CONAIR

IMPROVING WORK ORDER COLLABORATION TO REDUCE COST

QUICK FACTS

Industry
Consumer products – personal care products and kitchen appliances

Revenue
Approximately US$2.0 billion

Employees
Approximately 4,000

Headquarters
East Windsor, New Jersey

Web Site
www.conair.com

SAP® Solutions and Services
SAP® Supply Network Collaboration application

Implementation Partner
Patni Computer Systems Ltd.

Conair Corporation develops, manufactures, and markets health and beauty products and kitchen and other electronic appliances. The company sources the majority of its products from contract manufacturers in the Far East. By implementing the SAP® Supply Network Collaboration application, Conair automated work order collaboration, gained better supply chain visibility, and reduced operating costs through increased efficiency.

CONAIR®

Key Challenges

- Provide greater visibility of manufacturers' progress against work orders to improve inventory control and customer service
- Improve collaboration in the China part of global supply chain involving quality control, shipping, and third-party freight forwarders
- Decrease the amount of manual data entry
- Update and consolidate work order software to control IT costs

Why SAP Was Selected

- Successful early prototype of software
- Depth of collaboration functionality
- Ability to leverage existing investment in SAP® software
- Foundation for corporate strategy to run a lean IT organization and maintain a single integrated software environment
- Ability to meet future supplier collaboration needs

Implementation Best Practices

- Used ASAP methodology and leveraged SAP development insight
- Leveraged onshore and offshore resources to control costs
- Engaged in a phased implementation
- Ran software in parallel before going live
- Used train-the-trainer approach to train contract manufacturers

Low Total Cost of Ownership

- Expanded functionality without impacting IT cost by leveraging existing SAP investment
- Avoided interfaces and reduced ongoing maintenance costs by replacing custom solution with standard SAP software
- Improved level of support by integrating software into corporate data center
- Adopted a solution that can scale to meet future business needs

Financial and Strategic Benefits

- Increased productivity and eliminated need for dual data entry by automating work order collaboration
- Gained better visibility into and improved accuracy of supply chain information
- Integrated quality control processes to centralize information and streamline shipping logistics

Operational Benefits

- Lowered inventory
- Enabled operating costs reduction
- Reduced number of expedited shipments
- Eliminated third-party service that gave key manufacturers electronic access to Conair purchase orders

"SAP is a key enabler of our corporate strategy. SAP Supply Network Collaboration ensures we are tightly integrated with our manufacturing partners to maintain service, control costs, and uphold lean IT practices."

Jon Harding, CIO, Conair Corporation

www.sap.com/contactsap

Closing the Gap in Supply Chain Visibility

To bring its array of products to market, Conair Corporation relies on a far-reaching supply chain. The approximately US$2.0 billion consumer products company, based in East Windsor, New Jersey, sources the vast majority of its goods from about 500 contract manufacturers in the Far East.

Conair wanted to improve its work order collaboration processes. While it uses the SAP® ERP application for core business processes, the company's China teams were using a stand-alone application to track manufacturers' progress against work orders. The disparate environment increased total cost of IT ownership, caused inefficiencies, and limited visibility into the work order status. In addition, the vendor of the stand-alone application was no longer in business, underscoring the need to look for a change.

"Different people had different information on order status. That could lead us to expedite shipments, which is expensive," says Jon Harding, Conair's CIO. "We needed better visibility of when goods were complete and inspected, sent to port, passed customs, and loaded for shipment."

Leveraging Investment in SAP Software

Conair looked no further than SAP for its solution. "By adopting SAP software, we could maintain our lean IT practices," Harding says. Conair's implementation partner, Patni Computer Systems Ltd., demonstrated a prototype of the SAP Supply Network Collaboration (SAP SNC) application, and the decision was made to acquire this new software application from SAP.

Conair followed the ASAP methodology and started with a fully functional prototype to make sure the software was configured to the project drivers' needs. Conair leveraged support from SAP developers and also made use of onshore and offshore resources to control development costs. After the implementation, Conair ran the software in parallel with its existing system for four months to train 200 users. "During that time, we loaded about 11,000 live purchase orders into the software," Harding adds.

Automating Work Order Collaboration

Conair's China teams now access a Web-based user interface to download purchase orders from SAP ERP and publish them as work orders in SAP SNC. "Before, we used the legacy system and e-mail to collaborate. Now our merchandising teams can track production on a daily or weekly basis, and it's visible globally," Harding adds.

Conair's quality control personnel are using SAP SNC to record inspection results. Once items pass inspection and are cleared by customs, Conair can more accurately coordinate and track shipping logistics and avoid costs for expedited shipments. With better visibility into product availability, Conair can also reduce inventory and related operating costs.

Benefits of an Integrated Environment

With SAP SNC, Conair avoids fees charged by freight forwarders for dual data entry. "Instead of updating our legacy software and SAP ERP on the status of shipments, they use EDI [electronic data interchange], and the information is uploaded automatically into our SAP software," Harding explains.

The new SAP SNC implementation also eliminates licensing fees paid by key contract manufacturers who had been using third-party software to interact with Conair's China teams. Operationally, Conair should be able to lower its ongoing IT support costs and improve its level of support by integrating the software for these processes into its corporate data center.

Looking ahead, Conair will add planning functionality during a second implementation phase. The company intends to upgrade SAP ERP and continue rolling out the SAP Supply Chain Management application to support demand planning and the SAP Customer Relationship Management application to support sales and marketing.

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