analysis right away—ultimately offering us a shorter time-to-value on our investment in SAP S/4HANA.

"Moreover, we were confident that performing only one big-bang deployment would be more cost-efficient, and would expose us to less business risk than two separate solution implementations."

> "The combination of IBM POWER9™-processor-based servers and IBM FlashSystem storage solutions offers the performance to support our most demanding analytics workloads, as well as simple scalability to scale out as those requirements evolve and grow."

Alejandro Sánchez
IT Manager
Grupo Zapata

Alejandro Sánchez

IT Manager

Grupo Zapata

Building on solid foundations

As it prepared to move to SAP S/4HANA, Grupo Zapata knew that higher levels of performance, availability and scalability from its IT infrastructure would be vital to maximize the value of its investment.

Grupo Zapata chose high-performance IBM Power System S822L and IBM Power System S914 servers running SUSE Linux Enterprise Server for SAP Applications and virtualized with IBM PowerVM®.

Combined with resilient IBM FlashSystem 5030H hybrid flash storage for low-latency performance and IBM Tape Storage for dependable

long-term data retention, the solution ensures that Grupo Zapata's business users can access the mission-critical SAP S/4HANA solutions 24/7.

"The IBM infrastructure solution met all of our core requirements for a new SAP platform," adds Alejandro Sánchez.

"The combination of IBM POWER9™-processor-based servers and IBM FlashSystem storage solutions offers the performance to support our most demanding analytics workloads, as well as simple scalability to scale out as those requirements evolve and grow."

He adds: "We see the combination of IBM Power Systems servers and IBM FlashSystem storage solutions as the ideal platform for the next phase of our digital transformation program.

"Thanks to the IBM Easy Tier® software built into IBM FlashSystem 5030H, we can automatically move our most frequently accessed data to high-performance flash storage. This flexibility is helping us to reduce the need for high-performance drives and contain our hardware spend without compromising on performance.

"With the high input/output operations per second [IOPS] values we're getting from our IBM Storage solutions and the high SAP Application Performance Standard [SAPS] values that our IBM Power System solutions are delivering, we can offer the business a fast, seamless user experience.

"The better we can equip our people to perform their roles, the better our financial performance at the bottom line—and we are very pleased with how effectively the IBM Power Systems and IBM FlashSystem solutions are enabling our workforce."

Engaging expert partners

To guide it through its transformation journey, Grupo Zapata engaged its trusted IBM Silver Business Partner Fourth Kind Solutions. Working together with Fourth Kind Solutions, Grupo Zapata shaped its new planning workflows and configured the SAP S/4HANA solution to support them.

Using agile development and implementation methodologies, Fourth Kind Solutions worked together with teams from SAP, SUSE and Grupo Zapata to size and deploy the IBM infrastructure solution. By scheduling regular meetings and checkpoints with key stakeholders, Fourth Kind Solutions kept the deployment moving on schedule and ensured that the SAP S/4HANA solutions would meet Grupo Zapata's business needs.

"Right from the start, we were impressed with the professionalism and attention to detail that Fourth Kind Solutions demonstrated," Patricio Laposse Zapata comments. "Their team was with us on every step of the journey: from sizing the new solution and migrating our business data to driving change management and delivering technical support for our employees."

Alejandro Sánchez adds: "Over the course of my career, I've been involved in several large-scale business system implementations, but the positive experience we had with Fourth Kind Solutions during this project really makes this one stand out. The support we received from Fourth Kind Solutions was second to none, and they were always ready to go the extra mile to help us."

Benefits in detail

- Cuts Grupo Zapata's planning cycle times from 10 days to as little as one hour—a 99 percent reduction that allows the company to move fast to capitalize on short-lived opportunities in the market.

- Contributes to reduced operational costs, enabling Grupo Zapata to protect its profit margins and reduce its exposure to liquidity risks.

- Enables Grupo Zapata to build tighter integration between the planning and execution of its manufacturing—laying the foundation for improved operational efficiency and greater productivity.

Key components

Applications: SAP S/4HANA®

Software: IBM® PowerVM®, SUSE Linux Enterprise Server for SAP Applications

Hardware: IBM Power® System S822L, IBM Power System S914, IBM FlashSystem® 5030H, IBM Tape Storage

Services: IBM Silver Business Partner Fourth Kind Solutions

Seizing fleeting opportunities

Since putting SAP S/4HANA at the heart of its manufacturing business, Grupo Zapata has gained the speed and efficiency it needs to seize opportunities in the raw materials market.

"Before, it could take up to ten working days to create the manufacturing plan for the month, during which time valuable opportunities to capitalize on market movements might have passed us by," says Patricio Laposse Zapata. "Since we embraced SAP S/4HANA, we've replaced that drawn-out 10-day process with a concise one-hour meeting: 99 percent faster. Using accurate, near-real-time data in SAP S/4HANA, we can immediately see the orders in the pipeline and the raw materials and manufacturing schedule required to fulfill them. Armed with these insights, we can be more strategic in our purchasing—helping us to reduce our costs and protect our margins."

Shaping truly integrated operations

By shaping data-driven workflows in SAP S/4HANA, Grupo Zapata has delivered tighter integration between its decision-making in the back office and its production processes on the factory floor.

Today, the company's senior management team can continuously monitor key-performance indicators such as the quantity of products manufactured each day and the amount of finished product in stock.

"In the past, gaining an accurate overview of the performance of our manufacturing operations required time-consuming manual reporting processes, but today dashboard reports in SAP S/4HANA deliver all the information at a glance," comments Patricio Laposse Zapata. "We're confident that the time-saving on reporting alone is delivering significant cost-savings to the group."

Ready to innovate

As it strides ahead on its digital transformation journey, Grupo Zapata already has an eye to the future. The company is investigating the possibility of augmenting its factories with industrial-internet-of-things (IIoT) technologies, which could enable it to uncover hidden opportunities to drive up efficiency.

"Our work with IBM, SAP and Fourth Kind Solutions has completely opened my eyes to the possibilities of data-driven decision-making," concludes Patricio Laposse Zapata. "We are achieving levels of agility and efficiency in our operations that are far beyond my initial expectations, and we couldn't be happier with the positive impact the IBM and SAP solutions have had on the business."

About the IBM and SAP Partnership

The strategic shift to the cloud and to intelligent technologies isn't easy, but it's how businesses of all sizes will create exceptional customer experiences, uncover new revenue opportunities, optimize investments and fundamentally reinvent how business gets done. SAP and IBM offer the innovations and industry expertise to help.

SAP provides the world's leading intelligent applications and technologies – connecting and clarifying the data that makes processes more nimble and decisions more powerful. IBM helps build smarter businesses and is a global leader in SAP transformations – offering in-depth industry experience, cloud and on-premise deployment expertise, and game-changing intelligent technologies.

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