CEMEX USA

CEMENT AND READY-MIX CONCRETE FIRM USES SAP® SOLUTIONS TO OPTIMIZE THE CUSTOMER EXPERIENCE

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Ven Bontha, Director – Customer Experience, CEMEX USA

QUICK FACTS

Company
- Name: CEMEX USA
- Location: Houston, Texas
- Industry: Mill products – building materials
- Products and services: Cement, ready-mix concrete, aggregates, and related products
- Revenue: US$2.5 billion
- Employees: 8,500
- Web site: www.cemexusa.com
- Implementation partner: Neoris

Challenges and Opportunities
- Achieve differentiation in a status quo industry by making CEMEX the easiest partner to conduct business with
- Improve the overall customer experience
- Provide a 360-degree view of the customer with a single data source
- Provide customers with a single point of contact
- Consolidate fractured customer relationship management processes and roles, eliminating duplicate efforts
- Provide account details easily through self-service

Objective
Implement software and processes for providing consistently excellent customer service in all respects

SAP® Solutions and Services
- SAP® Customer Relationship Management (SAP CRM) and SAP ERP applications
- SAP NetWeaver® Portal and SAP NetWeaver Business Warehouse components
- SAP BusinessObjects™ business intelligence solutions

Implementation Highlights
- Met schedule and budget goals
- Enjoyed strong executive sponsorship
- Carefully selected supportive regions for initial deployment
- Deployed teams to learn local market conditions prior to implementation
- Developed incentive programs for employees
- Emphasized change management

Why SAP
- Availability of all functionality needed for a complete, integrated CRM solution from the same vendor
- Superior performance in the pilot project compared with competitors

Benefits
- Achieved fast ROI via collections synergies, cost reduction, and incremental sales
- Managed 29% more customer transactions with the same headcount
- Delivered over 99% of orders without issues, versus 95% previously
- Achieved 99.97% accuracy on order entry transactions versus 98% before
- Reduced call volume for account information by over 50%
- Far exceeded original objectives by expanding into many new areas
- Redefined customer service benchmarks for the industry

CEMEX
Building the future™

CEMEX USA, the American subsidiary of global building materials giant CEMEX S. A. B. de C. V., wanted to distinguish itself from competitors and chose an ideal way – improving customer service. "We built a platform for service excellence on the SAP Customer Relationship Management application and revised our business processes to take best advantage of it," says Ven Bontha, director of the customer experience initiatives for CEMEX USA. "Cost savings and incremental sales are helping us recoup our investment quickly."

Achieving Differentiation in a Status Quo Industry

CEMEX provides cement, ready-mix concrete, aggregates, and related products to customers in over 50 countries. Its network in the United States includes 13 cement plants, hundreds of ready-mix concrete plants, strategically located distribution terminals, and more than 100 quarries. Because of shelf-life limitations and high transportation costs, CEMEX USA's service delivery takes place at the regional level. As a result of the firm's rapid growth and the decentralized nature of its operations, customers were served through multiple touch points, including third parties that sometimes provided inconsistent service.

As a result, when CEMEX USA sought a way to achieve competitive differentiation in its status quo industry, improving customer service stood out as an obvious opportunity. "We benchmarked ourselves against our competitors and found that their customer service performance was no better than ours," Bontha explains. "Since they were doing nothing about it while we were, we knew we'd be making the kind of difference customers really cared about. We made it our mission to become the easiest partner to conduct business with for our customers, offering captivating experiences to drive long-term loyalty and deliver sustained growth for our shareholders. Our goal was to make sure the customer was represented during all critical business decisions."

CEMEX USA created a formal customer experience initiative to achieve this mission and a customer experience management (CEM) team to drive it. From the outset this team enjoyed top-level support from the company's executive staff, an important key to the project's success.

The team began with an extensive survey to learn which service attributes of a building supplies provider were most important to customers. Over and over customers reported that they wanted a single point of contact, standardized service levels, self-service capabilities, on-time deliveries with no stock-out issues, and consistently reliable account administration.

Overhauling Software and Business Processes

Once the team understood the customer issues that needed addressing, it searched for and found the roots of the problems: data scattered among multiple locations, fractured business processes, and outdated business software that was difficult to support because of extensive customization. The team also found many instances where processes were unnecessarily duplicated, driving up costs.

At the same time the CEM team was emerging from the fact-finding stage and preparing to take action, CEMEX USA as a whole was migrating from its legacy enterprise resource planning system to the SAP® ERP application. Therefore as the software basis for its project, the team had an obvious candidate, the SAP Customer Relationship Management (SAP CRM) application. "We examined SAP CRM closely and found that it has all the functionality we were seeking, with the extra benefit that it tightly integrates with the application we were implementing to run

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the overall business," says Bontha. "That integration is critically important because of all the data exchange necessary between the applications."

Although the advantages of an all–SAP software landscape were clear, the team did its due diligence by piloting not only SAP CRM, but also two of its chief competitors. When SAP CRM outperformed them both, the decision was made. In addition, CEMEX USA selected the SAP NetWeaver® Portal component for development of a customer portal. The firm also chose the SAP NetWeaver Business Warehouse component and SAP BusinessObjects™ business intelligence solutions to provide accurate metrics on operational data to enhance the customer experience.

Setting Up an Interaction Center

Together with its system integration partner Neoris, the CEM team proceeded to set up an interaction center supported by SAP CRM to serve as its central hub for customer service. The team also redesigned the fractured business processes to use the application in optimal fashion. Next Neoris integrated SAP CRM with third-party applications from Verint and Cisco. A Verint workforce optimization solution provides visibility into the interaction center's operations and helps ensure that it is optimally staffed, and a Cisco voice over Internet protocol (VoIP) system helps with call routing.

The challenges associated with creating a 360-degree view of the customer were numerous, notably consolidating customer master data from multiple unrelated databases into a single, centralized repository. Despite all its challenges, the team finished on schedule and within budget.

Knowing that user adoption of all these changes would be another challenge, the team carefully selected locations for initial implementation where support for the project was high and users would be most receptive. Members of the CEM team then visited those locations to understand their conditions and plan the deployments. The strategy worked well, leading to high rates of user acceptance at the initial locations. Together with a great deal of energy the company put into change management, this approach helped achieve similar success rates as CEMEX USA rolled out the solution nationwide. Another tactic that helped was establishing a system of incentives to ensure that a focus on service is retained during all customer interactions. "Now our interaction center, supported by SAP CRM, manages all order entry and fulfillment throughout the country, and the customer experience initiative is an integral part of the way CEMEX USA does business," Bontha reports. "This move was vital in achieving a single point of contact for every customer and in standardizing all processes involved in supply chain management and customer care."

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Absorbing 29% More Customer Transactions with Same Headcount

The team's primary focus was on the quote-to-cash process, which entails quote creation, order management, invoicing, and cash management – all with a high degree of integration with supply chain and customer service management. "Making sure the supply chain is effective is a critical part of making customer service effective," comments Bontha. "Without accurate, on-time supplies, it is impossible to make accurate, on-time deliveries."

In addition, the firm streamlined its customer-facing plan-to-supply and vendor-managed inventory processes as well as postsales processes such as providing account balance and payment information. These processes are more efficient because they are based on best practices and because they are performed by specialists who have become very adept at using them. Economies of scale are substantial, and there are no longer any business process duplications, adding further to efficiency.

All these improvements partly account for the fact that CEMEX USA has been

able to absorb a 29% increase in customer transaction volume without adding to its headcount. But there is another reason as well: customer self-service via the interaction center's customer-facing portal that the CEM team developed. Not only does customer self-service reduce the interaction center's workload, but it also contributes substantially to improved customer satisfaction. Through the CEMEX Connect portal customers can now make payments and access their own completely up-to-date financial documents, order fulfillment status, volume reports, and technical documents – all on their own, 24 hours a day. "The customer portal is 100% SAP software centric," Bontha points out. "It has been responsible for a decrease of over one-half in account information requests over the phone, another reason why our costs have dropped so precipitously."

Exceeding Expectations and Expanding Initial Scope

CEMEX USA has achieved an order entry transaction accuracy record of 99.97% – just one reason why so many customers, both new and old, choose CEMEX USA. The company has far exceeded its initial objectives, which were to streamline its administrative and customer service processes. "We succeeded so well in redefining customer service benchmarks for our industry that our charter has been expanded to include opportunity management, collections, and outbound marketing campaigns, among others," reports Bontha in closing. "Next, we're exploring new technologies like mobile platforms and social media that have the potential to make the customer experience even more captivating. The customer experience initiative is also changing from a cost center to a profit center, which will boost our return on investment even further."

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