



CLICK CLACK

REDUCING COSTS WHILE INCREASING CUSTOMER SATISFACTION

QUICK FACTS

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Natarajan Subramanian, Group IT Manager,
Click Clack Limited

Company

- Name: Click Clack Limited
- Location: Palmerston North, New Zealand
- Industry: Consumer products
- Products and services: Airtight storage ware, beverage ware, and brush ware
- Revenue: More than US\$23 million
- Employees: 200
- Web site: www.clickclack.com

Challenges and Opportunities

- Decrease reliance on costly third-party services
- Automate order entry processes to reduce inaccuracies
- Enable real-time insight into orders

Objectives

- Reduce costs
- Enhance customer service
- Improve accuracy of information

SAP® Solutions and Services

- SAP NetWeaver® Process Integration offering
- SAP Conversion Agent conversion tool by Informatica
- SAP ERP application

Implementation Highlights

- Completed implementation smoothly and on time
- Created electronic data interchange (EDI) field mapping easily
- Enabled management of SAP ERP and Microsoft SQL Server infrastructure with only 3 people

Why SAP

- Ease of supporting a single, consistent operating environment
- Access to internal resources to support solution

Benefits

- Lowered cost to process customer orders by 65% using EDI
- Increased customer satisfaction
- Reduced order processing time
- Improved accuracy of information
- Made available real-time information for reporting

Third-Party Integration

- Hardware: Hewlett-Packard ProLiant servers
- Operating systems: Windows Server 2003, Microsoft SQL Server 2000



Headquartered in Palmerston North, New Zealand, Click Clack Limited is a market leader in airtight storage ware, polycarbonate beverage ware, and a comprehensive range of cleaning materials (marketed under the brand name Brushworks). The company is among New Zealand's top 50 manufacturing exporters. Sales and distribution operations in the United States, Australia, and the United Kingdom contribute a major portion of Click Clack's revenue. The company sought to reduce the cost of handling customer orders through a third-party warehousing agency in the United States while meeting the needs of large customers wanting to submit orders through electronic data interchange (EDI). To do so, Click Clack chose to implement its own EDI solution using the SAP NetWeaver® Process Integration (SAP NetWeaver PI) offering and the SAP® Conversion Agent conversion tool by Informatica.

Improving Information Consistency and Visibility

For some years, Click Clack had been supporting its operations in New Zealand and Australia with the SAP ERP application but continued to rely on off-line applications to run operations in the United States and United Kingdom. Third-party order fulfillment and warehousing companies supported U.S. sales, while orders from Click Clack's overseas sales offices had to be captured and passed to the company's manufacturing facilities in New Zealand. None of these operations was integrated with the SAP software running in New Zealand, so frequent inconsistencies arose between information held by systems in New Zealand, the United States, and the United Kingdom. Lack

of integration also made it impossible to gain real-time visibility into global supply chain activities.

To overcome these challenges, Click Clack decided to support its U.S. and UK operations with SAP ERP. It also began to explore handling EDI using SAP software, in response to customer interest in submitting POs electronically instead of via third-party systems run by the warehousing agency in the United States. As Click Clack saw it, using EDI would both streamline the entry of orders into the SAP software and help eliminate the inconsistencies between the information in the different geographies. However, Click Clack soon discovered that relying on an external partner to capture and process EDI orders into its SAP ERP application

would be very costly. For an estimated transfer volume of 5 MB per month, one prospective EDI partner proposed charging some US\$24,000 per annum for transmitting and translating EDI data, on top of a further initial cost of \$84,000 to set up document mappings.

Making the Most of a Single Architecture

Click Clack began to explore the possibility of processing EDI messages on its own. Driven by a desire to minimize complexity and make the most of the common system architecture it was creating with SAP software, Click Clack chose SAP NetWeaver PI and SAP Conversion Agent. "We were centralizing all our IT operations around SAP software," says Srinu Jaganathan, the business analyst for SAP software at Click Clack. "We wanted to integrate our EDI customers into this environment, so it made sense to use SAP NetWeaver PI and SAP Conversion Agent to support our strategy of centralizing on the SAP software platform."

Automating the EDI Process

Click Clack's in-house systems administrator, Rajesh Thiyagarajan, installed the SAP NetWeaver PI offering. Click Clack engaged the support of SAP Consulting for just 10 days to help configure the system landscape and business scenarios. Jaganathan himself took a Web-based training course and quickly learned how to use SAP Conversion Agent. Once the server had been configured and Jaganathan



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Natarajan Subramanian, Group IT Manager, Click Clack Limited

had created the key field mappings, the maps were incorporated into SAP NetWeaver PI and readied for use.

Today when one of Click Clack's U.S. customers wants to submit an order using EDI, it sends the order electronically to a mailbox maintained by Click Clack's value-added network (VAN)

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provider. SAP NetWeaver PI polls the mailbox on a regular basis and downloads any messages it finds. Using the mapping information created in SAP Conversion Agent, SAP NetWeaver PI automatically transforms the information in the EDI document into an XML intermediate document (IDoc) format. Subsequently, SAP NetWeaver PI uses a built-in IDoc adapter to convert the IDoc transport protocol from http to remote function call, enabling it to communicate with Click Clack's SAP ERP application and trigger a request to process the order.

Order acknowledgement has also been incorporated into this new process. SAP NetWeaver PI imports a PO into the order entry system, which then generates a text document acknowledging receipt of the order to the customer. “We have set up a procedure

in the SAP software to collate order information. The software automatically sends this document to our warehousing partner in the United States, who then sends automated shipment notices and, ultimately, our products to the customers,” says Jaganathan. “Once they've done this, they send consolidated delivery information to us, and we use

SAP NetWeaver PI and the mapping tools provided by SAP Conversion Agent to send an invoice out to the EDI mailbox maintained by the VAN, which passes it electronically back to the customer.”

Processing Complex Orders Correctly

Click Clack is among the top 3% of exporters in New Zealand. Though it receives only 20 to 25 EDI orders from the United States each week, some of these orders can be quite complex. This variation in complexity created a challenge that the SAP software was well suited to handle.

“Some of the purchase orders we receive are straightforward, involving a single line of items to be shipped to a single location,” says Jaganathan. “Other POs are far more complex.

A large retailer might consolidate orders for 200 or 300 stores into a single electronic PO. We have to unlace that PO and break out the orders for the individual stores so that our warehousing partner will know exactly where to send the merchandise. This is where we rely on the mapping functionality of SAP Conversion Agent. It can tease out this information and help us automate this whole process.”

Increasing Accuracy, Improving Planning

Click Clack brought its U.S. and UK operations onto its platform based on SAP ERP and created a streamlined electronic infrastructure for processing orders for the United States. In doing so, the company eliminated those points of disconnect that were introducing errors and creating inconsistencies in its different financial and supply chain reports. With order information going directly into the SAP software in New Zealand, reports generated by the SAP ERP application always reflect up-to-the-minute sales positions.

Previously, information from the legacy U.S. sales tracking system was imported only once a week, and accurate real-time reporting was simply not possible. If a customer had a question, Click Clack customer service agents knew that they might have to check several different systems and possibly reconcile disparate data sets before they would be able to answer the question. Today customer service agents can look at the status of an order in SAP ERP and provide an accurate response within seconds.

Click Clack business managers can also make more effective plans because of the improved accuracy and timeliness of information. "All our U.S. sales figures used to come to us via spreadsheets," recalls Natarajan Subramanian, group IT manager at Click Clack. "And working with that information created greater possibilities for manual error, which in turn affected our forecasting and production. Now we do all our forecasting online in the SAP software itself, with much more accurate and up-to-date information. We can even go in and review and update our forecasts in the middle of the month and take corrective action in a timely manner. We were simply unable to do that effectively before."

Decreasing Cost and Saving Time

By incorporating an EDI infrastructure into its own SAP landscape, Click Clack is saving a substantial amount of time and money. By managing the infrastructure, Click Clack is able to input orders into SAP ERP faster – mapping even the most complex PO into SAP ERP in significantly less time than an external service provider that had quoted \$3,500 to map one EDI document into the IDoc format compatible with SAP software.

Furthermore, instead of paying nearly \$24,000 per year for an external service provider to capture and transform 150 EDI messages a week, Click Clack is keeping its cash in-house and letting SAP NetWeaver PI and SAP Conversion Agent do all the work. The fee for a third-party warehousing agency to receive and process orders on behalf of Click Clack has been eliminated as well. "Over the course of a single year," confirms Subramanian, "Click Clack has reduced external charges by approximately 65% – and we maintain our entire SAP software landscape with a team of only three people."

Running the Business a Better Way

"Are we better as a business because of SAP NetWeaver PI and SAP Conversion Agent? Yes, we are," says Subramanian. "We rely on accurate information to achieve customer satisfaction, forecast efficiently, reduce inventory, and maximize fulfillment levels. We're better at all these things through the use of SAP NetWeaver PI and SAP Conversion Agent."

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