

SAP Customer Success Story

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Cal Hart, Vice President of Business Transformation, Canada Post



From anywhere... to anyone

AT A GLANCE

Company Name

Canada Post
www.canadapost.ca

Industry

Postal Service

Key Challenges

- Transform Canada Post from a function-based organization into a process-based organization, and from an information-rich environment to a knowledge-rich environment
- Revamp business processes in the face of new technologies
- Deliver superior customer service

Solution and Services

- mySAP™ Business Suite
- mySAP™ ERP
- mySAP™ Enterprise Portal
- mySAP™ Customer Relationship Management (mySAP™ CRM)
- mySAP™ E-Procurement
- mySAP™ Business Intelligence (mySAP™ BI)
- SAP® for Retail
- SAP® for Technology

Implementation Highlights

Implementation allowed for phased decision-making process, ranging from providing ROI toolkits and methodologies, to assisting with executive workshops

Key Benefits

- Improved data collection processes eliminated more than 80 legacy systems, functional silos, and fragmented data pool
- Substantially reduced time spent on administrative tasks and follow-ups

CANADA POST

AN INNOVATIVE LEADER IN THE GLOBAL POSTAL COMMUNITY ACHIEVES BUSINESS TRANSFORMATION WITH mySAP™ BUSINESS SUITE

Canada Post Corporation, Canada’s seventh largest employer, provides physical and electronic delivery solutions to more than 30 million Canadian residential customers and one million Canadian businesses and public institutions. Each year, the corporation delivers more than 10 billion messages and parcels to over 13 million addresses in Canada via 15,000 mail carrier routes, 6,000 contractors, and 25 major plants. The 150-year-old organization is one of the most visible in Canada, and is the only one that does business with virtually every household, business, and government in the country. In addition, Canada Post is recognized for innovation in the global postal community, having signed over 133 contracts to provide consulting services in 54 countries.

BUSINESS TRANSFORMATION INITIATIVE

In the late 1990s, the corporation faced numerous challenges associated with a rapidly changing marketplace. Fierce competition from new Internet technologies became both a threat and an opportunity to the traditional business and revenue base. Evolution and growing acceptance of these new technologies drove the rapid expansion of e-commerce and shaped customer demands for greater speed, flexibility, and information. Furthermore, a global trend among private couriers and other postal organizations to expand product offerings (both physical and electronic) and geographic reach compounded these challenges.



These marketplace dynamics prompted Canada Post to embark on its largest-ever initiative. Known as the “Business Transformation Initiative,” this bold initiative aims to change the way Canada Post conducts business and to expand Canada Post’s electronic service delivery offerings, with the goal of delivering superior value to customers.

Since its inception in September 2000, the Business Transformation Program has been Canada Post’s top priority, as it represents the future of the corporation. This comprehensive enterprise-wide initiative was designed to transform Canada Post from a function-based organization into a process-based organization, and from an information-rich environment to a knowledge-rich environment. To help it make this transition, Canada Post needed to find a comprehensive e-business solution that would enable it to reduce costs while significantly improving quality and accessibility of information for all stakeholders, customers, employees, partners, and vendors. It also needed a highly integrated solution that would enable it to streamline supply chains, gain a holistic view of the product life cycle, and enable online buying and selling, while at the same time empower its employees and improve customer relationships. This was a tall order to fill.

A COMPREHENSIVE PLATFORM AND COMMITMENT TO SUCCESS

During the selection process, SAP distinguished itself by offering the most comprehensive and flexible enterprise and e-business solution platform available – as well as a commitment to work closely with Canada Post and partners to ensure a successful implementation.

“The SAP business case development team provided us with expertise and accelerators to determine the benefits that mySAP Business Suite could bring to Canada Post. The team did this in a number of ways throughout our phased decision-making process, ranging from providing ROI toolkits and methodologies, to assisting with

executive workshops. In addition, the team supported us with a repository of ROI metrics that can be mapped specifically to SAP industry solutions,” says Cal Hart, Canada Post Vice President of Business Transformation.

Without a doubt, the mySAP Business Suite platform could provide the engine to tightly link all of the organization’s technologies and systems, its people and processes, and its intranet and the Internet to form one collaborative business environment. “The other vendors had what we needed, but no one vendor had an integrated solution suite including the range of functionality that SAP could provide,” says Hart.

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And, according to Phil Lemay, Canada Post executive vice president of business development, “mySAP Business Suite offered the most cost-effective approach to supporting Canada Post’s five strategic priorities: (1) defend our current business, (2) grow our competitive business, (3) achieve operational excellence, (4) make employees a competitive advantage, and (5) enhance corporate equity.”

BUSINESS IMPROVEMENT AND VALUE CREATION

Since the inception of its strategic program, Canada Post has taken advantage of mySAP Business Suite and its breadth of capabilities, world-class best business practices, and endless opportunities for business improvement and value creation by implementing a wide range of SAP® solutions: mySAP Enterprise Portal; mySAP Customer Relationship Management (mySAP CRM); mySAP E-Procurement; mySAP Business Intelligence (mySAP BI); and industry-related applications from the SAP for Retail and SAP for Technology portfolio of software and services.

With the help of SAP, Canada Post was able to implement these integrated offerings quickly and efficiently and has purchased mySAP Business Suite licenses for all 61,000 of its employees. Users adapted quickly to the platform and the results so far have been impressive. For example, to date, 12,600 travel and expense claim

employees use the system to help eliminate handoffs and paperwork. As a result, internal processing costs have decreased and the time between submission and payment has been reduced from over two weeks to one day.

OPERATIONAL EXCELLENCE USING mySAP E-PROCUREMENT

mySAP E-Procurement (which has been superseded by mySAP Supplier Relationship Management, a solution that builds on the capabilities of mySAP E-Procurement) is used by some 7,100 employees, and has enabled Canada Post to streamline the purchasing process and minimize maverick buying. Furthermore, 21,000 suppliers have converted and more than 10,000 contracts have been entered into the system, with 50,000 items from 185 suppliers in the e-catalog. And, more than 30,000 'auto POs' (orders sent electronically without sourcing intervention) were generated in the first four months of use. Such business process improvement helps Canada Post achieve its strategic priority of operational excellence, making the corporation 'easier to do business with' and providing a better workplace for employees.

WIDE RANGE OF BENEFITS WITH mySAP CRM

Client and customer satisfaction, as well as effective management of stakeholder relationships, are at the core of Canada Post's business success. While the Business Transformation Program is an enterprise-wide initiative involving a full spectrum of processes, customer relationship management remains the cornerstone of the program. According to Aaron Nichols, general manager of business transformation, "We felt mySAP Customer Relationship Management would enable us to provide a rich, uniform customer experience across all channels and help us differentiate service levels based on customer value. Additionally, we saw mySAP CRM as a way to

leverage the knowledge gained through our customer interactions, and to integrate CRM tightly with the overall core SAP enterprise system."

The benefits of mySAP CRM are wide-ranging. With mySAP CRM, commercial customers can place orders and create shipping documents electronically, which helps reduce paperwork, save time, and improve transaction accuracy. The company's online store at www.canadapost.ca gives customers more convenient access to products and services, and provides Internet self-service (package tracking, rate calculations, outlet location, online account access,

and so on). Canada Post customer service agents and delivery supervisors can easily access details of customer transactions (inquiries, complaints, claims, orders, and so on) from a Web browser.

With eight contact centers handling approximately seven million calls each year, Canada Post uses mySAP CRM to provide 700 cus-

tommer service agents with details of customer transactions from a single screen. Prior to mySAP Business Suite and mySAP CRM, which comprise one central source of corporate data, Canada Post had six sources of customer data. SAP workflow functions route cases to delivery depots or employees, and SAP phone technology supports queuing customer inquiries, automatic 'screen pop-ups' for customer service agents, and fax, e-mail, and voice-back options for customers.

IMPROVED DATA COLLECTION/CONSISTENT SERVICE

mySAP Business Suite has helped Canada Post transform its business by improving data collection processes and eliminating more than 80 legacy systems, functional silos, and fragmented data pools. Access to a single, comprehensive, unified source of data helps the corporation dramatically streamline client interactions. mySAP CRM permits Canada Post to align access channels with

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customer needs, and in so doing, optimizes the sales and service functions. As a result, the sales force has been relieved of time- and cost-intensive customer interactions. “We have been able to take a large number of our middle-tier commercial customers and move them to the phone or Internet instead of servicing them face-to-face. Overall, this migration is driving costs down while servicing customers more effectively,” says Nichols.

And, with mySAP CRM, service for the individual consumer is more reliable, too. “As with other large organizations, the customer experience with Canada Post in the past was not always consistent. A customer could call several times on the same issue and receive different responses from call agents,” says Hart. “The sales force automation systems were stand-alone, and there was no integration of customer and call information. Now, when the customer calls, the message is the same. There is a history of the cases related to this customer, and frequently asked questions are referenced from the mySAP CRM solutions database.”

REDUCTION OF ADMINISTRATIVE ACTIVITIES FOR SALES FORCE

Prior to mySAP CRM, the commercial sales force spent a considerable amount of time on administrative activities. The fully integrated SAP enterprise system and e-business platform substantially reduced time spent on administrative tasks and follow-ups, enabling the sales force to devote more time to revenue-generating activities. Plus, mySAP CRM’s contract management feature allowed Canada Post to monitor compliance levels with volume levels as stated by each customer contract. When a customer fails to achieve the contracted volume level, pricing is adjusted to reflect actual volume levels.

The company can now eliminate revenue leakage through tighter controls and verification of customer documentation at the time of receipt. With the new integrated CRM processes, information

can be captured and verified at the source and adjustments to declared values billed and collected. When adjustments are required, mySAP CRM generates a supplementary invoice to bill or credit a customer.

As a result of its successful mySAP Business Suite implementation, Canada Post has been rewarded with global industry recognition: in March of 2002, Canada Post received Gartner’s CRM Award of Excellence, given to “the organization demonstrating best practices in their use of CRM to solve real-world business challenges.”

EXPANDING THE SAP FOOTPRINT

Based on its high degree of satisfaction with SAP, Canada Post continues to expand its SAP footprint. “mySAP CRM is only one part of our business transformation powered by mySAP Business Suite, but as the conduit to our customers, it is vital to our business success,” says Nichols. “Because of it, we are now in a position to move forward with a full suite of e-business services for future business growth.”

Canada Post is now evaluating new upgrades and is in the process of adding new functionality to its strategic mySAP Business Suite e-business platform: employee self-service, supply chain management, and new processes for e-procurement and customer relationship management. In addition, SAP is poised as a leading candidate to provide Canada Post with an e-learning environment, which will leverage the organization’s investment on the back end (human resources, billing, reporting, and so on).

Hart credits SAP for much of Canada Post’s recent accomplishments. “SAP’s complete solution started us off in the right direction,” he says. “With a comprehensive, integrated solution, powered by mySAP Business Suite, we are firmly in the driver’s seat on all aspects of change – exactly what we need to make business transformation a success and realize our goals.”