



# TNT

## MARKET-LEADING DELIVERY COMPANY STANDARDIZES PROCESSES WITH SAP® ERP

### QUICK FACTS

#### Company

- Name: TNT N.V.
- Location: Amsterdam, Netherlands
- Industry: Travel and logistics services
- Products and services: Postal and express delivery services
- Revenue: €11 billion
- Employees: 160,000
- Web site: www.tnt.com

#### Challenges and Opportunities

- Streamline finance and purchasing operations
- Enable performance monitoring across multiple business units
- Facilitate the sharing of purchasing best practices
- Minimize duplication in IT activities

#### Objectives

- Establish a single, consolidated IT infrastructure
- Standardize processes across different locations and business units
- Increase visibility of information across the organization
- Provide better management support for performance monitoring
- Reduce total cost of ownership

#### SAP® Solution and Services

SAP® ERP application

#### Implementation Highlights

- Rapid rollout – application live in 57 countries within 18 months
- Strong project governance
- Detailed implementation planning
- Minimal customization requirements
- Extensive training program

#### Why SAP

- Strong global presence
- Proven track record
- Multilanguage and multicurrency support

#### Benefits

- Improved process support, resulting in more-efficient back-office operations
- Better access to division-wide finance and purchasing information
- Enhanced ability to compare performance and share best practices across business units
- Increased service quality – providing a competitive advantage
- Strong IT foundation for future process standardization

#### Existing Environment

Multiple enterprise resource planning applications, including SAP ERP

#### Third-Party Integration

- Hardware: SUN, Hewlett-Packard
- Operating system: Sun Solaris, Windows NT
- Database: Oracle

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**Dennis Beard**, Project Director, TNT Express, TNT N.V.



A trusted brand and fast, reliable services have made TNT Express – the express delivery division of Amsterdam, Netherlands-based TNT N.V. – a market leader. However, a reliance on disparate enterprise resource planning (ERP) applications meant that processes and support costs were not necessarily optimized. “We wanted to achieve synergies in working practices across our international business units. But to achieve this, we needed to implement a common platform,” comments Dennis Beard, project director at TNT Express.

To address this, the company embarked on a global program to implement the SAP® ERP application in over 60 countries. As a result, it was able to improve operational efficiency and share best practices across the organization.

### Disparate Solutions

Each week, in over 200 countries, customers rely on TNT Express to deliver 3.5 million parcels, documents, and freight shipments. Committed to maintaining the highest quality standards, the organization is recognized as one of the world’s leading express delivery companies and is acknowledged as Europe’s number one service provider.

However, keeping back-office operations running smoothly was proving a challenge. Finance and purchasing operations were supported by different applications in each of eight international business units. And although some units already used SAP ERP as well as

legacy solutions, the software was not integrated and templates differed considerably. “Each application was hosted on separate hardware in different locations and managed by different IT teams,” comments Janet Dickson, SAP program manager at TNT Express. “As a result of this duplication, our overhead and manpower costs were unnecessarily high.”

### Common Platform

The division decided to implement a single, consolidated solution. This would enable the company to retire eight hardware systems, drastically cutting the cost of ownership. It would also allow the standardization of finance and purchasing activities so that managers could compare performance across the business units using a single cost structure and a standardized set of accounts.

Increasing the company’s purchasing power was another key driver. “We wanted to have a clearer idea of which

suppliers provided us with which services on a worldwide basis. In this way, we would increase our buying power and generate cost savings,” says Beard. “However, to achieve this we needed better cross-unit visibility of purchasing information.”

### Rapid Rollout

Staff at TNT Express’ information and communications services organization began the search for a suitable solution. “We needed a company that had a strong global presence and a proven track record. And we needed an application that could support multiple languages and currencies. SAP delivered on both counts,” comments Beard.

A phased, two-year rollout saw the SAP ERP application implemented first in western Europe, followed by eastern Europe, and then North and South America, the Middle East, Asia, and Australia. “We were pleased with the speed at which we were able to implement the SAP software,” remarks Dickson. “Within 18 months from the start of the project, we had launched the application in 57 countries, and it is now live in 63. At one point we were installing the software in as many as 7 countries in one month.”

This impressive achievement was acknowledged in 2007 when TNT Express won a quality award from SAP for the rollout of the finance project.



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Dennis Beard, Project Director, TNT Express, TNT N.V.

## Strong Project Governance

Strong governance was a key success factor for the program. The core project team consisted of internal IT staff and business experts as well as consultants from Atos Origin S.A. In addition, the divisional CEO chaired a number of initial steering committee meetings, underscoring that the project was supported at a very high level.

“To reduce project delays as well as minimize costs and ongoing support requirements, we wanted to establish a single template. This meant we needed clear agreement on what processes should be standardized and then to enforce this across the different implementations,” says Dickson. “By establishing a strong, centralized committee and using the multicountry support offered by SAP ERP, we were able to keep customization at a minimum while

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## Overcoming Tough Challenges

Detailed planning was also vital for this ambitious project. “For each location, we had a cohesive plan – including data migration, interfacing, change manage-

ment, and training,” comments Dickson. “This helped us to keep our momentum going and stick to our schedule.”

However, the team came across obstacles that were harder to predict. Over the course of the two-year project, they dealt with citywide power cuts, typhoons and tornados, a military coup, and the copious paperwork involved in obtaining visas and flights into countries undergoing political unrest. “Having a strong, central team of motivated professionals made all the difference,” remarks Beard. “Their ‘can-do’ attitude ensured that we met tight deadlines in the face of tough challenges.”

## Standardized Processes

In total, 7,000 users worldwide now rely on SAP ERP to support their day-to-day finance and purchasing activities. According to Dickson, the transition

has gone smoothly. “Every user was trained as part of the buildup to rollout. People became used to the software relatively quickly, and the switchover has been very successful,” she confirms.

TNT Express now has a standardized set of accounts across all business units and locations. And as cost center structures are now standardized, it is easier to monitor and compare

performance across the organization. “Managers feel they can trust the reports, as the data is timely and accurate,” emphasizes Dickson. “Furthermore, increased visibility of cross-unit information has helped head-office staff to share best practices between business units, leading to more effective operations.”

## Cost Reduction

SAP ERP has also helped TNT Express transform its purchasing practices, improving efficiency and cutting costs. “Some countries have gained their first really sophisticated purchasing solution,” comments Beard. “SAP ERP enables the adoption of best-practice operations across all aspects of purchasing – from sourcing the supplier to placing the orders and paying invoices. In this way, we can keep better control of the money we’re spending and have a more holistic view of opportunities for cost reduction across the organization.”

TNT Express has derived significant cost benefits from establishing a single, consolidated solution. “Because we no longer have eight different applications to support, our infrastructure and maintenance requirements have reduced dramatically – resulting in considerable savings,” confirms Beard.

“Our operating profits have increased year to year over the last five years and the SAP implementation has played an important role in helping us achieve that,” continues Beard.

## Delivering Value to Customers

Building on its implementation of SAP ERP, TNT Express intends to extend its SAP footprint further over the coming year. It recently upgraded to the latest versions of SAP ERP and the SAP Supplier Relationship Management application – over a single weekend, with minimal disruption to the business. The organization is planning to implement the SAP Financial Supply Chain Management set of applications in all locations. In addition, it will be

rolling out human resources functionality within SAP ERP across 13 countries while integrating the solution with local payroll suppliers.

“Our SAP software is helping us to streamline processes, increase operational efficiency, and reduce costs,” concludes Beard. “Ultimately, this allows us to improve service quality and provide better value to our customers, many of whom also run SAP software. All these factors add to our competitive edge.”

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