

SAP BANKING

Implementation of SAP for
Banking for the Credit
Section of Cofares



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SAP for Banking

COFARES – Implementation of SAP for Banking for the Credit Section of Cofares

What was the need?

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This is a technological renovation project which involves the implementation of the SAP Banking solution to build an internal bank that serves members at different Cofares locations and integration of the solution with the rest of systems that serve the group's members.

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Objective



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Cofares, a leader in pharmaceutical distribution and customer service

Cofares is a 100% pharmaceutical-owned drug and medical devices distribution cooperative. At the moment it is leader in pharmaceutical distribution in Spain with turnover of more than EUR 2,822,000,000 in 2011, with 9,200,000 orders delivered from 31 warehouses located all over Spain.

In addition to pharmaceutical distribution, Cofares offers other services. One of the most highly demanded is the credit section, which functions like an internal bank for the pharmacists who are members of the cooperative, offering them various banking products such as checking accounts, deposits, lines of credit and loans.

This way, in addition to standard pharmacy product, Cofares offers financing and investment tools at competitive interest rates.



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Challenge

A cooperative on a par with banks

Given the banking services offered by the credit area of Cofares, they needed a secure, reliable and flexible tool to satisfy the needs of their members while at the same time complying with the ever-changing regulations in the competitive and dynamic banking sector.

At the same time, because their main business is pharmaceutical distribution, the banking system had to be integrated with the commercial, billing, customer management and collections systems currently implemented on SAP. The credit section of Cofares was using a customised adaptation of the LIBRA accounting package as its main banking system.

Over time, this system had become technologically obsolete which was impeding, hindering or greatly delaying the functional evolutions that the credit section and its customers needed and was even conditioning the products and services which the credit section was capable of offering.

Also, the previous system posed integration difficulties with the communication channels most frequently used by clients (website and customer service telephone), which required the development of additional integrations or manual operations by users. The maintenance and evolution of these tailor-made developments became somewhat complex, costly and something that could only be done by systems experts.

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SAP for Banking, the winning option

Because of the limitations of the system, a new tool was required to add new functional processes and regulatory compliance. It was therefore decided to carry out an optimization project, analyzing the processes and systems in order to propose the best technical solution under the circumstances.

The driving force behind this project was the imperative need to change the system that was currently being used to service the credit area.

Following a tool analysis and selection process, the SAP banking solution was ultimately determined to be the best option.



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SAP for Banking, the winning option

The main reasons that led the customer to choose SAP were as follows:

- The SAP BCA and SAP Loans Management solutions satisfied Cofares' needs from both a functional and systems strategy point of view.
- Due to the bank-like nature of its business, the credit section needed a tool that would allow it to add new banking products quickly and securely and at the same time to house these data in a standard, robust and scalable system.
- It had to be possible to easily and safely integrate the chosen solution with the rest of the corporate solutions, most of which were SAP solutions.

"SAP for Banking has provided us with a tool that allows us to quickly and safely adapt our product offering to the needs of our customers."



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Implementation

A ground-breaking implementation in Spain

Faced with this technological renovation process and a very ambitious and ground-breaking implementation in Spain, Cofares decided to undertake the needs analysis and reparation of the project BBP with everis as its technology partner.

In September 2009 the team set about designing the best way to fit Cofares' functional processes into the new solution. To do so, we first looked at the possible functional expansions that would be required by the standard solution in order to cover all the functional casuistry of the implementation. At all times we sought to take full advantage of the standard functionality provided by SAP.

The banking solution demanded by Cofares was constructed and parameterized over a 10-month period and integrated with the other corporate systems involved in the solution. A series of workshops was held during the construction phase to explain the standard functions to users in an attempt to strike a balance between the customization of the SAP system and users' adaptation to the standard processes provided by the system.

"The implementation of SAP for Banking is a logical outcome of the strategy to evolve our systems towards the SAP world. We are confident in this solution and believe that it is the best choice for meeting the current and future needs of the services provided by the credit section to our cooperative partners."

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Solution

A global and integrated banking solution

The solution implemented for Cofares consisted of the following blocks:

- Implementation of the SAP BCA module for managing current accounts, deposits and lines of credit, along with the associated credit limits, interest and taxes.
- Integration of Cofares' accounts receivable system (SAP AR) with the internal bank current account management system (SAP BCA) for the automatic collection of commercial invoices and loan instalments without going through banking entities.
- Development of automatic and manual reconciliation processes to assign movements from joint bank accounts owned by Cofares to the accounts of credit section clients opened with the internal bank.
- Implementation of a mirror account system to associate open accounts with banks, directly with accounts created in the internal bank.

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Solution

A global and integrated banking solution

The solution implemented for Cofares consisted of the following blocks:

- Automatic update of the interest rates to be applied to the products purchased by Cofares customers based on their commercial relationship with the cooperative.
- Implementation of the SAP Loans Management module for integral management of loans and mortgages.
- Implementation of the SAP BP Module in the SAP for Banking system for maintenance of credit section customers and integration with the SAP BP module of Cofares' SAP CRM system for updating and automatic synchronization of clients from a single repository.
- Development of management reporting for the credit, commercial and administrative areas.
- Automated accounting integration of the SAP for Banking system and the Cofares accounting management system (SAP FI).

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Result

A bank fully integrated with the company's systems

As a result of this implementation project, Cofares has gained an efficient, secure and robust platform with a minimal number of incidents during the maintenance period.

The scalability of the system allows the credit area to offer new banking products (accounts, deposits, lines of credit, loans ...) and to new branch offices quickly and efficiently, thereby improving its competitive position with respect to other cooperatives and ensuring a rapid response to the future needs of the credit section.

The native integration with the company's other SAP systems minimizes the risk of communication errors, facilitates maintenance and avoids the need for users to perform tasks manually which means they have more to dedicate to higher value added tasks.

In addition to the advantages already mentioned, it should be added that maintenance costs were reduced and the company's processes were revised and simplified by integrating them in the SAP standard.

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Future



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SAP for Banking, a future-oriented and scalable solution

The implementation of the new system focused on 6 bank offices associated with the credit area distributed throughout Spain. In the future, new branch offices may be created according to the Cofares group's domestic and international expansion strategy.

International expansion of the credit section is not ruled out. As far as the system goes, local commercial and legal features can be integrated into the system as needed.

The system is making it possible for the credit area to include new products such as special lines of credit to cover the financing needs of pharmacists with both Cofares and other providers.



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