Jim Newkirk
Director of Global Supply Chain Development, Colgate-Palmolive

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Colgate-Palmolive Empowers End Users with Supply Chain Reporting

Leading consumer products company replaces custom-built system with SAP BusinessObjects Spend Performance Management to put users in control and alleviate IT

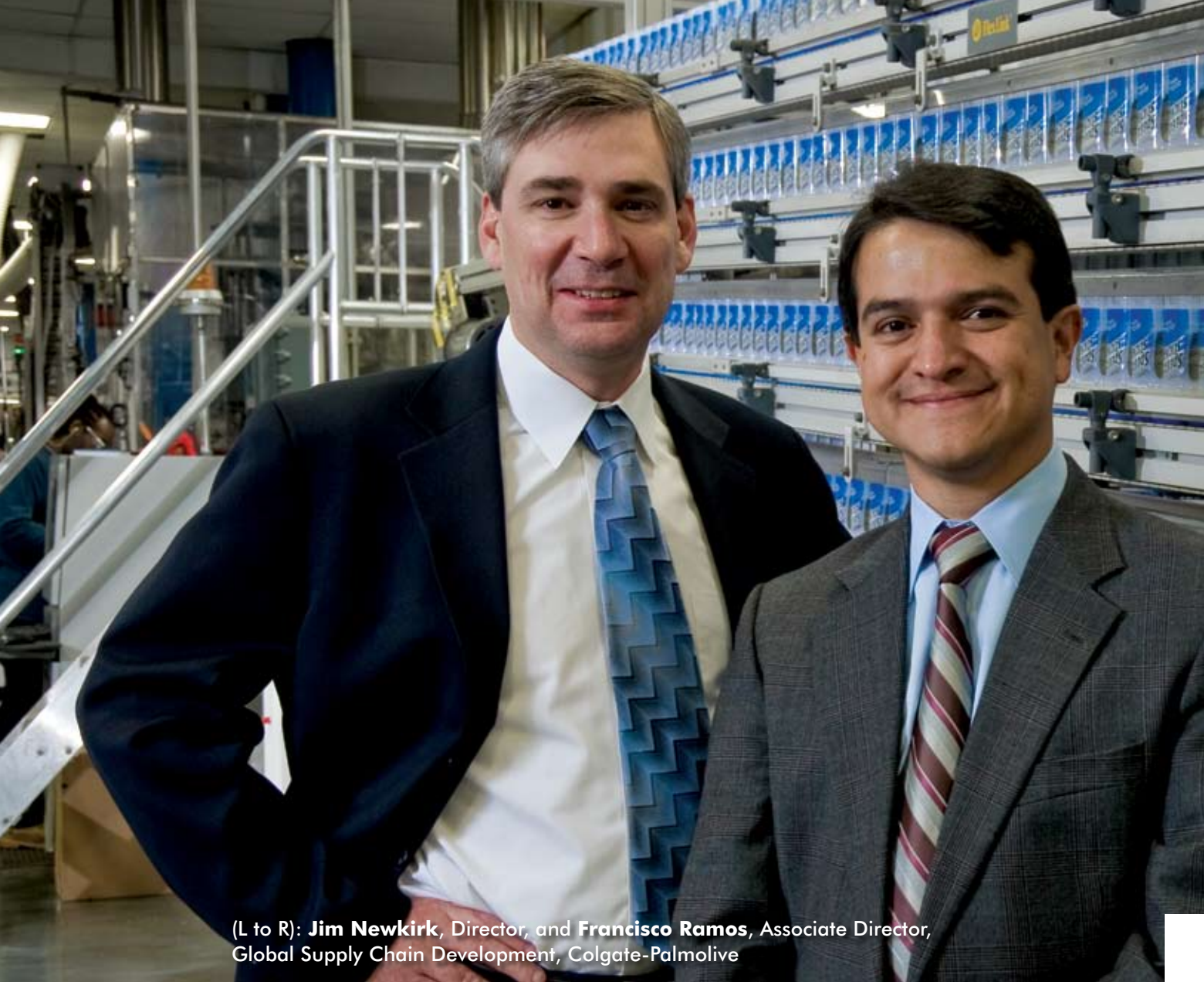
by **Lauren Bonneau**, Managing Editor

Not long after Colgate-Palmolive made a significant organizational shift — now operating its supply chain globally instead of regionally — the company began pushing for global reporting and analysis for two main reasons: to enhance how its business is running and to identify opportunities for improvement.

"We've developed a lot of good, foundational business intelligence reporting over the years, from a global standpoint as well as a divisional standpoint," says Jim Newkirk, Colgate-Palmolive's Director of Global Supply Chain Development, who is responsible for implementing global applications in the supply chain area and reporting on the results.

"And because of the information base established from our worldwide SAP ERP implementation efforts, we started receiving a lot of requests from the business for access to global insights and analysis," he says.

As SAP and other software providers release new functionality relating to the supply chain, Newkirk's group is tasked with determining if that functionality meets the business's needs. To do this, the team conducts pilot implementations to determine which software to deploy and how those implementations should run. His team is also responsible for delivering procurement and inventory management metrics to the business in the form of reports and dashboards.



(L to R): **Jim Newkirk**, Director, and **Francisco Ramos**, Associate Director, Global Supply Chain Development, Colgate-Palmolive

"The business pushes us to develop simpler and easier-to-use reports — and they're looking for us to produce them at a faster rate than in the past," says Newkirk. "The way we're going to deliver is by leaning on SAP to provide these solutions for us. The key is taking advantage of the new, canned SAP analytic applications that relate to reporting."

Business leaders use the information from the reports to determine the proper inventory levels, understand if it makes sense to open a plant in a certain location, decide whether the company should order stock from one supplier versus another, or analyze if the business is spending money wisely with customers as it relates to ROI. "Our people use the information in those reports to set strategy around how the company is going to do business out in the marketplace," Newkirk says.

Strategically Managing Global Supply Chain Spend

When managing the supply chain, most companies typically focus on finding ways to reduce spend, increase cost savings, and manage supplier risk. One supply chain area in particular — establishing and executing strategic procurement initiatives — involved some reporting opportunities for Colgate-Palmolive.

"For many years, we've been using an application to provide the procurement group with the capability to understand where we are spending money on a global basis," says Francisco Ramos, Associate Director of Global Supply Chain Development, who develops the applications used for reporting within the supply chain and coordinates the deployment of those applications.

"We can now do analysis on how much we spend and identify if there is a significant percentage that does not provide a savings advantage to the company. We also have the capability to import external factors, commodity prices, or other procurement files."

— **Francisco Ramos**, Associate Director of Global Supply Chain Development, Colgate-Palmolive

According to Ramos, the Global Supply Chain Development team has created many applications that measure and report on a variety of issues, including:

- The quality of Colgate-Palmolive's products
- The level of service provided to customers (how long it takes to fulfill customer requests)
- The level of service provided by suppliers (quantity, on-time, and quality)
- The cost (to Colgate-Palmolive) to provide services to customers

Newkirk points out that these supply chain reports are more than just *reports*. Rather, he describes them as analytic *applications* that are based on many complex reports the business has requested.

"When it comes to supply chain reporting, my philosophy is to have SAP deliver the applications, and we'll implement them," says Newkirk. "This way, we can get out of the business of developing time-consuming front ends and instead take advantage of SAP's research and development."

Enhancing the Reporting System

Over the last few years, Colgate-Palmolive has implemented several SAP technologies, providing targeted solutions that present an easy way for senior managers to get the information they need.

"Within the supply chain specifically, we have implemented a product called SAP BusinessObjects Strategy Management," says Ramos. "And we are in the process of implementing a product called SAP BusinessObjects Spend Performance Management, which will replace our existing spend reporting system."

According to Newkirk, the supply chain group completed its implementation of the strategy management application after business executives encouraged the group to come up with dashboard functionality that could sit on top of SAP NetWeaver Business Warehouse (SAP NetWeaver BW). "SAP BusinessObjects Strategy Management allows us to pull information out of the data warehouse and then perform dashboarding and metrics," he says. "And the application provides the same look and feel as dashboards built with other SAP BusinessObjects tools."

The company decided to replace its custom-built spend performance management reporting system, which it had used for eight years, for several reasons.

When the system was created, its reporting was focused on spend by material and by vendor; it predominantly tracked and reported invoice-related information: who was paid, how much they were paid, and what goods were purchased. "With growing business needs, maintaining systems that support advanced analytics was time-consuming," says Newkirk. "That's why we're now implementing SAP BusinessObjects Spend Performance Management, which gives us a more attractive front end as well as an enhanced capability for users to pull out specific data and create their own reports and analysis."

The new application offers the capability to combine much more data than previously possible, therefore, expanding the sheer volume of information the company has about its supply chain. "We are now getting information from purchase orders, so we can see not only our spend, but also our committal spend. And we get information from contracts in SAP Supplier Relationship Management, so we can see data on vendors or spend categories where we have contracts with different vendors," says Ramos. "We can now do analysis on how much we spend on those contracts and identify if there is a significant percentage that does not provide a savings advantage to the company. We also have the capability to import external factors, commodity prices, or other procurement files — and we can easily put all that into the same tool."

The go-live for the SAP BusinessObjects Spend Performance Management pilot implementation is February 2011. The application will be rolled out globally by the end of April 2011.

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Empowering End Users

With its new spend performance management application, the business is looking to do more than just replace its existing technology. "We have been looking for tools that let us empower our users so they can create any report that they want and do the analysis they need," says Ramos. "Usability is one of the key things that resonated with us when we reviewed SAP BusinessObjects Spend Performance Management."

According to Ramos, the new SAP-built user interface allows end users to define how they want the report to look and what fields they want to include by creating layers and limits with their own formulas. Once the system provides them with the base data, users can summarize that information and create any report they want in any format they desire.

"An application like SAP BusinessObjects Spend Performance Management that has a more user-friendly front end puts more of the control of the reporting in the end users' hands, which is what we need to deliver to the business," says Newkirk. "We want to move to these more standard applications that SAP is offering so we can not only increase their use, but improve the end-user experience as well. It's better for end users, too — they feel more in control of their own destiny when it comes to the information they're collecting for their reports."

Presently, the application's users are the procurement leaders who oversee global operations, plus the finance users who support those teams and supervise the divisional activities. These finance users are the people who predominantly integrate and validate the data from SAP ERP, create the reports and dashboards, and ensure the accuracy and consistency of the reports.

During user testing, these end users spent a lot of time in the system getting experience with it. According to Newkirk, the application's capabilities elicited entirely positive feedback from the core team users during the initial testing. "The core team was pleased that they could access purchase order and invoice detail information as well as compare actual versus forecast spend," he says.

Reducing the Dependency on IT

With an application like SAP BusinessObjects Spend Performance Management, users don't need to have a technical background to create a report.

"End users truly can develop and manage reports without having to count on IT to create a project and develop a report," says Newkirk. "This results in huge

At a Glance

Colgate-Palmolive
Headquarters: New York, New York
Industry: Consumer products
Revenue: $15.3 billion (2009)
Employees: 38,000+
Company details:
- Manufactures oral care, personal care, home care, and pet nutrition products
- Owns 100+ brands and sub-brands in its 5 global businesses
- Distributes products to 200+ countries and territories worldwide (75% international sales, approximately)
- Public company, founded in 1806 (NYSE: CL)

SAP solutions:
- SAP ERP 6.0
- SAP NetWeaver BW 7.0
- SAP SRM
- SAP APO
- SAP BusinessObjects solutions
  - SAP BusinessObjects Spend Performance Management
  - SAP BusinessObjects Strategy Management
  - SAP BusinessObjects Xcelsius

time-savings on the IT side. For example, it takes about three months, on average, to implement a new report if the back-end data already exists in SAP NetWeaver BW."

Because the new application lets end users customize the reports they need for their procurement activities, those users no longer have to come back to IT with a request every time they need something in a different format. "Today, in most of our existing applications, every time our user community wants to create a report, add elements to an existing report, or fulfill some other reporting need, we have to go through a formal process," says Ramos.

Depending on what other initiatives are in place in the supply chain or other business areas, the company's IT department may or may not have the resources available to fulfill the request or some of its requirements. And overall, the process of constantly involving IT in developments like these can strain resources. "By changing the dependency that they have on IT today, end users will be able to fulfill their current requirements faster," says Ramos. "And then, they will have time to fulfill even more requirements because they don't have to wait for IT to assist them."

Reaping the Benefits

Looking at the project holistically, Newkirk and Ramos share a couple key benefits of the SAP BusinessObjects Spend Performance Management implementation:

Getting ahead of end users' requirements. Previously, users would ask IT for a report, IT would deliver it, and then the user would come back and ask for another report. "Now we're getting into a mode where we can give users more than what they ask for in one application that lets them create their own reports if they have some unique requirements," Newkirk says. "It takes us to the next level of end-user self-service, where IT just provides accessible back-end data, so then users are in control — they can go in and slice, dice, and analyze that data to support the business."

Performing more accurate spend classification. Ten years ago, with the previous spend performance management application, performing a spend classification was an expensive service, one that only a handful of vendors provided. "At that time, we chose to rely on our own resources to classify expenses, which had certain limitations. Over the years, the classification service has become a more accessible commodity, so we are now using a third-party vendor to do the classification," says Ramos. "As a result of our implementation of SAP BusinessObjects Spend Performance Management and this third-party service, we expect to have much more accurate information in the new system." ■