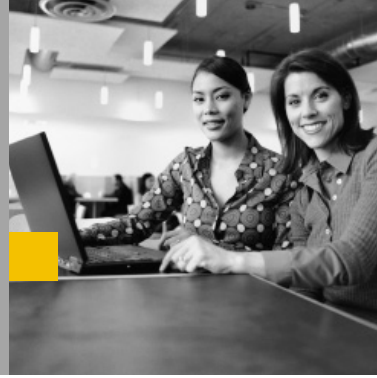


SAP Customer Success Story
Consumer Products – Oral, personal, and home care
and pet nutrition



“We implemented the SAP software to enable faster throughput of higher volumes through our supply chain to the end customer.”

Brian Madel, Senior Manager AMSSO Supply Chain, Global IT,
Colgate-Palmolive Company

AT A GLANCE

Company

- Name: Colgate-Palmolive Company
- Location: New York
- Industry: Consumer products
- Products and services: Oral, personal, and home care; pet nutrition
- Revenue: US\$11.4 billion
- Employees: 36,000
- Web site: www.colgate.com
- Partner: SAP® Consulting

Challenges and Opportunities

- Increase warehouse throughput
- Replace custom RF transactions with standard, flexible SAP solution
- Separate warehousing from enterprise resource planning operations for performance-intensive environment

Objective

Install high-performance, decentralized solution for task and resource optimization

SAP Solution and Services

SAP software for warehouse management, now a part of the mySAP™ ERP application

Implementation Highlights

- Rolled out software in 10 months to high-volume distribution centers in Latin America
- Used internal project management process
- Worked with the business owners to understand processes during as-is analysis
- Developed scenarios, reviewed them with the business users
- Tested real-life scenarios

Why SAP

- Colgate-Palmolive's previous experience and satisfaction with SAP software
- The software's comprehensive, flexible, standard functionality

Benefits

- Increased volumes for pallet and case picking
- Streamlined put-away and picking processes
- Optimized equipment use
- Improved inventory accuracy to greater than 99%
- Eliminated configuration, testing of custom solutions

Existing Environment

SAP software for enterprise resource planning

Third-Party Integration

- Database: Oracle
- Hardware: IBM
- Operating system: IBM AIX

COLGATE-PALMOLIVE

Colgate Uses SAP® Software for Task and Resource Management to Speed Goods Through the Supply Chain

Colgate-Palmolive Company (New York) is a leading global consumer products company, selling brands like Colgate, Palmolive, Mennen, Softsoap, Irish Spring, and Hill's Science Diet and Hill's Prescription Diet pet foods in more than 200 countries and territories. A lot of product moves through its warehouses, and Colgate has been managing these distribution centers successfully with SAP® software for years. It just rolled out SAP warehouse management software, with a focus on task and resource management functionality, to raise its game even higher.

“Our goal – always – is that whatever volumes are going through a warehouse today, we want to increase them,” says Brian Madel, senior manager AMSSO supply chain, global IT at Colgate-Palmolive. “We implemented the SAP software to enable faster throughput of higher volumes through our supply chain to the end customer.”

Using the SAP warehouse management software, which is now part of the mySAP™ ERP application, the company can automatically manage warehouse tasks and the resources – users and equipment – required to perform those tasks. The software assesses current workload and the physical location of resources to continuously optimize the sequence in which tasks are processed, so each step is undertaken at the right time and the best resource is used for the job. With complete transparency of operations, warehouse planners and supervisors can override sequences if delivery priorities change.

Colgate rolled out the solution at high-volume distribution centers in Latin America. The SAP warehouse management software initiates the transfer orders for materials, indicating start and end points. The task and resource management functionality then breaks the transfer order into discrete, optimized processes. By the time a truck pulls into the distribution center and backs up to the dock, warehouse workers are ready – after having been electronically assigned the unloading task via terminals mounted to their equipment and “talking” over an RF network to the SAP

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warehouse management software. The workers scan the most accessible handling unit on the trailer, and the software automatically tells them where to place it. If they can’t put it away with their equipment – say, into high-rack storage – the system will direct them to a pick-and-drop zone, then assign a high-reach boom operator to bring the goods to a specific location.

“With the new software, we have been able to streamline our process for replenishing distribution centers from our manufacturing plants,” Madel says. “We’ve also streamlined replenishment within the warehouse. We set up the task and resource management software to monitor each bin. When inventory falls below a certain level, the system automatically creates a transfer order, prompting a user to pick a pallet and replenish the bin; it’s a fully automated process to continuously restock inventory. We’ve also accelerated outbound shipping; tasks are automatically assigned to multiple people working on different pieces of equipment in different areas of the warehouse, so they all pick simultaneously for the same delivery.”

That means a faster supply chain. Says Madel, “We’ve increased volumes for pallet and case picking throughout our warehouses. We have streamlined our put-away and picking processes. We now utilize equipment more efficiently. We’ve improved inventory accuracy to greater than 99%. And there are even more benefits we expect to realize. We feel we are just scratching the surface of what the software can do.”

Decentralization = High Performance

Colgate runs the warehouse management software on a separate server from the corporate SAP enterprise resource planning application. Says Madel, “Each warehouse user is logged onto the warehouse management system; RF processes are extremely performance dependent. The last thing we want to do is slow down our people. If they scan a handling unit and have to wait for the system to come back and tell them what to do, we lose productivity. Separating warehousing from other SAP software functions greatly improves performance from an end-user standpoint. In a decentralized environment, we also control planned downtime for maintenance – this is crucial for warehouses that operate 24x7.”

The decentralized SAP warehouse management application communicates directly with the SAP business enterprise software. “The communication is very reliable and very robust – there are absolutely no issues,” Madel says. The information flow includes outbound and inbound deliveries, material and vendor master data, and batch management data. When a sales order is entered into the SAP business software, the order is converted to a delivery and sent to the SAP warehouse management software via application link enabling (ALE) to create the transfer order and launch task and resource assignment. Once delivery is complete, another message goes back to the central system.

Colgate is next looking at voice enablement to match warehouse tasks with voice prompts and responses. It also wants to take advantage of warehouse management functionality for cross-docking to move goods directly from receipt to shipment without storing; yard management to manage doors and trailers; and value-added services for things like customer-specific packaging. Says Madel, “We will continue to further leverage our SAP software for warehouse management to improve our business performance.”