

## SAP Customer Success Story



The **Codorníu Group**, a family-owned wine-producing company founded in the 16th century and one of the earliest users of SAP® R/3® in Spain, once again turned to the ERP software vendor to help manage its supply chain. Today, using the demand planning capabilities of SAP Advanced Planning & Optimization (SAP APO), a key component of mySAP™ Supply Chain Management (mySAP SCM), **Codorníu** can manage forecasts at different hierarchy levels and view the effects of changes, which can be grouped according to product families or disaggregated to the finest detail.



## CODORNÍU

### TRANSPARENCY IN DEMAND PLANNING WITH mySAP™ SCM

The Codorníu Group is a family-owned wine producing company that was founded in the 16th century. In 1872, the company introduced cava to Spain for the first time using the traditional method, and a few years later began the first exports to Argentina and Cuba.

At present, the Codorníu Group is one of the main producers of cava and quality wines in Spain. It comprises 11 wineries, which are all situated in prestigious wine-producing regions in Spain (Cava, Penedés, Rioja, Costers del Segre, Ribera del Duero, Priorato, and Conca de Barberà), as well as abroad (Napa Valley in the United States and Mendoza in Argentina). Furthermore, Codorníu is the Spanish wine-producing group that owns the largest surface area of vineyards, with a total of more than 3,000 hectares (7,410 acres).

Additionally, the group distributes internationally recognized products in Spain, such as wines from E&J Gallo, Campari, Cinzano, and various prestigious brands of Scotch whisky.

## **CODORNÍU'S STRATEGIC COMMITMENT**

In 1996, Codorníu became one of the first Spanish companies to implement the SAP® R/3® System. Since then, the system has been progressively introduced into different areas of the organization, completely covering the back-office processes – including sales, production, materials management and purchasing, human resources, finance management, and controlling.

Once its back-office processes were running smoothly, Codorníu again put its trust in SAP to help manage its front-office processes and Internet environment and began making plans to implement mySAP™ Supply Chain Management (mySAP SCM), mySAP Customer Relationship Management, mySAP Enterprise Portal,

**“Once the back-office phase had been successfully covered, Codorníu again put its trust in SAP by acquiring the e-business mySAP.com® platform for the front-office and Internet environment. Its SCM, CRM, enterprise portal, e-procurement, and business information warehouse solutions allow Codorníu to collaborate with its customers, suppliers, and business partners using the Internet and extranet.”**

Jaume Mariné, Director of Internal Organization, Codorníu

e-procurement with mySAP Supplier Relationship Management, and the SAP Business Information Warehouse (now a part of SAP NetWeaver™). Codorníu's ultimate goal is to have the means to successfully collaborate with its customers, suppliers, and business partners using Internet and extranet technology and to ensure its continued success.

## **THE mySAP SCM PROJECT**

Codorníu's first undertaking in the long list of proposed implementations was the mySAP SCM project, which brought the company face to face with technological and organizational challenges. Technologically, although Codorníu was a pioneer in implementing state-of-the-art management tools, the mySAP SCM implementation involved new and unfamiliar processes. And on an organizational level, integrating the company's supply chain meant that all the departments involved would need to be bolstered. In particular, the company knew it had to strengthen its team responsible for demand forecasting: The team, which comprised marketing, production, and purchasing managers, took on a new member, the demand planner, who was responsible for coordinating the entire process.

The design team then set about developing a statistical model of demand behavior, which would enable the company to make more accurate projections of future sales according to product, channel, and geographical area. During the design phase, workshops and presentations were provided to help users familiarize themselves with the new system. Once the model had been defined, the team developed a prototype and designed the reporting system in the SAP Business Information Warehouse.

SAP and Cap Gemini Ernst & Young's total commitment as implementation partners helped ensure the project's success.

## **THE IMPROVEMENT OF THE SUPPLY CHAIN**

For the Codorníu Group, improving its supply chain was key to achieving excellence of service. “With total integration into the SAP R/3 System, mySAP SCM enabled us to manage our entire demand-planning cycle – and reduce costs at the same time,” says Jaume Mariné, director of internal organization. Codorníu used the SAP Business Information Warehouse to help track sales and generate reliable forecasts in a simple and flexible way. Planners also used the demand-planning capability of mySAP SCM as a central tool to define the annual budget.

Today, Codorníu uses mySAP SCM for the short-term planning of the bottling process. It also helps the group determine how best to use the different crop varieties and facilitates procurement (medium-term planning). In addition, the group uses mySAP SCM for more accurate long-term planning of its grape production.

### **A MULTITUDE OF TANGIBLE BENEFITS**

The implementation of mySAP SCM has brought Codorníu many tangible benefits: The centralized demand-planning model, which is integrated with the ERP system, enables greater synchronicity between marketing departments and the production team. Forecasting can be carried out based on particular characteristics of the industry: the pronounced seasonal nature and the impact of cannibalization during the introduction of new products, for example. Because the master data for SAP APO and the SAP R/3 System is integrated, planning tasks are fast and the company can avoid data redundancies and errors.

### **NEW BUSINESS MODEL**

With the new system, Codorníu can manage forecasts at different hierarchy levels and view the effects of the changes in planning, which can be grouped according to product families or disaggregated to the finest detail. The solution also ensures that each agent along the supply chain has access to information from a single source and is immediately alerted to any change in the forecast – a critical factor in the wine business. As a result, the entire Codorníu supply chain can react readily to short-term changes in demand.

### **AT A GLANCE**

<b>SAP solution components</b>	mySAP SCM
<b>Hardware platform</b>	Hewlett-Packard
<b>Operating system</b>	Unix
<b>Database</b>	Informix
<b>Number of users</b>	20
<b>Implementation partners</b>	SAP and Cap Gemini Ernst & Young

### **A SOUND FUTURE**

For the Codorníu Group, the mySAP SCM demand-planning capabilities have provided the basis for building a sound future. With key mySAP SCM functionality and tools at its fingertips – such as supply network planning (SNP) and global available to promise (ATP) – the group can continue to integrate and optimize its supply chain and meet order delivery dates, while taking capacities and restrictions into account. The bottom line? mySAP SCM enables Codorníu to fulfill its policy of continual improvement companywide – and get a better return on its investments.

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