

SAP Customer Success Story Consumer Products



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AT A GLANCE

Summary

Arla Foods amba, a dairy cooperative owned by 11,600 milk producers in Denmark and Sweden, is Europe’s largest dairy company. With top-quality support from the SAP® Consulting organization the company implemented a project portfolio solution based on the SAP xApp™ Resource and Portfolio Management composite application and the Collaboration Projects suite.

Web Site

www.arlafoods.com

Key Challenges

- Lack of information to support project portfolio management decisions
- Inadequate alignment of projects with the Arla Foods business strategy
- Poor system integration, making it difficult to access reliable project management and budget data

Project Objectives

- Create one integrated solution to support well-structured and systematic project and portfolio management
- Enable higher returns on project investments through improved planning and analysis

Solutions and Services

- SAP xApp Resource and Portfolio Management
- Collaboration Projects
- SAP Business Information Warehouse, part of the SAP NetWeaver® Business Intelligence component
- SAP Solution Manager tool
- SAP Project Management service

Why SAP Solutions and Services

- SAP offers a leading solution that integrates with the mySAP™ ERP solution.
- SAP Consulting has in-depth knowledge of new SAP products and could achieve the unprecedented levels of integration required.

Implementation Highlights

- Project completed in 9 months
- Solution based on standard application functionality, along with sophisticated enhancements to make products work together seamlessly

Key Benefits

- Provides portfolio and project transparency and decision support needed to optimize investments
- Leverages back-office functionality of mySAP ERP, providing instant access to project budget data
- Ensures management has access to reliable, accurate, and real-time data
- Provides powerful reporting functionalities across project portfolio
- Promotes alignment of initiatives and projects with corporate strategy
- Enables management to quantify the actual business benefits of projects

Implementation Partner

SAP Consulting

Existing Environment

- mySAP ERP
- SAP NetWeaver Portal component

Database

IBM

Hardware and Operating System

IBM and IBM AIX

ARLA FOODS

SAP® Consulting Develops and Deploys Innovative Project Portfolio Management Solution Based on Composite Application

“We needed a sophisticated project portfolio management solution – and SAP Consulting provided the in-depth product knowledge and project management expertise required to make our vision a reality,” states Sune Slemming, application owner for Arla Foods amba, a dairy cooperative owned by approximately 11,600 milk producers in Denmark and Sweden. Today, Arla Foods Group is Europe’s largest dairy company, producing 8.5 billion kilograms of milk per year and generating revenues of approximately Dkr 48 billion (€6.4 billion). With primary operations in Denmark, Sweden, and the United Kingdom, Arla Foods operates subsidiaries in 19 export markets worldwide.

Arla Food’s rapid growth in recent years was the result of multiple mergers and acquisitions, and, as a result, the company struggled with system integration and business process challenges. “We’d gone through numerous tough consolidations, each time trying to piece together integrations and platforms, but management still lacked the transparency required to synchronize the activities of the various parts of the business,” explains Slemming. “The self-developed application we were using for project and portfolio management couldn’t access the enterprise-wide data management required, so decision makers had inadequate – and even inaccurate – information to support project portfolio management decisions. This was causing misalignment of projects with the company’s overall business strategy.”

A Complex Set of Requirements

To optimize business performance, Arla's management team needed more insight into the various projects, initiatives, and investments under way across the organization. "We needed one integrated solution to support well-structured and systematic project and portfolio management," states Slemming. "The right solution would allow us to view the status of all initiatives at once, support sound decisions to 'go,' 'hold,' or 'kill' projects, manage resources more effectively, and ensure proper alignment of projects with Arla's overall business strategy." At the same time, they needed the solution to help them measure their return on project investment. "We wanted to know whether or not we actually received the business benefits we expected from our projects," adds Slemming.

SAP – The Right Choice

Arla Foods considered its options carefully, evaluating four best practices in the market before choosing SAP as its solution provider. "We even considered developing a new custom application internally, but SAP was already a preferred strategic provider for our IT solutions, and they offered a very strong and integrated project and portfolio management solution that would integrate seamlessly with the mySAP ERP solution currently running enterprise-wide," Slemming explains.

Because the solution was based on relatively new SAP® products – including the SAP xApp™ Resource and Portfolio Management (SAP xRPM) composite application and the Collaboration Projects (cProjects) suite – the company used the SAP Project Management service offered by the SAP Consulting organization to deploy the combination of SAP services and products that addressed the company's needs. "It was quite obvious that few, if any, consulting firms knew these products well enough to develop a solution that could meet our complex requirements," explains Slemming. "SAP Consulting has tight connections to SAP development and product management groups, so if we ran into serious challenges, we could get the help we needed."

An Innovative Solution

The SAP Project Management service was involved during the entire project life cycle. "SAP Consulting was responsible for blueprint, design, and realization. They were also responsible for knowledge-sharing activities and managing Arla's IT resources throughout the project," explains Slemming.

The new project and portfolio management solution supports two main areas of business processes: day-to-day, tactical project management, which is enabled by the cProjects suite, and high-level project portfolio management, which is enabled by SAP xRPM. The cProjects suite and SAP xRPM were integrated with mySAP™ ERP for budget tracking purposes, as well as with the SAP NetWeaver® Portal component for easy access by users. To

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create a single, integrated solution, SAP Consulting leveraged the standard functionality included in the SAP applications. The SAP Solution Manager tool was used to design new business processes and map them to the standard functions included in SAP xRPM, cProjects, and the project system support included with mySAP ERP. While based on standard application functionality, sophisticated enhancements were needed to make the products work together seamlessly. "Only SAP Consulting knew these products well enough to make the enhancements and integrations that we required," explains Slemming.

The final solution integrated all of these functions so that, for example, SAP xRPM can automatically retrieve data from cProjects and mySAP ERP. This tight integration enables users to obtain a real-time view of all projects by simply logging into the company portal, powered by SAP NetWeaver Portal, which consolidates and presents the applications and services needed by each user. Throughout the project, SAP Consulting provided expert advice regarding the definition of robust and stable business processes. “The SAP project manager played a key role in helping us develop the right solution by asking the right questions and helping us to envision and shape the solution,” says Slemming. “We were integrating so many modules in new and complex ways, so it was vital to have someone who understood the application flow from an end-to-end perspective, who could sit with us in meetings and provide real-time feedback on what customization is feasible and what’s not, and who could translate our business requirements

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And when the team was faced with particularly difficult challenges, such as how to enable a very specific, complex integration or modification, SAP Consulting stepped up to the plate every time. “They knew when to escalate issues and bring in experts. If we hadn’t had access to the SAP network, I don’t think we could have completed the project,” adds Slemming.

Transformed Processes

To date, the new project and portfolio management solution is being rolled out to the IT department, with future rollouts planned for all business units that manage projects. Using the solution’s management functionalities, Arla Foods will have the ability to do the following:

- **Set up, manage, and track all basic project management tasks**, including resources, schedules, and budgets
- **Plan the project portfolio** using planning tools that help decision makers determine where to focus now and in the future
- **Execute the project portfolio** using decision-support tools that enable management to track status and budgets as well as make decisions regarding which projects should be continued, cut, or placed on hold
- **Monitor major portfolio performance** using tools that measure how well projects are going and whether the business is achieving the expected business results

While the ability to monitor major portfolio performance is not supported yet, Arla expects to base future portfolio decisions on the objective, concrete data the system will provide. “Right now, we can use the system to generate flexible reports across the project portfolio. For example, we can filter and sort projects accordingly to customer-specific characteristics. SAP Consulting is currently helping us develop additional reports based on time sheet data so that we have detailed analyses of actual project costs,” states Slemming.

Because project managers find the new system so effective and easy to use, they work with it consistently, which, in turn, ensures that management has access to accurate project portfolio data. “The more the system supports lower management levels, the

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better the information that gets rolled up to management,” says Slemming. “It’s a two-way street, and while it’s early, thus far, the system seems to be working well.”

Next Steps

According to Slemming, “When you’re really using applications to the edge like this, you need to have a partner like SAP Consulting that knows how to go there. If you don’t know what you’re doing, it could cost a fortune. We knew we needed unprecedented levels of application integration to have a successful project, and SAP Consulting made it happen.”

Next steps include rolling out the solution to other business units, such as R & D, construction, sourcing, and marketing – any unit with initiatives and activities that can be treated as projects. “We expect that the project and portfolio management solution will be fully deployed within a year, at which time there will be nearly 1,500 users across the company,” concludes Slemming. In the future, Arla Foods plans to take advantage of additional functionality within SAP xRPM that was not included in the initial deployment.