

SAP Customer Success Story



To maintain its competitive position in the international sun care products business, **Hawaiian Tropic** had to improve inventory management, production schedules, and customer satisfaction. The company also needed to streamline and combine the business processes of two companies running disparate business applications. The **mySAP™ All-in-One for Consumer Packaged Goods** solution, a prepackaged industry-specific solution based upon **mySAP™ Business Suite** provided the answer.



HAWAIIAN TROPIC

HAWAIIAN TROPIC IMPLEMENTS **mySAP™ ALL-IN-ONE FOR CONSUMER PACKAGED GOODS** FOR IMPROVED BUSINESS PERFORMANCE

Hawaiian Tropic, which is also known as Tanning Research Laboratories (TRL) Inc., is a leading North American manufacturer and distributor of Hawaiian Tropic and private-label sun care products. Its headquarters facility is in Ormond Beach, Fla.

In 1999, after purchasing its primary Kentucky-based distributor, the sun care products manufacturer realized it had to integrate and optimize the supply chain management systems of both companies. Operating sales and distribution systems that were separate from financial and inventory operations – and which provided only limited functionalities – impeded Hawaiian Tropic’s aim of reducing inventory, optimizing its production schedule, and enhancing customer service. “To get a report on what inventory we had required compiling information from two different systems, each of which used different nomenclature or item numbers,” says Steve Swanson, director of supply chain management with Hawaiian Tropic. “It was just a mess.”

The **mySAP™ All-in-One for Consumer Packaged Goods** solution – which is based upon **mySAP™ Business Suite** and leverages **SAP® Best Practices for Consumer Packaged Goods (CPG)** in a prepackaged solution meeting the unique needs of consumer products companies – helped Hawaiian Tropic attain its supply chain goals.

“We now have a lot of flexibility in the way we run our business. We’re small and nimble relative to our competitors, so we can make quick decisions and provide more customized product to our customers,” says Swanson. “We’re willing to make the extra

effort to be customer-focused.”

IMMEDIATE ACCESS TO CRITICAL INVENTORY DATA

As the only privately owned international sun care brand manufacturer in a hotly contested market, Hawaiian Tropic vies for shelf space with several deep-pocketed competitors. Products from firms like the \$9.8 billion Schering-Plough Corp. (known for its Coppertone label) and the \$830 million Playtex Products Inc. (which markets Banana Boat products) often enjoy more visible locations on mass-retailer, pharmacy, and supermarket shelves than Hawaiian Tropic. “A lot of our product gets secondary placement in floor displays,” says Swanson.

Today, the 500-employee company uses the mySAP All-in-One for Consumer Packaged Goods solution to facilitate the flexibility and efficiency Hawaiian Tropic needs to tailor and distribute products according to each customer’s specifications – all of which helps it gain a competitive edge in the \$1 billion U.S. sun care products market. Plus, mySAP Business Suite enables Hawaiian Tropic managers to control and track inventory, allowing executives to make fast business assessments and respond swiftly and more personally to customer needs. “Our competition often offers far more rigid product promotion and distribution. Playtex, for example, might offer a retailer five products, and if they don’t like them, they don’t have any other options,” Swanson notes. “We’ll customize a display for any customer that wants it.”

OUTMODED LEGACY SYSTEM

Before making the switch to SAP, Hawaiian Tropic was using an outmoded legacy system that required manual data entry and reentry processes. With more than 125 product formulations and 400 different types of ingredients involved in manufacturing

Hawaiian Tropic and private-label products for such customers as Target Corporation and Walgreen Company, such manual operations resulted in unavoidable human errors.

Hawaiian Tropic had customized the software repeatedly over 18 years, but it had no materials requirement planning functionality. This meant that Hawaiian Tropic had little control over inventory, which includes 500 Hawaiian Tropic and 500 private-label SKUs, as well as about 7,000 different materials such as chemicals, subassemblies, and other raw materials needed to make the 3 million dozen sun care products that Hawaiian Tropic sells annually.

The company’s old system also required that an employee spend a full day to determine which products and how many of them Hawaiian Tropic had in stock. With so much capital tied up in inventory, Hawaiian Tropic required quicker access to stock status. “We didn’t have visibility into inventory in our main distribution sites or in any sales offices that held some inventory,” says Swanson. “As a seasonal business, you have to have inventory when you need it.”

“The strength of the mySAP All-in-One for Consumer Packaged Goods solution and the SAP e-business solution, and SAP’s track record and commitment of SAP to the small and midsize business market both surprised and convinced us that they are the right enterprise application solutions partner for us.”

Bill Jennings, Executive Vice President, Hawaiian Tropic

LEVERAGING mySAP BUSINESS SUITE FOR SMALL AND MIDSIZE BUSINESSES

Hawaiian Tropic needed a business applications upgrade, and in 2001, executives began evaluating all top-tier enterprise business software vendors – except SAP. “The perception at the time was that SAP was only for very large organizations,” Swanson notes.

However, after Plaut Sigma Solutions – an SAP channel partner and vertical solutions reseller (VSR) located in the southeastern U.S. with significant experience in SMB solutions – convinced Hawaiian Tropic to give SAP a chance, the company methodically eliminated SAP competitors. One vendor had no manufacturing

expertise, another could produce no successful midsize business-
es implementations, while another tried repeatedly to sell
Hawaiian Tropic a generic software package “not fit for our
business,” Swanson says.

SAP and Plaut Sigma Solutions demonstrated the mySAP All-in-
One for Consumer Packaged Goods solution, referred Hawaiian
Tropic to several similarly sized companies that had successfully
deployed mySAP Business Suite, and delivered a straightforward
pricing scheme. “For one price, you get all the modules,” says
Swanson. “You don’t have to worry if you don’t use one module
for two years because you already own it.”

Finally, Hawaiian Tropic opted for SAP’s “big-bang” approach
rather than another vendor’s
incremental method. With a
highly seasonal business model
and 80% of its sales occurring
within a six-month period,
Hawaiian Tropic executives did
not want to wait. “We’re a very
seasonal business and we only
had a window of opportunity
that went from February to
about August. If we weren’t up
and running and fully integrat-
ed by August or September, we
would have had to wait another
year to implement the solution,” says Swanson. “The pricing was
somewhat better, the risk was lower with SAP, there were
demonstrated successes, and we liked the big bang.”

A RAPID IMPLEMENTATION

In February 2001, aided by Plaut, Symmetry Corporation, and
SAP, Hawaiian Tropic began using SAP’s rapid implementation
methodologies, which require 30% less time and cost 40% less
than traditional approaches. Six months later, Hawaiian Tropic
launched the mySAP All-in-One for Consumer Packaged Goods
solution in its Ormond Beach manufacturing facility and four

sales and distribution locations. “We went live August 1 and that
first day we entered sales orders, made product, and shipped
orders with no delay,” says Swanson.

Bill Jennings, Hawaiian Tropic’s executive vice president, con-
firms the quick deployment of mySAP Business Suite:
“Companies our size don’t have the luxury of long, complicated
implementations that require armies of consultants or internal
staff. The prepackaged mySAP All-in-One for Consumer
Packaged Goods solution offers all the functionality we need
right out of the box to load the system quickly and successfully.”

To help employees who were reticent about moving from a sys-
tem they knew, Plaut consultants remained in each business area
during implementation. “Today,
Hawaiian Tropic utilizes Plaut
Sigma’s help desk, which provides
prompt responses to any
problems,” Swanson says.

**“We’re building closer to forecast than
ever before because the system takes
your sales forecast, nets your on-hand
inventory, tells you what to build, when
to build it, and what to have available at
certain times. Managers have informa-
tion at their fingertips they never had
before, and that lets them run the busi-
ness instead of analyzing data all day.”**

**Steve Swanson, Director of Supply Chain Management, Hawaiian
Tropic**

COMPETITIVE ADVANTAGES WITH mySAP ALL-IN-ONE

The mySAP All-in-One for
Consumer Packaged Goods solu-
tion quickly helped Hawaiian
Tropic accrue some tangible advan-
tages. Six months after deploy-
ment, Hawaiian Tropic

consolidated its Florida and Kentucky operations, a merger that
enabled Hawaiian Tropic to manage its supply chain more effi-
ciently and which provided a single view of customers and inven-
tory. Increased productivity enabled Hawaiian Tropic to
re-deploy one of two cost accountants to its international
division.

Operationally, managers can obtain answers to supply questions
immediately instead of having to wait up to two weeks for ana-
lysts to find the information. With the mySAP All-in-One for
Consumer Packaged Goods solution and the full power of



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mySAP Business Suite, inventory managers can determine stock location in about 20 seconds and analyze the data in several different ways. For example, managers can quickly establish the number of orders placed for a certain product, the amount of product available and future sales forecasts for the item. “The information is there, it’s reliable, and it’s processed the same way each time, so we can make faster decisions,” says Swanson.

He also believes that quicker access to better information gives Hawaiian Tropic a competitive advantage. “We have better control of and visibility into inventory. We’re building closer to forecast than ever before because the system takes your sales forecast, nets your on-hand inventory, tells you what to build, when to build it, and what to have available at certain times,” says Swanson. “Managers have information at their fingertips they never had before, and that lets them run the business instead of analyzing data all day.”

Financial returns should be quick as well. Swanson expects Hawaiian Tropic’s newfound ability to reduce inventory and free up working capital to earn a return on its SAP investment within a year.

FUTURE SUPPLY CHAIN ENHANCEMENTS

Such results have encouraged Swanson to look to future SAP deployments. Most immediately, Hawaiian Tropic plans to implement SAP’s new direct store delivery (DSD) capability for drivers who deliver product to stores and stock the shelves. DSD functionality will enable Hawaiian Tropic to integrate its back-end SAP systems with mobile devices to help delivery drivers quickly respond to customer requests. The company will eventually deploy the mySAP All-in-One for Consumer Packaged

At A Glance

Software:	– mySAP All-in-One for Consumer Packaged Goods – mySAP Business Suite – SAP Best Practices for Consumer Packaged Goods (CPG) from Plaut Sigma Solutions
Hardware:	Dell 6400 Series servers
Operating system:	Microsoft Windows 2000
Database:	Microsoft SQL Server
Number of users:	155
Number of sites using SAP	
Solution Manager:	five
Length of implementation:	six months
Implementation partners:	Plaut Sigma Solutions, Symmetry Corp.

Goods solution and mySAP Business Suite to its Canadian and European facilities. It also plans to evaluate the sales and operations planning capabilities of mySAP™ Supply Chain Management (mySAP™ SCM).

Hawaiian Tropic’s experience with SAP and SAP channel partner Plaut Sigma Solutions has been overwhelmingly positive. “The strength of the mySAP All-in-One for Consumer Packaged Goods solution and the SAP e-business solution, and SAP’s track record and commitment to the small and midsize business market both surprised and convinced us that they are the right enterprise application solutions partner for us,” says Jennings.