

# CONTAX

## CONTAX Licensed Cannabis Producer Case Study – SAP S/4 HANA Implementation

### Abstract

Integration hassles, rigid processes and reporting headaches are all growing pains we want to help you avoid. The trick is recognizing the signs of an IT system that no longer fits your changing business - and replacing it with one that does.

One of the top medical licensed producers of cannabis, needed to shore up their internal systems **to support a rapid increase in the volume and complexity of their business**. After evaluating many different ERP solutions, this organization chose CONTAX Inc., an SAP Gold Partner, reseller of SAP software, to implement the pre-configured SAP S/4 HANA system based on SAP Best Practices.

SAP is the world's largest vendor of ERP software, with over 500,000 customers and over 20 million users of its products. **>90% of the Fortune 500 companies use SAP and 75% of the worlds business transactions pass through an SAP system.**

SAP S/4HANA is the newest version of the system previously known as "R/3", "ECC" or "ERP 6.0". S/4HANA is the flagship product of the SAP corporation and it has been re-engineered to use the latest technology in database and design. SAP S/4 HANA solution offers all the functionality you need to run your business – including analytics and support of industry best practices.

**CONTAX specializes in rapid deployment of SAP solutions** for small-to-midsized companies, making it affordable to implement and own a world class, flexible business management software that can scale as you grow.

### The Challenge

Many licensed cannabis producers are facing many challenges in this rapidly growing industry. The size and complexity of these companies are growing at such a rate that

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existing IT systems are unable to keep up and they are quickly recognizing the difficulties they would face down the road if they do not act quickly.

For our license cannabis producer customer, it was critical to implement a scalable solution that would be able to keep up with their business; and to do so in time for the upcoming legislation that would propel this industry.

Prior to SAP, many of our customer's processes involved manual replication of data across different systems and spreadsheets. Where standard functionality and best practices were insufficient to meet their unique requirements, CONTAX provided a variety of custom solutions from simple reports to more complex custom programs. One of these, for example, automated the entry of large payments made by insurance companies against hundreds of invoices for medical patients.

## Solution Overview

CONTAX delivered a **preconfigured S/4HANA system based on SAP Best Practices**. While SAP has Best Practices in 25+ industries, the Cannabis industry is relatively new. So, the solution CONTAX proposed had similar business processes commonly used in other industries like Pharmaceutical, Consumer Products and Food and Beverage industries. For example, batch/lot control was assigned to all product types (i.e. raw components, finished goods, etc.) for traceability purposes.

CONTAX offers setting up a Sandbox environment using the SAP Cloud Appliance Library (CAL) that comes pre-configured with demo data to **test the waters before making a commitment**. SAP CAL is a very quick deployment for a minimal cost investment without having to commit to hardware or licenses. CONTAX provides consulting support and walks you thru the different business processes before handing the system over to the customer to play with. This allows you to experience and feel very comfortable in making the decision that CONTAX and SAP are the right solution for you.

To reduce timelines and budget, our customer chose to keep the scope of the first phase simple. Phase 1 of the project included implementing the business processes in Finance & Accounting, Procurement, Warehouse Management and Quality Control. The project kicked off on June 19, 2017 and successfully went live with the phase 1 on December 1, 2017; **total of 24 weeks**.

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After a quick stabilization, CONTAX kicked off the second phase of the project on June 4<sup>th</sup>, 2018. The second phase included implementing the order management and shipping process to meet the legalization of cannabis for recreational use. After **13 weeks**, it successfully went live on August 21<sup>st</sup>, 2018.

## Implementation Challenge

One of the unique challenges that were faced during the implementation of order management and shipping processes was the fact that it took place prior to legalization. As such, there were no current processes in place for order processing and shipping. In fact, many of the SAP users that are using the system now were not yet hired. Furthermore, much of the regulation was still being finalized and so the team had to be flexible and adjust to changing requirements.

## Business Benefits

*Following are some of the key benefits:*

- Working towards a single integrated system
- Better inventory control, visibility, and traceability
- System guided approval process that speeds up the procurement process without compromising controls
- Reduced manual processes allowing staff to focus on value added tasks
- Automated entry of appropriate tax stamps by province for recreational sales

Our licensed cannabis producer customer proved that implementing a world-class ERP system can be done with control and certainty over costs, timelines and outcomes, by maintaining tight control over scope, adopting SAP Best Practices instead of customizing the software, and working with the right implementation partner.

