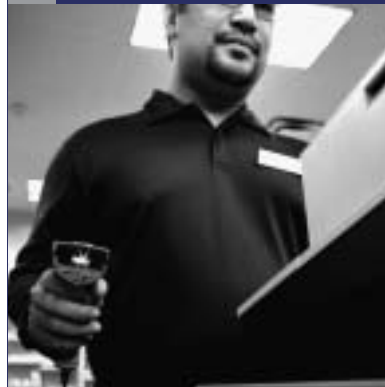


SAP Customer Success Story

“We recently shared our complete IT plan with SAP. Our expectation is that SAP will be able to bring solutions/ideas to assist Sony of Canada in meeting our goals.”

Wayne Ground, CIO, Sony of Canada



AT A GLANCE

Company Name

Sony of Canada
www.sony.ca

Industry

High Tech

Key Challenges

- Replace legacy systems and improve their back office capabilities
- Meet corporate mandate to streamline to a one-day accounting close for month end
- Get a better handle on the buying trends of customers by capturing demographic and consumer information
- Increase visibility within the supply chain, enabling faster, more effective inventory replenishment to retailers

Solution and Services

- mySAP™ Customer Relationship Management (mySAP CRM)
- SAP® Advanced Planning & Optimization (SAP APO)
- mySAP™ Business Intelligence (mySAP BI)

Existing Environment

SAP® R/3®

Key Benefits

- Broke down interdepartmental barriers and enabled cost savings and efficiencies on the transaction side
- Brought all the call centre activity into one application to provide visibility to most customer transactions
- Thanks to a combination of electronic data interchange (EDI) and a third party business to business website that is real-time integrated with SAP, Sony now receives over 90% of orders electronically

SONY

SAP AND SONY TEAM UP TO KEEP AHEAD IN COMPETITIVE RETAIL MARKET

Just as consumer products must constantly be enhanced and innovative to be appealing, so must the processes supporting the sale of those products also be constantly improved to be effective.

As the leading electronic and computer products solutions provider for Canadian consumers and businesses, Sony of Canada has long been a forerunner of innovation. It was a Canadian retailer who made the first purchase of a Sony product outside of Japan nearly 50 years ago. That entrepreneurial groundbreaking goes even beyond the products sold to include leading edge information technology behind the scenes. As such, in many ways this wholly-owned subsidiary of Sony Corporation of Tokyo, Japan, has been a global proving ground for the rest of Sony worldwide.

Today, Sony of Canada has headquarters in Toronto, sales offices in Vancouver and Montreal, and distribution centres in Coquitlam, British Columbia, and Whitby, Ontario, where about 1,100 employees support more than 70 Sony stores and a network of more than 3,000 authorized dealers across Canada.

BUSINESS CHALLENGES

Rapid product commoditization makes the consumer electronic and computer products market a very competitive space. Finding a better way to get the right products at the right place at the right time for the right price is an ongoing challenge. Standing still in this context is just not an option.



In the late 1990s, legacy applications showing signs of wear prompted Sony of Canada to improve their back office capabilities. Other challenges arose as the previous century rolled away. Sony had to meet a corporate mandate to streamline to a one-day accounting close for month end for better decision-making and overall nimbleness. The company also wanted to get a better handle on the buying trends of customers by capturing demographic and consumer information. Most recently, the company sought to increase visibility within the supply chain where product life cycles range from three months to three years and order lead-time can vary from two weeks to four months. With better visibility from customers to the factories within the Sony organization, it hoped to enable faster, more effective inventory replenishment to retailers.

SAP SOLUTIONS

In 1997, Sony of Canada implemented SAP R/3 for its core financial, inventory management and sales distribution components to provide improved functionality. Corporately, Sony had decided to move to a global direction for ERP. As the market leader for ERP even then, SAP was identified as the corporate direction. The President for Sony of Canada strongly endorsed the ERP concept and, consequently, Sony of Canada was one of the first on board with this strategy.

Later, the Canadian operation was again one of the first Sony companies to meet the global mandate for a one-day close for accounting month end. "The integration across SAP modules assisted us in achieving this accomplishment," recalls Sony of Canada CIO Wayne Ground.

To address identifying customer buying trends, Sony of Canada chose the Campaign Management functionality of the mySAP™ Customer Relationship Management (mySAP CRM) solution.

Sony applied the solution to capture the lifecycle of the customer from the time of warranty registration to promote and increase awareness of Sony products by email and regular mail campaigns.

In the fall of 2003, Sony enhanced its visibility to customer information by implementing the Interaction Center of the mySAP CRM solution. This upgrade replaced the multiple systems being used by the call centre agents handling customer inquiries.

"They are an adopter of the new solutions that SAP has been rolling out. We're helping them define new business processes and address new business issues and concerns as they come up"

Bob Courteau, President and Managing Director, SAP Canada

Earlier in 2003, in response to the challenge to reduce inventory throughout the whole demand chain from stores to customer warehouses to Sony distribution centres, Sony of Canada implemented the SAP Advanced Planning & Optimization (SAP APO) module, using both the

Demand Planning (DP) and Vendor Managed Inventory (VMI) functionalities. The implementation had two thrusts: improving visibility into demand through collaboration with key customers and faster, more effective inventory replenishment.

"We've gone from what was R/3 in just core financial and sales distribution type of software to application and processes that extend right through the enterprise out to the customer (consumer, dealer, stores) and back through the supply chain," Mr. Ground summarizes. "As products such as APO and CRM come along and have functionality that helps us do that, then we implement them. It's not a definite strategy to always implement new applications but it is a definite strategy to go looking for better ways to support the business."

BENEFITS

The benefit of integration to break down interdepartmental barriers was a key driver in Sony's initial selection of SAP R/3. The ERP system enabled the company to achieve cost savings and efficiencies on the transaction side.

In fact, Mr. Ground reports that over the years, many process im-

provement savings have been realized from keeping current with SAP R/3 and expanding functionality by implementing various integrated modules. For instance, through a combination of electronic data interchange (EDI) and a third party business to business website that is real-time integrated with SAP, Sony now receives over 90% of orders electronically.

Implementing mySAP CRM solutions provided Sony of Canada with the ability to “slice and dice the customer data to understand the demographics of who was buying what,” Mr. Ground explains. Combined with mySAP™ Business Intelligence (mySAP BI), Sony is capturing the customer analytics that enable the company to launch targeted, closed loop marketing campaigns involving Sony Style, their business to consumer website.

The Interaction Center CRM upgrade brought all the call centre activity into one application to provide visibility to most customer transactions. Mr. Ground says it is a faster process than the previous assembly of multiple systems so it captures all the calls, whereas the previous systems did not. There is a more consistent script or process when customers call in. Most significantly, it allows Sony to track information not accessible before.

SAP APO helps ensure that there will always be current Sony product in stock, available for customers. The solution enables Sony to connect key trading partners electronically to collect data for forecasting to ensure the right product is available at the right time without maintaining expensive safety inventory. It improves visibility into demand and enables faster, more effective inventory replenishment to retailers. “This has allowed us to extend the enterprise and have a view through that complete demand chain by which we can reduce inventory through improved forecasting and reduced associated price protection requirements,” says Mr. Ground.

FUTURE DIRECTIONS

The initial SAP R/3 implementation many years ago began a relationship with SAP that today Mr. Ground sees as a beneficial partnership. He believes a vendor/customer relationship involves searching together for ways to better serve customers and support the growing business. “To this end, we recently shared our complete IT plan with SAP. Our expectation is that SAP will be able to bring solutions/ideas to assist Sony of Canada in meeting our goals.”

“As the leading brand in products and services and always striving to be the best, we are constantly looking at ways to better serve our customers and support and grow our business.”

Wayne Ground, CIO, Sony of Canada

“In this ongoing relationship we work closely together,” agrees Bob Courteau, President and Managing Director for SAP Canada. “They are an adopter of the new solutions that SAP has been rolling out. We’re helping them define new business processes and address new business issues and concerns as they come up.”

“Many of the newer products are assisting us in ‘extending the enterprise’ out to customers and back through the supply chain,” says Mr. Ground.

“Already, with SAP R/3, SAP APO, mySAP CRM and SAP Business Information Warehouse (SAP BW), Sony of Canada is one of the largest implementations of SAP business solutions in Canada,” adds SAP’s Bob Courteau. “Over the years they have turned on functionality to enable supply chain, customer relationship management, back end administrative sales and distribution, accounting and human resources kinds of functions.”

But, of course, the company is not resting on its accomplishments nor satisfied with the status quo. Mr. Ground reveals that they are hoping to leverage portals to achieve improved usability for occasional users, better access to information/reporting and more useful reports. "We are also moving to a reporting process where we provide the data and the business units access that data any way they want using SAP Business Information Warehouse tools," he explains.

He says they are looking at areas related to ensuring security and proving adequate controls for Sarbanes-Oxley Act compliance. Further enhancements to the supply chain process are being considered. So is using SAP BW to create business scorecards from the data already within their SAP applications. And, Mr. Ground's team is also looking at using SAP Strategic Enterprise Management (SAP SEM) to move their semi-annual budgeting process to a quarterly process for easier and better planning/budgeting.

"As the leading brand in products and services and always striving to be the best, we are constantly looking at ways to better serve our customers and support and grow our business," he stresses. "So we're always looking to see what else is out there to help us."

And that may very well be the secret to the successful synergy from these two innovative customer-focused companies - Sony of Canada and SAP Canada - teaming up with a common purpose.