



HINDUSTAN UNILEVER LIMITED (HUL)

LEADING CONSUMER GOODS COMPANY FULFILS BUSINESS OPTIMISATION GOALS WITH SAP

“With SAP NetWeaver PI, we have finally streamlined, advanced and integrated our process capability. This goes a long way in enhancing HUL’s ability to meet the demands of the modern trade.”

KS Arunkumar, IT Group Manager, Hindustan Unilever Limited

QUICK FACTS

Summary

Name: Hindustan Unilever Limited
Location: Mumbai, Maharashtra, India
Industry: Consumer Products
Employees: 15,000

Website

www.hll.com

Key Challenges

- Arrival of modern trade in India
- Legacy systems and business infrastructure were unable to meet transaction and process capability requirements of the modern trade

Project Objectives

- Optimise business operation and simplify IT management
- Achieve process consolidation internally and across the value chain
- Preserve investment of legacy inventory and cash-to-order management system for business partners
- Integrate with business partners’ IT infrastructure quickly and seamlessly

Solutions and Services

- Phase 1: SAP ERP Central Component 5.0, SAP NetWeaver Process Integration (SAP NetWeaver PI), SAP NetWeaver Portal, SAP Supply Chain Management (SAP SCM), SAP Solution Manager, SAP NetWeaver Business Intelligence (SAP NetWeaver BI), SAP NetWeaver Composition Environment (SAP NetWeaver CE)

- Phase 2: SAP Customer Relationship Management, SAP Advanced Planning & Optimisation Production Planning and Detailed Scheduling, SAP Transportation Planning and Vehicle Scheduling

Implementation Highlights

- Rollout in two phases. Phase 1 went live in September 2007

Why SAP Solution

- SAP is Unilever Group’s global premium IT solutions provider
- SAP NetWeaver PI enables process-centric collaboration

Key Benefits

- Streamlined business operations
- Improved information sharing with partners even if they are not using SAP’s solutions
- Increased supply chain efficiency through process-centric collaboration across the enterprise – internally and externally
- Enhanced value of legacy system

Implementation Partner

- IBM

Hardware

- IBM



Hindustan Unilever Limited

SAP NetWeaver Success Story
Hindustan Unilever Limited, India



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The demands of a competitive market require a solution that supports process-centric collaboration internally and across its value chain. To address this, HUL found the answer in SAP NetWeaver Process Integration.

The fast moving consumer goods (FMCG) industry is an unforgiving one. "If a retailer's shelves are empty of a manufacturer's product, he will simply fill them with a competing product," says KS Arunkumar, IT Group Manager, Hindustan Unilever Limited (HUL).

This challenge of ensuring that the business is optimised to cater to ever-changing market demands is an issue that HUL is deeply familiar with. Established in 1931, this stalwart of the India FMCG market is a subsidiary of the world-renowned Unilever Group. Behind HUL's vast business footprint that spans 4,000 distributors is an entity consisting of 15,000 staff as well as multiple factories, warehouses and branches.

It is not easy keeping its house in order but it found a perfect solution to its business management needs with SAP.

Modern Trade Challenges

HUL's SAP journey started in 2004 when it decided to streamline its operations in order to address the emerging market challenges.

Market fundamentals require HUL to ensure availability of its products so that it can respond quickly to customers'

orders in the most cost efficient manner. This is even more critical in the emerging modern trade scenario.

"The distribution of goods across the country in the right quantity, right time and at the right place is already one of the biggest challenges we face.. In order to thrive in the era of modern trade, we need to deliver a service level that is higher than what the industry is used to and operate a supply chain which is superior to our competitors'," says Arun.

Business Optimisation Hurdles

The first part of HUL's business optimisation strategy to enhance efficiency involved consolidation of its warehouses and branch offices. It streamlined its business systems concurrently too, and it was in 2003 that HUL discovered the limitations of its incumbent enterprise resource planning (ERP) system.

"The old system just couldn't scale up to meet future transaction and process capability requirements of the modern trade," explains Arun.

At the same time, HUL knew that business optimisation and supply chain efficiency cannot be achieved without

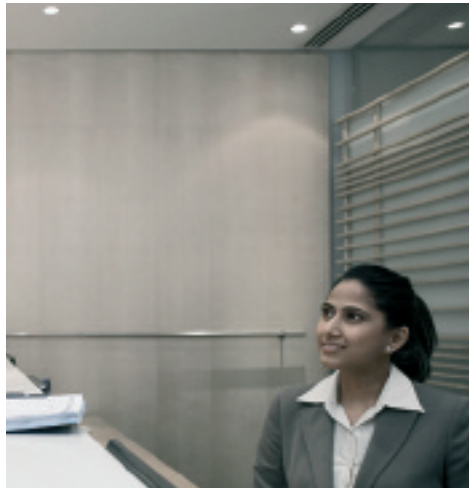
tight communication links with its external business partners. However, the task of ensuring seamless connectivity between its IT system with that of its distributors was not an easy one.

For instance, the company was using an in-house developed e-business system to manage the replenishment and order fulfilment process. This was done by exchanging and synchronising inventory and sales data between itself and its distributors.

"But because our customers had multiple, disparate systems of their own, integrating our system with theirs to facilitate data exchange was a big headache. Furthermore, the e-business system was a customised module. So as our business grew, there were problems scaling it to fit our constantly changing business needs," he adds.

In a distributed general trade environment, HUL has implemented a standard distributor management system. To cover the extended supply chain, the distributor operations needed to be tightly integrated with its internal ERP solutions.

This system is functioning well, HUL wants to preserve its investment in



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this area. This meant that the new ERP solution must be able to integrate with this back-office application too, so that HUL can continue to leverage and maximise it well into the future.

Process Centric Collaboration

In 2004, HUL decided to revamp its IT system with SAP. “This is very much in line with the Unilever Group’s decision to have SAP as our standard IT solutions provider, using its feature-rich enterprise solutions and deep experience in the consumer goods industry to execute our global transformation strategy,” says Arun. This strategy aims to streamline and standardise business processes across all its global operations in order to accelerate business transformation and drive significant IT simplification.

But what sealed the deal for HUL was SAP NetWeaver Process Integration (SAP NetWeaver PI). Mr Arun explains further, “(It) enables process-centric collaboration not just internally, but across HUL’s extended value chain. And it doesn’t matter what our partners’ IT infrastructure consists of. SAP NetWeaver PI facilitates communication and an exchange of information between multiple applications regardless of whether it is an SAP or non-SAP solution.”

Phase 1 of HUL’s SAP implementation went live in September 2007, this signalled the end of its legacy ERP and e-business systems. The solutions deployed include SAP ERP Central

Component (SAP ECC), SAP NetWeaver PI, SAP NetWeaver Business Intelligence (SAP NetWeaver BI), SAP NetWeaver Composition Environment (SAP NetWeaver CE), SAP NetWeaver Portal, SAP Solution Manager and SAP Supply Chain Management (SAP SCM).

Ease of Integration

Arun says that it is early days yet in determining the quantitative benefits of this SAP investment. However, return on investment (ROI) is not all that matters.

“What is most important is that through the SAP NetWeaver platform, we are able to consolidate and exchange business-critical data across not just our internal processes with ease but externally with our partners, suppliers and customers too.”

For instance, HUL is able to fulfil its aim of retaining its investment in Central Unify and Unify – thanks to SAP NetWeaver PI. This is because without this software, HUL would not have been able to integrate the legacy inventory and order-to-cash management system with the rest of the SAP-based system with ease, he explains.

Another SAP NetWeaver component that HUL is most impressed with is the SAP NetWeaver Portal, which is currently used for customer collaboration. By replacing the e-business system with this portal meant that HUL no longer have to worry about integration with its

distributors’ IT systems. This essentially enhances the replenishment and order fulfilment process.

“We are happy with the results. With SAP NetWeaver PI, we have finally streamlined, advanced and integrated our process capability. This goes a long way in enhancing HUL’s ability to meet the demands of the modern trade,” concludes Arun.

2008/02

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