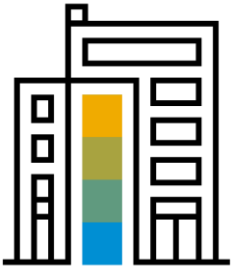


Loc Troi Group Joint Stock Company

Loc Troi Group Spearheads the Route to Digital Vietnam

SAP Best Run Awards for SEA





Company Information

Headquarter	Vietnam
Industry	Agriculture
Website	www.loctroi.vn/gioi-thieu

Established in 1993, after 28 years of development, Loc Troi Group has always been attached to farmers and contributed to the sustainable development of Vietnam's agriculture. They have a total of 25 branches spread across Vietnam, one branch in Cambodia.

Loc Troi Group – formerly known as An Giang Plant Protection Joint Stock Company (AGPPS) is a leading manufacturer and supplier of products and services in the Vietnamese market in the field of agriculture, with a sustainable value chain from research, production and sales of seed products, plant protection drugs, bio-organic products, rice and coffee.

Reason to Innovate

Loc Troi Group Joint Stock Company



The application of ERP SAP S/4HANA is a podium for Loc Troi Group to affirm our standing in the national agriculture industry, enhance our credibility to our stakeholders, and most importantly, facilitate farmers to gradually integrate into the global supply chain.

- Loc Troi Group's CEO,
Nguyen Duy Thuan -

Challenges

As a leading agriculture business in Vietnam, Loc Troi Group always pushes itself to be more innovative to best serve farmers, helping them minimize effort and maximize capability, and most importantly, raise the capacity of farmers in the global integration. We realized the importance of equipping a standard, solid, and innovative system for digital management on all business performances. SAP was our partner of choice thanks to its various best practices worldwide.

Solutions

Three solutions were introduced: SAP S/4HANA, SAP Integrated Business Planning, and SAP Analytics Cloud (SAC).

Outcomes

Loc Troi Group was the first in the agriculture industry in Vietnam to successfully adopt IFRS on SAP S/4HANA. They played a pioneering role in the industry to digitize their business, achieving transparent, consistent, and automotive management. They indirectly supported farmers to easily access global common trends of agriculture. They also enhanced trust from investors and partners, and created a trustworthy, economical, and effective workstyle for employees.

Optimized warehouse systems: from 23 decentralized warehouses to five centralized storehouses supplying to customers' demand fully

Successfully adopted International Financial Reporting Standards to boost transparency in corporate governance

Helped employees to access an advanced and centralised processing system



Business Challenges and Objectives

In May 2020, the management board of Loc Troi Group unanimously agreed on a target of becoming the regional leader of agriculture services by 2024 - covering one million hectares of rice cultivation and four million farmers supplying 10% of the total trading rice volume worldwide.

Concurrently, the government has shared their directions on Industry 4.0, which encouraged agriculture businesses to implement digitalization to move forward to a new level. Accordingly, the Ministry of Finance made it compulsory for all enterprises to adopt the International Financial Reporting Standards (IFRS) by 2025.

Loc Troi wanted to spearhead the transformation to stay ahead of the competition. SAP S/4HANA was introduced as a “weapon” to win the competition, and make us the game-changer.

The completed and reformed initiatives should include the transformation of all business performances into a cohesive and standard ERP platform. Thus, Loc Troi Group would have an automotive, transparent, and flexible management system that is in line with international standards. The initiatives were divided into two phases:

1st Phase: Applies to Agriculture Supplies, Production and Warehouse divisions, and related functional units including Sales and Operations Planning, Purchasing, Inventory, Sales and Distribution, QR code, Production Planning, Quality Management, Financial Accounting, and Controlling modules

The 1st phase officially went live on 1st January 2021.

2nd Phase: Applies to Food and Agriculture Services divisions, including Plant Maintenance, Funds Management, Analytics, Group Reporting Consolidation to Loc Troi Group and its affiliates



Project / Use Case Details

The mission of Loc Troi Group is to help farmers, and taking on the role to develop pioneering solutions to support their cultivation, enhance their lives, and develop the rural areas. That was why Loc Troi embarked on a digital transformation journey with SAP S/4HANA in 2020.

The implementation of SAP S/4HANA enables Loc Troi to establish a unified management system, standardize all processes to follow international best practices, improve planning capacity, and automatically track all business activities from procurement, warehousing, manufacturing, quality control, sales, accounting, and financial control while ensuring the transparency of information in all stages. These improvements helped the management team make timely decisions, improve the company's efficiency, and increase its competitiveness in the market in line with international standards, obliquely maximize agriculture competitiveness and integrability.

The 1st Phase successfully went live on 4th January 2021, marking Loc Troi Group the only agri-business in Vietnam to adopt IFRS on SAP S/4HANA. SAP S/4HANA implementation laid a solid foundation for the group's digital transformation and future-readiness. The initial success of this project demonstrated the great determination by Loc Troi Group to sustain the company's leading position in agricultural services in Vietnam and Southeast Asia.



Benefits and Outcomes

Business / Social

1. Optimize the warehouse systems from 23 decentralized warehouses to 5 centralized storehouses to meet customers' demands fully
2. Transform selling branches into selling points with a lighter operating structure but covering sales wholly
3. Successfully implemented IFRS to boost transparency in corporate governance
4. Centralize the purchase processes into divisions
5. Widely support cross sales to minimize transportation fees
6. Centralize the payment processes of different levels
7. Support the management of budgets and profits based on SKUs
8. Support product traceability
9. Standardize and optimize operations of the supply chain

IT

1. Better management by centralizing data in one cohesive system
2. Accelerate cycle times and increase visibility significantly
3. Better security measures

Human Empowerment

1. Help employees gain access to an advanced and centralized processing system
2. Support management follow-up to make timely decisions
3. Empower staff to be more creative, malleable, and active in their responsibilities
4. Encourage a self-responsive attitude
5. Build trust amongst investors and customers
6. Set up a strong arm to effectively communicate with big partners covering one million hectares of land

If you have any enquiries, please email sapbestrunawardssea@in2ideas.com

