



## PHILIP MORRIS INTERNATIONAL SYSTEM LANDSCAPE OPTIMIZATION GROUP HELPS PMI INTRODUCE GLOBAL CRM TEMPLATE

### QUICK FACTS

“We were worried by the ambitious project scope and the short timeline. But the Systems Landscape Optimization group used a very efficient technology and the results couldn’t have been better.”

**Inês Pereira**, Project Leader, Tabaqueira, S.A.

#### Company

- Name: Tabaqueira S.A., a subsidiary of Philip Morris International Inc. (PMI)
- Location: Portugal
- Industry: Consumer products
- Products and services: Manufacturing and global distribution of tobacco products
- Revenue: US\$7.8 billion (PMI 2005)
- Employees: 70,000 worldwide
- Web site: [www.philipmorrisinternational.com](http://www.philipmorrisinternational.com)
- Implementation partner: System Landscape Optimization group, a group of experts from SAP® Consulting and the SAP Custom Development organization

#### Challenges and Opportunities

- Improve efficiency of global operations
- Adapt to changing business needs

#### Objectives

- Design and establish a global classification and identification of PMI products and components
- Harmonize business data to support rollout of global template to European subsidiaries
- Implement complex conversion of customer relationship management (CRM) data

#### SAP Solutions and Services

- SAP System Landscape Consolidation and Harmonization services
- SAP Data Harmonization services

#### Implementation Highlights

- Smooth transfer and successful synchronization of SAP R/3® software and CRM data
- Implementation of unique, customer-specific conversion services by SAP Consulting
- Downtime of only 24 hours, including all postconversion activities
- Project completed on time and within budget
- All users returned to normal working routine immediately after going live
- Effective teamwork by skillful employees and SAP experts

#### Why SAP

- Positive project experience with effectiveness of consulting services from the System Landscape Optimization group
- Guaranteed process continuity after data transfer due to group’s consulting services and technology

#### Benefits

- Improved reporting and data handling due to rollout of global template
- Easier and simplified communication because of harmonized data
- Improved management of complex product portfolio

#### Existing Environment

SAP software for business warehouse, CRM, materials management, sales and distribution, production planning, financials and controlling, plant maintenance, and HR



**PHILIP MORRIS  
INTERNATIONAL**

Organizations like consumer goods giants Philip Morris International Inc. (PMI) – which holds a 15% share of the international cigarette market and employs more than 70,000 people worldwide – always look for ways to improve efficiency and adapt to changing business requirements. So PMI – as part of a broad effort to consolidate its SAP® Customer Relationship Management (SAP CRM) application – decided to redesign its CRM solution and align related applications to establish a stable and transparent IT environment.

For years, PMI's business processes, especially those used in marketing and sales, had relied on multiple software installations with different business structures and master data. PMI recognized that the lack of standardized application data impeded its plans for growth. Moreover, the constant effort to maintain and align data, carry out further development, and copy information to local networks was becoming uncontrollable and cost-intensive. When PMI made the strategic decision to introduce a global template, the company knew it needed to fully synchronize its data. In addition, the company would have to create unique IDs for data such as material and product numbers and eliminate redundancy.

## **A New Data Management Strategy**

To begin aligning IT infrastructure with business goals, PMI created a new international data management strategy to help consolidate its CRM application. The strategy called for cleaning up existing master data and enhancing the day-to-day handling of data. The first step was to identify a subsidiary that could manage a pilot project and create a global template – one that could be rolled out later to other PMI subsidiaries worldwide. Tabaqueira S.A. – the Portuguese subsidiary – got the job.

## **Assembling a Talented Team of Professionals**

But the effort to clean up, migrate, and merge data is no easy task and comes with risks. Paramount to success was avoiding disruption to the company's daily operations. In order for the pilot project to succeed, Tabaqueira needed the security that comes from enlisting consultants with specialized knowledge and experience.

As a result, the company lined up a formidable team, consisting of the System Landscape Optimization group of experts from SAP Consulting and SAP Custom Development organizations as well as experienced hands from IBM Business Consulting Services. Tabaqueira picked its experts carefully, realizing that the complex project – with its large scope and the multiple software installations involved – would demand first-class communication and collaboration.

“We had concerns about such an ambitious project scope and the short timeline we had committed to,” says Inês Pereira, project leader at Tabaqueira. “But we had confidence that the Systems Landscape Optimization group's efficient conversion technology would help us to come up with the best results.”

With its team of experts assembled, Tabaqueira kicked off the project to meet PMI's objective of a global solution based on integrated and standardized data, business rules, and processes.

## **Large Undertaking, Many Potential Gains**

The complexity of this project was a great challenge. The first demanding objective was to design and establish a global classification and identification for PMI products and components. The harmonization effort was enormous. The project team would have to rename or merge a large number of various data “objects” – such as master data records for customers, products, and pricing. And, of course, the project would require just the right methodology to identify all data relevant for conversion.

In spite of the extensive work the project would require, PMI knew that the potential gains were substantial. PMI realized that this was a golden opportunity to improve usability, promote practices that adhered to the highest standards of corporate governance, and establish processes to ensure integrity, compliance, and accountability.



“The test cycles we did were one of the key success factors for ensuring a smooth go-live.”

**Inês Pereira**, Project Leader,  
Tabaqueira S.A.

## SAP Experts Help Set Up New Data Structure

For its pilot project at Tabaqueira, PMI enlisted the System Landscape Optimization group as a partner to help realize the company’s vision. The group’s experts had the skills to customize services to fit PMI’s needs as closely as possible.

The project leaders also wanted to be sure that expertise was clearly delineated and that team members had the technical support they needed. “PMI provided the SAP software infrastructure according to what Tabaqueira had specified during the project’s planning phase,” says Anabela Ferreira, IS analyst at Tabaqueira S.A. “In addition, we had local systems provided and supported by local IT staff. The project team itself was made up of experts with knowledge of the various business areas, such as production, sales, and business intelligence.”

PMI provided the test landscape, the business rules and mapping for the data conversion, application knowledge and adapted interfaces, and third-party

Furthermore, the SAP group supported the PMI team by analyzing the existing software solutions and identifying differences in configuration and the repositories. The group also implemented the data conversion rules and ensured that data was synchronized between the SAP CRM and SAP R/3® software used for enterprise resource planning (ERP). SAP R/3 functionality is now available in the SAP ERP application.

The major challenge for all team members was to identify data counterparts within the SAP CRM and ERP software. For example, the counterpart of a material number in the ERP software is a product ID in SAP CRM. Whereas SAP CRM works with global unified IDs, the ERP solution relies on product IDs. So, to guarantee data integrity and reliability, the team established a complete list of all relevant data.

However, some conversions of business data were restricted to just the ERP environment. These conversions included renaming industry sectors and account groups, as well as renumbering customer and vendor master

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**Anabela Ferreira**, IS Analyst, Tabaqueira S.A.

systems. For its part, the System Landscape Optimization group supplied and deployed the tools and developed the specific services to make the conversion of the SAP CRM data a success.

records. Additional conversions included converting data for controlling and profitability analysis, special ledger, report variants, and user parameters.

## Data Conversion Project Gets Underway

Prior to the conversion, the System Landscape Optimization group identified obsolete and redundant data for data cleansing activities. One key activity was to select master and transactional data related to products and archive any data for products not sold after December 2003.

Because of the large amount of data to be converted, the team separated out the conversion work for the SAP CRM application from the work in ERP.

An analysis of the SAP CRM application helped define the relevant scope and identified all data objects to be merged, renamed, or converted. The objects included data about product groups and types, units of measure, and product IDs as well as information about pricing.

The project scope for data conversion within the SAP R/3 solution, however, proved to be much broader because it entailed more extensive product, customer, and vendor master data as well as data used in controlling and profitability analysis.

## Workshops for Scoping and Process Design

The System Landscape Optimization group then devised a detailed project plan to synchronize activities. In addition, team members set up workshops so representatives from the different business areas could work together on process design issues.

The initial scoping workshop produced an outline of the required preparatory work. At the same time, the team also launched a needs analysis for converting master and transaction data. Meanwhile, to reduce the volume of data and ensure an optimized conversion, the SAP experts set up a parallel archiving project – mainly for material master and special ledger data.

### Tests Ensure Successful Go-Live

The project team conducted two tests so experts could check data integrity and, based on results, refine the conversion concept as needed. The dress rehearsal simulated the final data conversion in the production system. Mirroring the planned go-live, the test included the 24-hour downtime allocated for the conversion.

The test results gave the team confidence they could execute going live as planned and have the production system running the next day. “The test cycles we did,” adds Pereira, “were one of the key success factors for ensuring a smooth go-live.”

### Going Live: Reaping the Rewards of Hard Work

The go-live and the data conversion were a success. “We merged, renamed, and converted data within our SAP CRM application and the data was fully synchronized with our SAP R/3 software,” says Pereira. “We gave high priority to internal verification of results and user testing. We enlisted power users from each affected business area to verify the results. As a result, we were up and running again on Monday morning.”

The project completed ahead of schedule. “This gave us more time to concentrate on postconversion activities to ensure full system operation,” says Pereira. The project leaders attribute the success to well-coordinated, competent teamwork. “The SAP team helped with both the testing and live data conversion,” adds Ferreira. “The SAP experts were highly professional and their support was remarkable.”

“Our new global template and the streamlining of our most important data objects have enabled us to simplify our data structure,” says Pereira. “This data transparency will help us keep up with the fast pace of PMI’s business.”

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