

SAP Customer Success Story Telecommunications



PT Comunicações S.A. is a member of the Portugal Telecom Group, one of the largest telecommunications company in Portugal.

PT Comunicações S.A., which offers voice, data, and Internet services to a wide range of customers, implemented SAP® Advanced Planning & Optimization to help it continue its mission of offering excellent service to customers, partners, and suppliers – and to help it reduce costs.



Comunicações



PT COMUNICAÇÕES

PT COMUNICAÇÕES USES SAP® APO TO CREATE A CLOSER CONNECTION WITH SUPPLIERS AND REDUCE COSTS

PT Comunicações was founded in September 2000. It is responsible for the management of the Portugal Telecom Group's fixed network business. With more than 4 million customers, the Group ranks as the largest telecommunications company in Portugal. PT Comunicações offers voice, data, and Internet services to all its customers, regardless of their geographic location, size, or sector of activity.

REVAMPING THE LOGISTICS MODEL

With such heavy responsibility to meet customer requirements, PT Comunicações realized it needed to redesign its entire commercial logistics chain in order to maintain its excellent service and at the same time reduce costs. This meant it would need to evolve from a decentralized model with local supply to a centralized model with central supply. The new strategy involved several elements: First of all, the company needed to improve operational efficiency by increasing the visibility of the information flow across its entire supply chain. "Optimization of service levels and cost reduction can only be obtained via the sharing of appropriate information along the supply chain," says João Valadares Ferreira, Logistics Manager, PT C omunicações. The company also needed to reduce supply breakdowns throughout its retail and end-customers' network, and reduce stock held by the commercial network.



Sistemas de Informação

To achieve these objectives, PT Comunicações required automated processes and a highly integrated supply chain network. It found the answer in SAP® Advanced Planning & Optimization (SAP APO).

REASONS FOR CHOOSING SAP

PT Comunicações chose SAP APO in part because it was already using SAP R/3® as its business platform. In order to attain all the objectives of the new, integrated logistic model, it implemented both the demand planning (DP) and supply network planning (SNP) capabilities found within the software. DP makes it possible to anticipate requirements on the basis of sales and SNP automatically triggers supply replenishment of the commercial network on the basis of stock forecasts and levels.

RAPID IMPLEMENTATION OF FOUR MONTHS

Along with its information systems partner in the Portugal Telecom Group, PT-Sistemas de Informação, S.A., and SAP Portugal, PT Comunicações completed the design phase of the logistics chain project during the second half of 2001. The project commenced at the end of January 2002, with active production beginning in June 2002. PT Comunicações managed to implement an innovative and state-of-the-art tool in only four months. There is no doubt that this was a successful project, particularly as it was the first installation of SAP APO (including the DP capabilities) in a retail environment in Portugal.

“The new processes were implemented within the quality parameters stipulated, despite the fact this was an innovative product and the project timescale was quite demanding,” says Joaquim Ruela, subdirector of ERP, PT-Sistemas de Informação, S.A.

The involvement of the PT Comunicações project team, and particularly the dedication of PT Comunicações key users,

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João Valadares Ferreira, Logistics Manager, PT Comunicações

played a fundamental role in the success of the implementation, in regards to both the absorption of information and operation of the application, and to data classification and migration. It was of fundamental importance to ensure data consistency between SAP R/3 and SAP APO, the restructuring of centers in SAP R/3, and the creation/alteration of information structures.

The nine-member implementation team included six external consultants and three PT Comunicações staff members.

RETURN ON INVESTMENT

The company's previous logistics model comprised 10 suppliers with average delivery periods of seven days, a delivery frequency of once a week, and approximately 60 delivery points and 600 points of sale. Stock shortages were frequent and the company had limited control of articles on a shop-by-shop basis or in regards to home deliveries. Today, PT Comunicações maintains a single warehouse for supplier deliveries. Logistics Service Provider (LSP), a multiclient logistics operator, makes deliveries

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to stores with a delivery frequency of two to three or five times per week, according to the type of store, and a delivery period of between 24 and 48 hours.

With the implementation of SAP APO, PT Comunicações managed to reduce the number of employees working in supply and distribution by 90% in only six months. It also was able to reduce potential stock by 30% and the dispensation of all fixed assets (20 deposits and vehicles). The company also gained the ability to create more flexible retail network management structures – in only six months of operations.

As a result of improved relations with suppliers, PT Comunicações realized an increase in returns, which offset the cost of contracting a logistics services provider.

AT A GLANCE

SAP solution components	SAP APO
Hardware platform	Compaq Proliant ML570
Operating system	Windows 2000 Advanced Server
Database	Oracle 8.1.7
Number of users	5
Length of implementation	4 months
Objective	Optimization of the logistics supply chain
Partner	PT-Sistemas de Informação, S.A.

FUTURE PLANS

PT Comunicações plans to implement SAP APO demand planning and supply network planning capabilities to other logistics areas to help it continue to improve service levels and, above all, reduce costs.

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