

SAP Customer Success Story Consumer Products – Health and Hygiene Products



“Throughout the implementation, we had no table service issues resulting from the transition. Our service levels in aggregate across the businesses were above our target levels.”

Greg Schroeder, Project Manager, Kimberly-Clark Corporation

AT A GLANCE

Summary

When Kimberly-Clark Corporation – based in Neenah, Wis. – moved to the SAP® Advanced Planning & Optimization component, it worked with the SAP Custom Development organization to fine-tune its integrated planning tools in support of the company's complex operations. The result was improved planning, responsiveness, and supply chain visibility.

Web Site

www.kimberly-clark.com

Key Challenges

- Integrate existing stand-alone supply chain planning tools
- Deliver superior planning functionality required by complex supply chain

Project Objectives

- Move to an integrated set of planning tools
- Retain the sophisticated functionality of existing planning solutions

Solutions and Services

- mySAP™ ERP application
- SAP Custom Development
- SAP Advanced Planning & Optimization with advanced simulation functionality

Why SAP Solutions and Services

- Provided integrated approach to planning
- Enabled customization of core planning solution

Implementation Highlights

- Offered custom planning tools
- Supplied advanced simulation functionality
- Enabled collaborative approach to developing new capabilities
- Reduced risk through gradual implementation

Key Benefits

- Centralized and integrated planning data
- Enhanced supply chain visibility
- Lowered operational costs by US\$17 million
- Enabled inventory reductions of between \$28 million and \$42 million

Implementation Partner

SAP Custom Development

Existing Environment

Multiple best-of-breed legacy planning systems

Third-Party Integration

- Database: Oracle
- Hardware: Hewlett-Packard
- Operating system: Microsoft Windows 2003

KIMBERLY-CLARK

SAP® Advanced Planning & Optimization Helps Fine-Tune Tailored Tools for a Complex Supply Chain

Keeping products running smoothly through Neenah, Wis. – based Kimberly-Clark Corporation's North American operations is no small challenge. “We have a very diverse manufacturing and distribution footprint, with well over 100 shipping points,” says Greg Schroeder, project manager at Kimberly-Clark. To help manage that supply chain, the US\$15.9 billion consumer products company had implemented a number of best-of-breed planning tools designed to meet specific, targeted needs. “We had several strong supply chain planning capabilities – capacity planning, forecasting, scheduling, deployment tools,” he says.

The problem, however, was that those capabilities were not integrated, which made it difficult to get a consistent enterprise-wide view of supply chain planning. “Data was not synchronized,” says Schroeder. “You might have forecasting information that had been generated a week ago, scheduling information that was created two weeks ago, and capacity information from three weeks ago.” The company decided that it wanted to replace its disconnected best-of-breed systems with an integrated set of planning tools. But planners did not want to give up the functionality of the existing tools. “We wanted to get the value of integration, but we weren't willing to compromise on the capabilities we already had in place,” says Schroeder.

Moving to an Integrated Approach

Kimberly-Clark had already implemented the mySAP™ ERP application to support its core business processes – and Schroeder and his team decided to build on that foundation to get the planning tools the company needed. They began with the SAP® Advanced Planning & Optimization (SAP APO) component of the mySAP Supply Chain Management application. SAP APO provided a range of powerful planning tools out of the box, and Kimberly-Clark turned to the SAP Custom Development organization to tailor that software to the company's needs.

The two companies worked together closely, with Kimberly-Clark business experts helping the SAP professionals understand the sophisticated planning requirements. The effort began with

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Greg Schroeder, Project Manager, Kimberly-Clark Corporation

a two-day workshop that brought Kimberly-Clark and SAP team members to the SAP Custom Development facilities in Walldorf, Germany. That was followed by on-site work at Kimberly-Clark as well as regular teleconferences that allowed developers and Kimberly-Clark businesspeople to stay in close touch.

Starting with a careful analysis of the company's planning requirements, SAP modeled various processes and created plans for enhancing SAP APO. Over time, says Schroeder, the two groups developed a solid working relationship. “If we saw an issue, we worked together to get it fixed – to get to the root cause, get the solution in, test it, and work it through,” he says.

SAP Custom Development created ways to integrate short- and long-term planning processes and to tie data from SAP APO and mySAP ERP together throughout the planning process. Overall, these efforts gave Kimberly-Clark the ability to handle the full range of end-to-end planning processes with one integrated set of tools.

With the customized software, Kimberly-Clark can now use SAP APO to plan for ramping up and ramping down operations. The effort resulted in “sidestream” capabilities that enable the company to plan and manage runs of multiple products on the same machine at the same time, as opposed to having to track various downstream products through a single upstream master product.

Perhaps most important, SAP Custom Development enabled powerful advanced simulation functionality for SAP APO. These tools allow planners to consider a wide range of variables to create various supply chain scenarios and analyze and compare their effects. Planners can, for example, see where possible bottlenecks might turn up in the overall logistics network. They can then use those insights to make strategic decisions about potential investments, new or improved processes, and the reallocation of resources in order to optimize operations.

Better Visibility and Lower Costs

Because these planning tools are both sophisticated and critical, Kimberly-Clark decided to roll them out to more than 150 users gradually over four months – and it started seeing benefits shortly after the implementation began. “We were able to start out with a 10% reduction in our deployed downstream inventory,” says Schroeder. In addition, the company quickly saw a reduction in inefficient partial truck shipments as opposed to full truckloads.

With SAP APO, Kimberly-Clark's planning tools are integrated and draw on the same centralized repository of supply chain information. As a result, the company can more easily optimize overall planning and better adapt to change. “We improved

visibility into the dynamics of the marketplace, which allows us to respond more quickly and accurately to customer activity,” Schroeder says. The planning tools are bringing significant gains in efficiency as well. The company expects to cut approximately \$17 million from manufacturing and warehouse expenses and achieve \$28 million to \$42 million in inventory reductions.

With an eye toward those results, Kimberly-Clark is continuing its strong relationship with SAP Custom Development. Today the SAP group is handling the maintenance of the custom solution – an arrangement that will help ensure that Kimberly-

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Clark’s planning tools stay in step with the company’s evolving needs over the long term. In essence, the customized solution helps Kimberly-Clark planners see further up and down the supply chain. “They are seeing potential issues sooner than they could before,” says Schroeder. “The earlier they can see any issues that might arise, the more alternatives they can consider to solve those issues. Basically, they now have consistent data that is up-to-date. You can pull information at any given time, and it will be good, synchronized information for the business.” Additionally, SAP Custom Development continues to support Kimberly-Clark with a maintenance engagement for the custom development work, which further exemplifies the solid, long-term partnership that has formed between the two companies.

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