



Cityfitness gets the books into shape with SAP Business One®

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AT A GLANCE

Name

- Cityfitness Group Limited

Location

- H/O Porirua/Nelson, NZ Wide.

Industry

- Fitness

Employees

- 750

Web Site

- www.cityfitness.co.nz

Solution and Services

- SAP Business One, 8.81
- GOWEKA InterCo. & Journal Importer
- Data Warehouse & SAP Crystal Reports
- IMS Payroll Partner & TimeFiler
- ScanWatcher

Implementation Time

- 6 months

Implementation Partner

- Business Evolution Group Limited

New Zealand is facing a dire health crisis: more than half of us are overweight or obese. And there's no excuse for it. We're bombarded by messages in articles and TV programmes promoting healthy eating and exercise. With more gyms and health clubs within our reach every day, it's getting easier to stay fit.

Cityfitness is one company on a mission to help New Zealanders achieve a healthy lifestyle. The family-owned business started from a single club in Porirua in 2000 and has quickly grown into a network of 21 world-class fitness clubs stretching from Christchurch to Auckland's North Shore with 750 staff and 36,000 members.

When CFO Mark Hughes joined Cityfitness in 2007, he introduced MYOB to provide a basic infrastructure across their then five locations, but still relied heavily on spreadsheets, complex tables, formulas and manual data entry. The administration of accounts payable, payroll and monthly board reports had become cumbersome and time-consuming with each club run as a separate legal entity using independent accounting ledgers. The system was manageable across a handful of locations, but by 2009 Cityfitness had grown to 10 clubs and had long term growth plans to acquire more. Mark knew they either needed to hire a lot more staff to run the back office, or automate.

The entire IT infrastructure was contracted out to technology consultants CommArc, and Mark asked them to help drive an RFP process for a new financial system. The requirements set out in the RFP included general accounting, multi-



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company support, payroll (including time sheets with significant time evaluation rules and leave requests), accounts payable, accounts receivable, bank reconciliation, inventory management and reporting/ dashboards of key financial indicators. It also stipulated permission-based security, a customisable user interface and a flexible licensing model.

Cityfitness selected Business Evolution Group out of four vendors responding to the RFP. Sean and Brodie Archer presented a scalable, functional and flexible system design based on SAP Business One and complemented by IMS and TimeFiler for payroll and Scanwatcher to improve accounts payable processes.



"We ran the vendors through a pretty intensive half-day interview process," said Mark. "The Business Evolution proposal ticked all the boxes and they presented it well; they really understood the issues. In the end the decision came down to our confidence in the relationship and a belief that they had the technical skills and the integrity to deliver as promised."

The implementation project started with the payroll component, then SAP Business One was introduced to manage intercompany transaction and reporting solutions. Business Evolution put a full conversion and training plan in place for the six-month roll-out and the system went live in December 2009. During the implementation Cityfitness was in various stages of acquisition on another four clubs, but despite the added complexity the teams coped well and didn't need to recruit extra resource.

"We also tailored a service level agreement to simplify IT spending and reduce the total cost of ownership for Cityfitness by bundling together upgrades, support and other value added services and spreading the costs out over time," said Brodie Archer, Principal of Business Evolution Group.

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"Cityfitness needed help with the front-end approval process of the accounts payable system for POS products and consumables in individual clubs – things like protein bars, towels, cleaning services," said Mark. When the new system came online the company's processes immediately became much more smooth and efficient. "Now we have a way to attach a scan of an invoice to an entry within SAP Business One, assign it to the relevant staff member who can query and then accept or decline payment directly within the record, and then send it straight on for payment.

"We've worked with Business Evolution Group on a number of projects and always found them responsive and helpful. They tend to do lots of research going into a proposal so they were well prepared for questions from Cityfitness, as well as having some solid local reference sites. Between their expertise and the high reliability of SAP software, we didn't anticipate, and have not encountered, any support issues."

John Abel, CommArc.

"The payroll solution worked a treat and everyone got paid on Day 1, that's a key indicator of success," continued Mark. "The entire company now submits their timesheets online." Another major benefit is the quick and easy setup of new locations, and getting them connected to intercompany transactions and reporting solutions within a couple of hours.

John Abel, the CommArc IT consultant who ran the Cityfitness RFP process commented, "We've worked with Business Evolution Group on a number of projects and always found them responsive and helpful. They tend to do lots of research going into a proposal so they were well prepared for questions from Cityfitness, as well as having some solid local reference sites. Between their expertise and the high reliability of SAP software, we didn't anticipate, and have not encountered, any support issues."



"Business Evolution was not only technically skilled in integrating TimeFiler software, but also proficient at coordinating and managing the entire vendor network for Cityfitness," said Ian Johnson, TimeFiler CEO. "We have every confidence in them as a single point of contact for the customer."

"Cityfitness has achieved the results and efficiencies we were looking for in a new financial system, including process efficiency, fixing the A/P approvals issues and intercompany functionality," said Mark. "We developed a solid and adaptable platform that will scale as the company grows, and we continue to work with Business Evolution on customisation and small enhancements. We are more than happy with our selection decision."



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