

Unilever Latin America drives significant savings throughout business change

Unilever Latin America manufactures and markets many hundreds of consumer packaged goods in numerous currencies, in a complex, fast-changing market that spans the entire Latin American region. In order to gain a clear view of business performance across its 34 companies in 19 countries, Unilever Latin America has embarked upon an enterprise-scale data warehouse and business intelligence project called Sinfonia.

At the heart of Sinfonia, KALIDO® application suite (KALIDO) provides a solution that will grow to encompass one of the largest databases in the world by 2007. The Sinfonia project is expected to help Unilever Latin America create new economies of scale in the extended supply chain and to enable the business to capitalize on cross-border opportunities. The project will also cut IT and administration costs significantly, by supporting the harmonization of processes and performance management across the region.

Powered by KALIDO, the Sinfonia project is enabling Unilever Latin America to maintain business continuity through both its rollout and that of sister project Harmonia, a complementary SAP operational system project being implemented over a 4 to 5 year timeframe.



EXECUTIVE SUMMARY

Unilever, one of the world's leading consumer packaged goods (CPG) enterprises, is creating a central information hub for its Latin American operations. This initiative, spanning 34 companies in 19 countries and called Sinfonia, is a data warehousing and business intelligence architecture that will deliver an unprecedented regional view of supply chain processes, customers, sales, marketing, and finance.

KALIDO from Kalido is the key technological enabler for Sinfonia. KALIDO delivers an aggregated view of data across Unilever Latin America at high speed throughout constant business change such as acquisitions and market consolidation.

At the corporate level, Unilever has held a global KALIDO license for several years, using the software to provide greater visibility of performance for improved planning and cost efficiency initiatives.

KALIDO is now making it possible for Unilever Latin America (Unilever LA) to build and manage a fully functional, adaptive data warehouse throughout its lifecycle while simultaneously rolling out an underlying regional SAP system in a 4 to 5 year sister project called Harmonia.

The flexibility of KALIDO is enabling Unilever LA to maintain business continuity as the Sinfonia and Harmonia projects continue to roll out. The KALIDO data warehouse will grow both in geographic coverage and in scope, and is expected to reach 12 TB in size. Throughout this period of growth it will deliver consistent business information, taking increasing volumes of data from the ongoing SAP implementation.

When complete, Sinfonia will drive regional consistency in reporting, delivering daily information to more than 4,000 users before 8 am across five time zones. The initiative is expected to drive significant savings through the provision of timely, consistent and detailed views of business across the region for enhanced performance management.



FEEDING THE WORLD

A leading consumer packaged goods (CPG) manufacturer, Unilever is the name behind many of the world's best-known brands such as Bertolli, Flora, Hellmann's, Knorr, Comfort, Dove, Lux and Ponds.

In Latin America, Unilever's operating companies are country-based and organized into three lines of business: Home and Personal Care, Food, and Ice Cream.

The organization was already negotiating regionally with suppliers, and wanted to obtain an accurate regional view of the supply chain process, including customer demand, planning and stocks, in order to identify potential economies of scale.

Unilever LA is also currently standardizing approaches to brand management, and developing consistent reporting across the region.

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FERNANDO ROCHA, HEAD OF INFORMATION MANAGEMENT,
UNILEVER LATIN AMERICA

CONTINENTAL CHALLENGE

To solve the challenge of moving to a regional operational model, Unilever LA set up the Orchestra initiative, which aims to converge processes, systems and information, and is made up of three sub-initiatives. The CRM project will deliver a standardized approach to customer management across the region, the Harmonia project will standardize transactional systems through the implementation of a single regional instance of SAP R/3, and Sinfonia will create a regional information hub to drive consistency in business intelligence and reporting.

Unilever LA's constituent companies had naturally been operating fairly independently, and each had developed information systems tailored to its specific needs. As a result, the organization as a whole had multiple ERP and CRM systems from several vendors,

and 34 custom-built data warehouses. With around 150 separate information systems and coding structures, it was difficult to obtain accurate regional views of business performance. In addition, the duplication of infrastructure, development and support resources was inefficient and costly.

For Sinfonia, data needed to be extracted from a wide variety of systems, including not only SAP, but also Siebel, Manugistics, PeopleSoft and many legacy applications, while different data hierarchies, currencies and reporting standards in each operating company made it difficult to aggregate information.

Beyond the sheer scale of the challenge – thousands of users, dozens of companies, nineteen countries and currencies, three languages, five time zones – Unilever LA was conscious that any solution for Sinfonia would need to be flexible enough to cope with significant business change during the implementation cycle. Unilever LA will continue to acquire new businesses, develop new products and markets, change manufacturing processes and reorganize business units. In a fast-moving CPG market, its customers and suppliers might be subject to similar organizational change.

RAPID IMPLEMENTATION FOR EARLY BENEFITS

Unilever LA selected KALIDO as the key enabling technology behind Sinfonia, taking advantage of the software's flexibility to deliver a multi-phase project, on time and to budget, while simultaneously adapting to ongoing business change. KALIDO follows a lifecycle management approach to data warehousing, delivering enterprise-scale implementations that adapt efficiently to a changing business environment. This approach reduces risk significantly and allows IT to remain aligned with the evolving needs of the business, at significantly lower cost than would be possible with custom-built data warehouse solutions.

Even though Sinfonia is only partially rolled-out, it is delivering significant benefits, both in IT simplification and in local information delivery. Cost savings are already being generated as Unilever LA replaces its 34 separate data warehouses with a single KALIDO enterprise data warehouse, which is delivering more accurate management information at higher speed in the countries where the solution is live.

KALIDO reflects business and market change quickly by making it easy for users to set up and amend business model representations in the data warehouse as it is being rolled out and updated. In addition to supporting change in the data warehouse, the business model approach reduces time and risk of implementation. Conversely, the standard approach to data warehousing freezes the business model at a point in time, making it far more costly to implement and change.



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The level of automation offered by the KALIDO solution has also helped to keep implementation costs low, and the pre-built tools for constructing and maintaining the data warehouse have reduced the technical resources that need to be committed to the project.

Fernando Rocha, Head of Information Management, Unilever LA, says: “The fundamental benefit of the KALIDO software is that it enables us to give business users fast access to accurate information. The Unilever vision for information management is to drive good decision-making by delivering the right information at the right time to the right people, and to do so at low cost. Kalido's approach is one of the elements that will help us to do that.”

CLEAR REGIONAL SUPPLY CHAIN INFORMATION

One of the main areas in which KALIDO is currently delivering improved information is the daily monitoring of the extended supply chain. Unilever LA can now dynamically generate information to track and manage the full chain from production

to delivery. For example, users can analyze service levels, order fulfillment, sales against forecast, stocks, and production (planned and actual) on a daily basis.

All analysis can be performed by product, sales organization, distribution center or customer, giving a complete picture of the entire supply chain process. The new solution enables Unilever LA to improve production planning by comparing actual orders against estimates. It also facilitates measurements of marketing campaign effectiveness, and helps to improve service levels through a better understanding of the needs of each customer.

Unilever also will use KALIDO to monitor profit and loss by product and by category in greater detail and with more accuracy than was previously possible. This information assists with business planning and execution, and with the evaluation of strategy.

Furthermore, KALIDO assists freight analysis, enabling supply chain managers to monitor the shipment of products across a complex network of distribution centers. This allows Unilever LA to meet increasingly demanding customer service levels while maximizing cost efficiency.



“KALIDO has helped us to develop best practice for our data warehousing, particularly where it facilitates involvement from the business users. They are full-time members of the team, thoroughly integrated with the technical members, and they have participated fully in each key decision.”

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SINGLE VIEW THROUGH CHANGE

Using KALIDO, Unilever LA is able to obtain extended supply chain information even as the organization and market undergo change. This ability is particularly important for Unilever LA, as the general trend in the CPG sector is for consolidation. As smaller businesses are acquired by global concerns such as Carrefour and Wal-Mart, for example, Unilever LA is now well-positioned to tackle the challenges that this market consolidation brings. Unilever LA itself also regularly makes acquisitions and divestments in line with business strategy.

It used to take the organization a couple of weeks to determine performance information across the entire region given the degree of business and market change. With Sinfonia, the same information will be available immediately, online, even as Unilever LA, or their suppliers or customers, go through change.

For example, KALIDO uniquely enables Unilever LA to maintain a rapid, clear view of sales by supermarkets, even as these customers acquire or sell off smaller Unilever customers. During the initial stages of the roll-out, Walmart acquired Bompreço, a Brazilian retailer, and Unilever was immediately able to view sales to Walmart both before and after the acquisition, and to compare year-on-year sales according to the new and old customer structures.

SAP stores only current information, so if two customers or suppliers merge, they cease to exist as separate entities. KALIDO however can show the changing structure of customers and suppliers as a progression in time. This ability enables business users to track sales and profitability consistently, no matter how frequently the organization of Unilever LA – or that of its customers and suppliers – changes.

Fernando Rocha says: “The ability of KALIDO to adapt to change is very important. In Latin America, the business changes frequently, and it is vital from a strategic point of view to reflect these changes quickly in the information we deliver. With KALIDO, if two customers merge, the next day business users can see the year-to-date information on this new structure, and can compare with last year’s information using the same structure – without having to change the way they work. That degree of flexibility is a significant benefit because of all the change we experience; it would be impossible to maintain if we needed to reflect the business change manually.”



DEALING WITH DIVERSITY AND WEALTH OF INFORMATION

Currently, the Sinfonia project covers Supply Chain, Sales & Distribution, and Finance information in each of the countries in which it is operational, and will cover Human Resources and external marketing data in the future. Unilever expects the final data warehouse to be 12TB, with around 12 million records loaded per day, making it one of the largest databases in the world.

Despite the high volumes of data to consolidate, the Unilever LA implementation team – which included consultants from Accenture, NetPartners and Kalido – needed to ensure that the right information is delivered to all business users before 8 am each day. The need to cover five different time zones put even more pressure on the batch window.

KALIDO employs totally generic data storage, enabling it to handle multiple perspectives, hierarchies and classifications simultaneously, making it the ideal solution for large, diverse organizations. KALIDO works with third-party extract, transform and load (ETL) and business intelligence tools (in this case, Business Objects and Cognos, respectively) to deliver a clear view of performance across dynamic business structures.

The KALIDO data warehouse accepts information from both SAP and legacy systems; Business Objects Data Integrator acts as the staging area for the SAP R/3 data. This ability to accept multiple data sources gives Unilever LA the assurance that new operational systems introduced through corporate acquisitions can be quickly integrated into the central view.

The KALIDO software acts as a gatekeeper, enforcing business rules and internal consistency to deliver accurate data to the warehouse. Any data that does not comply is automatically flagged for further cleansing.

The first stage of the roll-out covered the ‘River Plate’ countries: Argentina, Paraguay, and Uruguay. For the second stage (Chile and Brazil), it was decided to create a new instance, then to migrate the River Plate countries to this new instance at a later stage.

Says Fernando Rocha: “The project is meeting all our expectations in terms of speed, budget and quality. What’s particularly impressive is the quality of information, the degree of stability, and the performance. KALIDO is

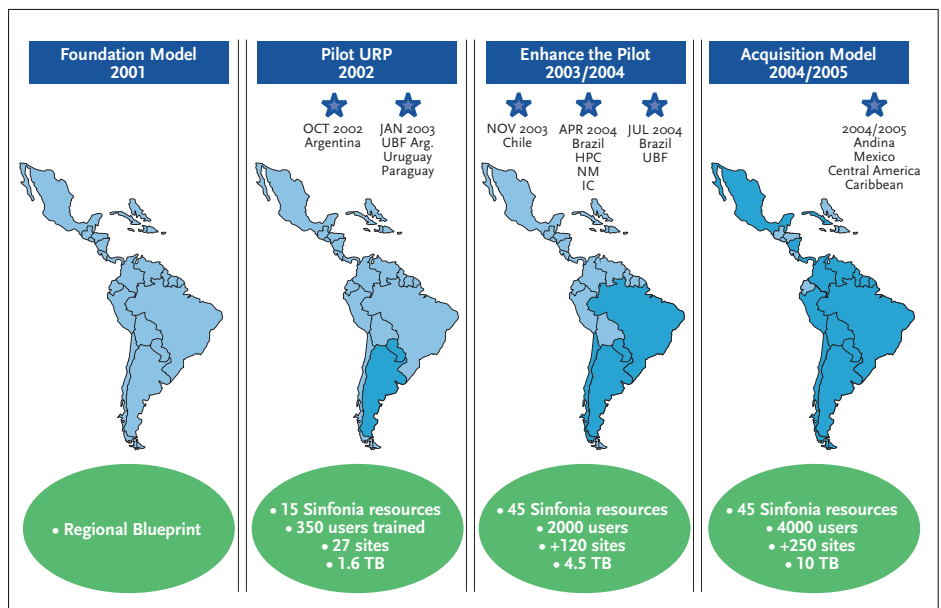


helping us to deliver a flexible data warehouse for more than 30 semi-autonomous operating companies, while ensuring simultaneous go-live with a large SAP implementation.”

Despite the scale of the solution, the implementation team has consistently delivered to the tight deadlines set by the business.

Fernando Rocha comments: “On the Chile and Brazil implementations of SAP and KALIDO, we were delivering 100% of the correct information before 8 am on the very first day, without any performance or quality issues. That’s really outstanding, and while the dedication and experience of the implementation team was key, the flexibility of KALIDO was also a major factor in our success.

Roll Out and Size



“KALIDO has helped us to develop best practice for our data warehousing, particularly where it facilitates involvement from the business users. They are full-time members of the team, thoroughly integrated with the technical members, and they have participated fully in each key decision.”

BUILDING A BRIGHTER FUTURE

By creating a single hub for all regional business information, Unilever LA expects to make direct cost savings in IT as well as business benefits, once the project is complete. The establishment of a single, central business intelligence unit will deliver additional cost savings.

However, these savings are potentially dwarfed by the benefits of being able to take a truly regional approach to the business.

Comments Fernando Rocha: “The most important benefit of all will be the ability to monitor the business strategy from the regional perspective. This will feed back into our strategy, showing us where there is room for improvement, and pinpointing precisely what should change.”

The second most important benefit, according to Fernando Rocha, will be the ability to view the extended supply chain as a regional entity. This will help Unilever LA to maximize efficiency and reduce costs, while ensuring even higher levels of customer satisfaction. It will also support the consolidation of production and distribution centers for long-term cost savings.

In the future, the data warehouse will feed a regional balanced scorecard application as an EIS (Executive Information System). KALIDO will also assist strategic business planning, giving management teams a clear understanding of “what-if” scenarios, by enabling existing data to be viewed according to possible future hierarchies. For example, KALIDO will make it possible to view the potential effects of moving a set of brands from one category to another, or of consolidating two distribution centers.



CONCLUSION

Unilever LA is converging processes, systems and information to enable a truly regional approach to business. Using the KALIDO enterprise data warehousing solution, the organization is successfully delivering a large-scale enterprise data warehouse, on time and within budget, while simultaneously rolling out a region-wide SAP system.

The new information architecture Sinfonia, powered by KALIDO, will deliver high-quality data to 4,000 users by 8 am every day across five time zones. The solution will enable better understanding of regional supply chain processes, brands, customers and suppliers, and will allow Unilever to respond rapidly to new opportunities, even against a backdrop of constant internal and external business change.

Finally, KALIDO will facilitate strategic planning and drive improved decision-making, by delivering tailored information at high speed to key business users, enabling Unilever LA to realize substantial cost savings and improved ability to capitalize on business opportunities.

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