

Danisco A/S

# Danisco: SAP Best Practices

**SAPPHIRE DK**  
26 April 2005



# Agenda

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Presentation of Danisco

IT strategy - ERP strategy & vision

Business scenario

"Project Mindstorm" - using SAP building blocks



# Leading supplier to the global food industry – an example

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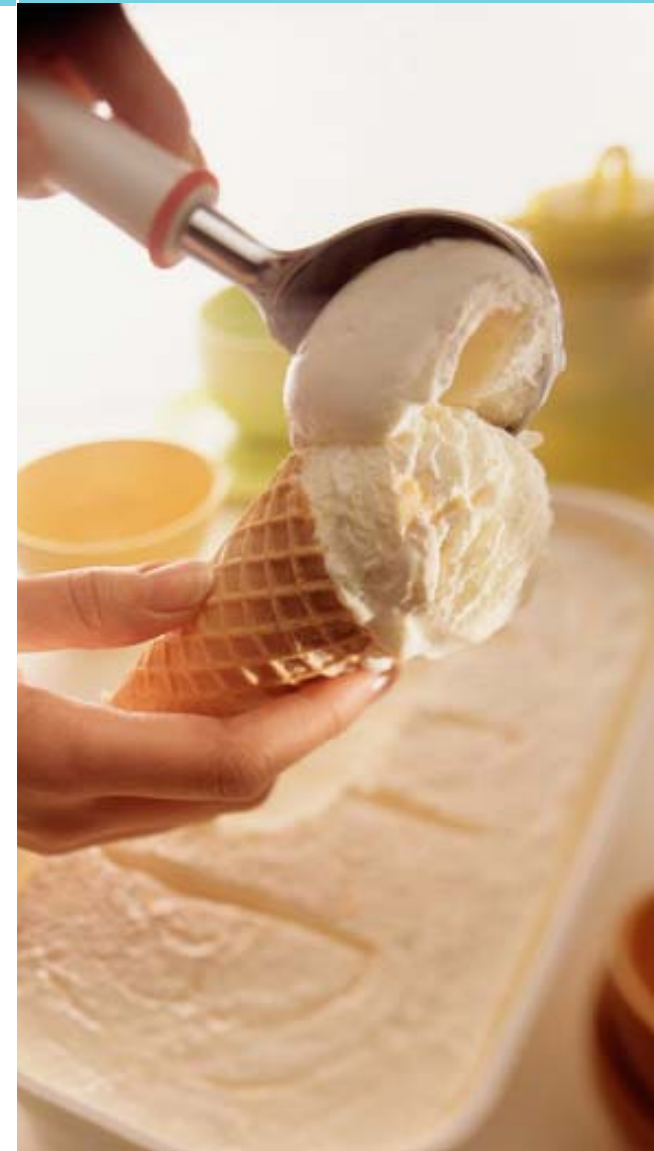
## Danisco is part of:

- half of all ice cream
- every fourth loaf of bread

## consumed in the world

Chocolate-coated ice cream may contain the following Danisco ingredients:

- sugar
- sweeteners
- flavours
- emulsifiers
- stabilisers
- functional systems



# Global presence

Danisco A/S

## Canada

Scarborough ■ ■ ■ ■

## USA

Madison ■ ■ ■ ■

New Century, KS ■ ■ ■ ■

St. Louis, MI ■ ■ ■ ■

St. Joseph, MI ■ ■ ■ ■

Thomson, IL ■ ■ ■ ■

Terre Haute, IN ■ ■ ■ ■

Pine Brook, NJ ■ ■ ■ ■

Ardsley, NY ■ ■ ■ ■

Lakeland, FL ■ ■ ■ ■

\*Palo Alto, CA ■ ■ ■ ■

\*Cedar Rapids, Iowa ■ ■ ■ ■

\*Rochester, NY ■ ■ ■ ■

\*Beloit, WI ■ ■ ■ ■

## Guatemala

Guatemala City ■ ■ ■ ■

## Mexico

México City ■ ■ ■ ■

Tecmán ■ ■ ■ ■

## Colombia

Santafé de Bogota ■ ■ ■ ■

## Brazil

Paulinia ■ ■ ■ ■

São Paulo ■ ■ ■ ■

São Paulo ■ ■ ■ ■

Pirapozinho ■ ■ ■ ■

\*Cotia ■ ■ ■ ■

## Chile

Santiago ■ ■ ■ ■

Pargua ■ ■ ■ ■

## Argentina

Buenos Aires ■ ■ ■ ■

\*Arroyito ■ ■ ■ ■

\*Buenos Aires ■ ■ ■ ■

## UK

Wellingborough ■ ■ ■ ■

Beaminster ■ ■ ■ ■

Redhill ■ ■ ■ ■

\*Stockport ■ ■ ■ ■

## Netherlands

Zaandam ■ ■ ■ ■

An Uden ■ ■ ■ ■

Barendrecht ■ ■ ■ ■

\*AE Leiden ■ ■ ■ ■

## Belgium

Louvain-La-Neuve ■ ■ ■ ■

\*Brugge ■ ■ ■ ■

## France

Aubervilliers ■ ■ ■ ■

Dangé Saint Romain ■ ■ ■ ■

Éperon ■ ■ ■ ■

Melle ■ ■ ■ ■

Sassenage ■ ■ ■ ■

Vinay ■ ■ ■ ■

Paris ■ ■ ■ ■

Grasse ■ ■ ■ ■

Landerneau ■ ■ ■ ■

Seillans ■ ■ ■ ■

\*Roncq ■ ■ ■ ■

## Spain

Valencia ■ ■ ■ ■

Viladecans ■ ■ ■ ■

## Italy

Milan ■ ■ ■ ■

## Portugal

Faro ■ ■ ■ ■

## Germany

Niebüll ■ ■ ■ ■

Anklam ■ ■ ■ ■

\*Pattensen ■ ■ ■ ■

## Estonia

Tallinn ■ ■ ■ ■

## Iceland

Reykjavik ■ ■ ■ ■

## Lithuania

Kedainiai ■ ■ ■ ■

Panevėzys ■ ■ ■ ■

## Finland

Espoo ■ ■ ■ ■

Kantvik ■ ■ ■ ■

Kotka ■ ■ ■ ■

Salo ■ ■ ■ ■

Säkylä ■ ■ ■ ■

Jokioinen ■ ■ ■ ■

\*Hanko ■ ■ ■ ■

\*Jämsänkoski ■ ■ ■ ■

## Sweden

Norrköping ■ ■ ■ ■

Arlöv ■ ■ ■ ■

Köpingebro ■ ■ ■ ■

Örtofta ■ ■ ■ ■

## Norway

Bryne ■ ■ ■ ■

Oslo ■ ■ ■ ■

## Denmark

Brabrand ■ ■ ■ ■

Copenhagen ■ ■ ■ ■

Grindsted ■ ■ ■ ■

Haderslev ■ ■ ■ ■

Høleby ■ ■ ■ ■

Assens ■ ■ ■ ■

Nakskov ■ ■ ■ ■

Nykøbing ■ ■ ■ ■

## Russia

Moscow ■ ■ ■ ■

\*Moscow ■ ■ ■ ■

## Poland

Olsztyn ■ ■ ■ ■

Poznan ■ ■ ■ ■

## Czech Republic

Smirice ■ ■ ■ ■

## Austria

Vienna ■ ■ ■ ■

Lenzing ■ ■ ■ ■

## Croatia

Zagreb ■ ■ ■ ■

## Serbia and Montenegro

Belgrade ■ ■ ■ ■

## Hungary

Budapest ■ ■ ■ ■

## Romania

Bucharet ■ ■ ■ ■

## Ukraine

Kiev ■ ■ ■ ■

## China

Beijing ■ ■ ■ ■

Shanghai ■ ■ ■ ■

Kunshan ■ ■ ■ ■

Guangzhou ■ ■ ■ ■

Nanyang ■ ■ ■ ■

\*Shanghai ■ ■ ■ ■

\*Beijing ■ ■ ■ ■

\*Wuxi ■ ■ ■ ■

## Korea

Seoul ■ ■ ■ ■

## Japan

Osaka ■ ■ ■ ■

Tokyo ■ ■ ■ ■

\*Tokyo ■ ■ ■ ■

## India

Haryana ■ ■ ■ ■

## Malaysia

Penang ■ ■ ■ ■

Kuala Lumpur ■ ■ ■ ■

## Singapore

Singapore ■ ■ ■ ■

\*Singapore ■ ■ ■ ■

## South Africa

Johannesburg ■ ■ ■ ■

Cape Town ■ ■ ■ ■

## Australia

Sydney ■ ■ ■ ■

## New Zealand

Auckland ■ ■ ■ ■

\* Genencor

■ Sales office

■ Innovation centre

■ Production plant

# Transformation 1999-2005

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1999

- Conglomerate
- 11 divisions
- Process-oriented

- Net sales: DKK 19bn
- EBITA: DKK 2.1bn
- EBITA margin: 11%

- Net sales / employee: DKK 1.3m
- EBITA / employee: DKK 0.14m

Transaction value: approx. DKK 25 bn

2005

- Focus on Ingredients
- Knowledge based
- Proactive

- Net sales: DKK 18,0bnE
- EBITA: DKK 2.3bnE
- EBITA -margin: 13%E

- Net sales / employee: DKK 1.9m
- EBITA / employee: DKK 0.3m

# Market position

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	Emulsifiers	Functional systems	Textural ingredients	Flavourings	Food enzymes	Feed enzymes	Industrial enzymes	Starter cultures	Bio-preservation	Sweeteners
Danisco (DK)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Degussa (D)	✓	✓	✓	✓	✓				✓	
Kerry/Quest (GB)	✓	✓	✓	✓	✓				✓	✓
Rhodia (F)		✓	✓	✓	✓			✓	✓	
CP Kelco/Huber (DK/USA)			✓							
Grünau/Cognis (D)	✓		✓							
Novozymes (DK)					✓	✓	✓			
Chr. Hansen (DK)				✓	✓			✓		
DSM (NL)		✓			✓	✓	✓	✓	✓	✓
IFF (USA)				✓						
Givaudan (CH)				✓						
Symrise (H&R/Dragoco) (D)				✓						
<b>Danisco's position</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

## Mission

To accommodate consumer demand for healthy, safe and tasty food

## Vision

Danisco wants to be the **leading supplier** of ingredients to the **global** food industry

## Strategy

Danisco's strategy is to expand through:

- **organic growth**
- **acquisitions**
- research and development



## Global

Danisco has Global Customers, served by Divisions, Production Sites, Sales Regions, Shared Functions etc...  
To provide the notion of being served by One Danisco, Danisco has decided to implement Global Business Processes

## Leading/Profitable

Danisco will optimize cost structure also by optimizing along these global business processes

## Growth/Acquisitions

Well-defined IT setup (clear strategy)

Fast track infrastructure migration capability

Immediately setup plan for aligning acquired companies to Danisco's Global Business Processes and migration to the supporting systems



# Global Business Processes

Danisco A/S



Alf Duch-Petersen, CEO:

"Danisco's Executive Board has agreed upon a set of best practice business processes, which we want to roll out globally in order for us to be sharing information and best practices across our company. By sharing these processes we will support our vision and values and facilitate continuous global process optimisation."

# Business objectives

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## Vision - Strategy - Values

- Global
- Leading
- Business to Business
- Growth: organic and through acquisitions
- Profitability
- Close customer interaction
- Employee skills, learn, knowledge sharing
- Innovation
- Sustainability



# The ERP template

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To support global business processes and business process interaction with customers and suppliers, Danisco has defined a strategic predefined ERP-template, based on software from SAP. Danisco will work dedicatedly to implement this solution in all business units globally.

This solution covers the following business processes:

**Purchase to Pay**

**Demand to Supply**

**Customer to Cash**

**Financial Management & Corporate Banking**

**Quality Management**

**Human Resource Management**

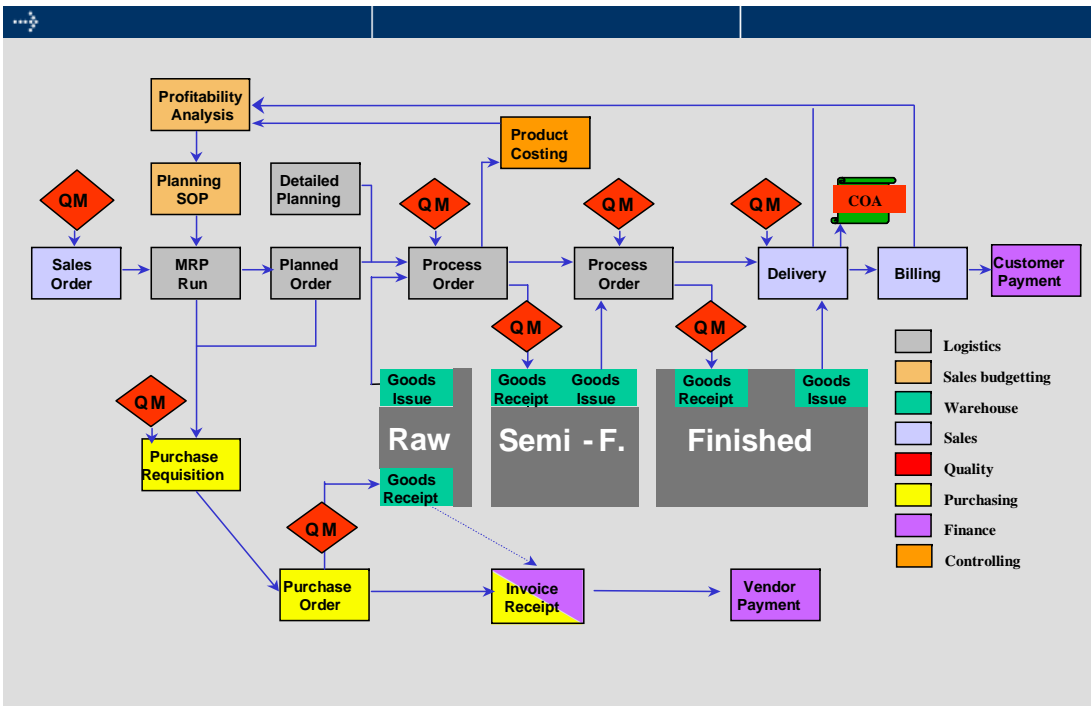


# SAP system

## Danisco - a process industry

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### Ingredients SAP System - Main Processes



### SAP Modules

SD, MM, PP, QM, PM, FI, CO, TR, AM, HR, WF, TM, PS

Business Warehouse

E-commerce (ITS)

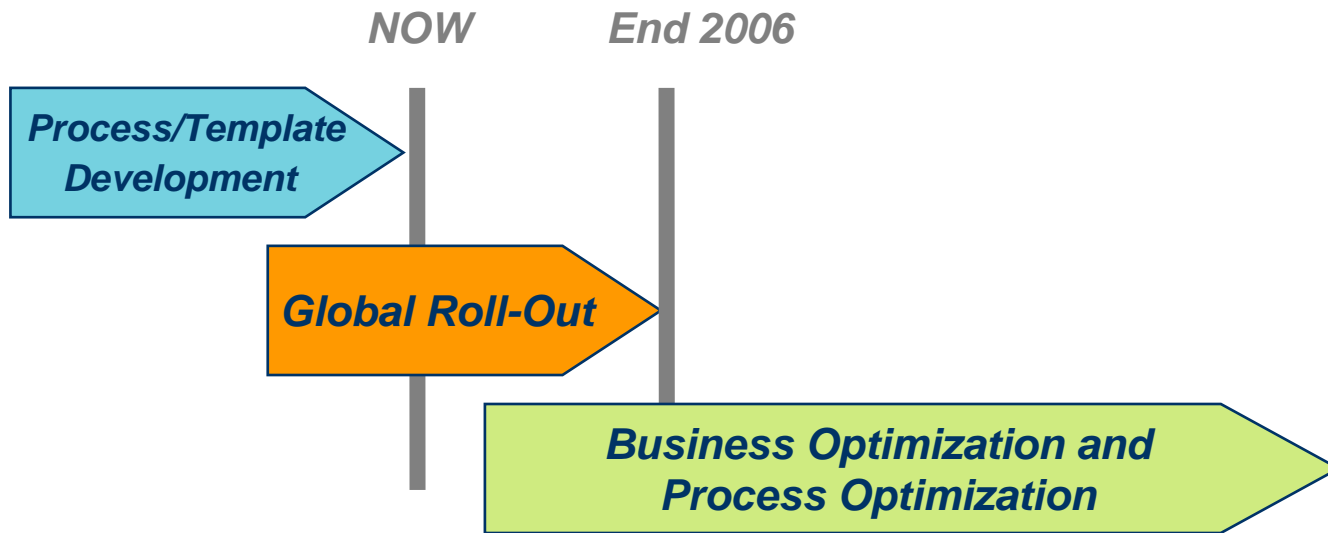
# Users 2000+ / 8 Company codes



# ERP

## The roll-out programme

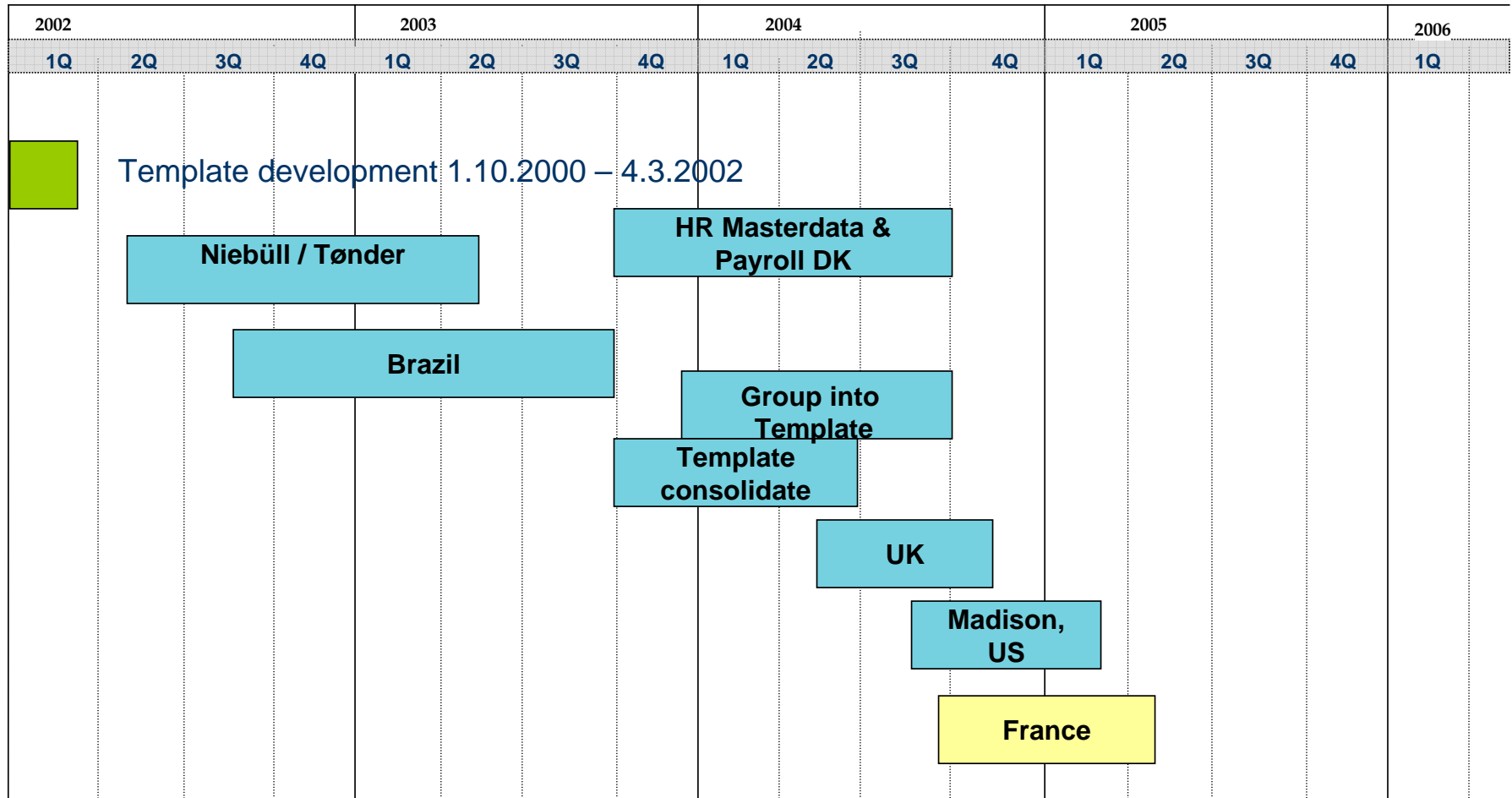
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# Danisco Ingredient template history ...

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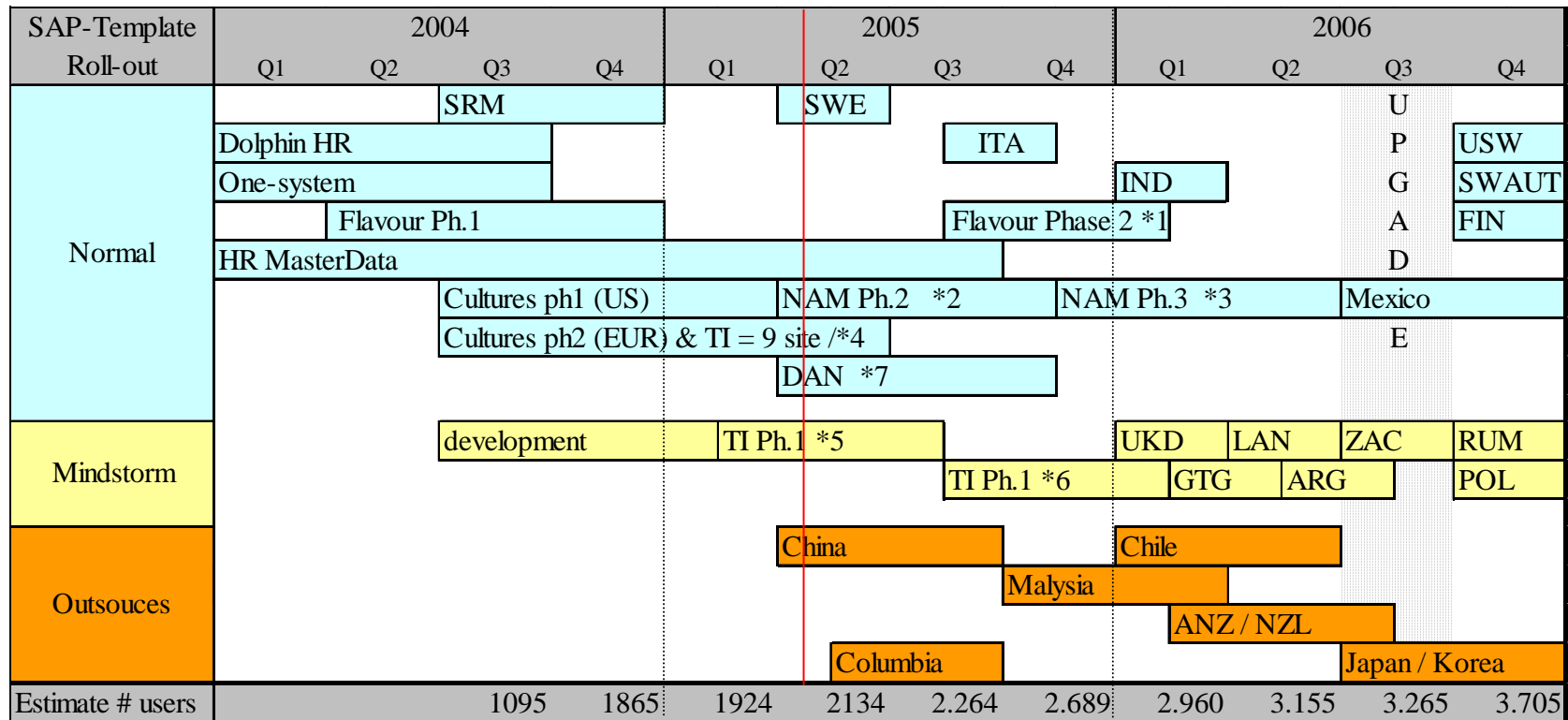
## ... success proven !



# SAP roll-out plan

## Marts 2005

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\*1 : Louvain-La-Neuve, Grasse

\*2 : Kansas, St. Joseph, Canada + Warehouses Pinebrook & Bakersfield

\*3 : St. Louis, Lakeland

\*4 : Dange, Vinay, Sassenage, Epernon, Melle, Paris

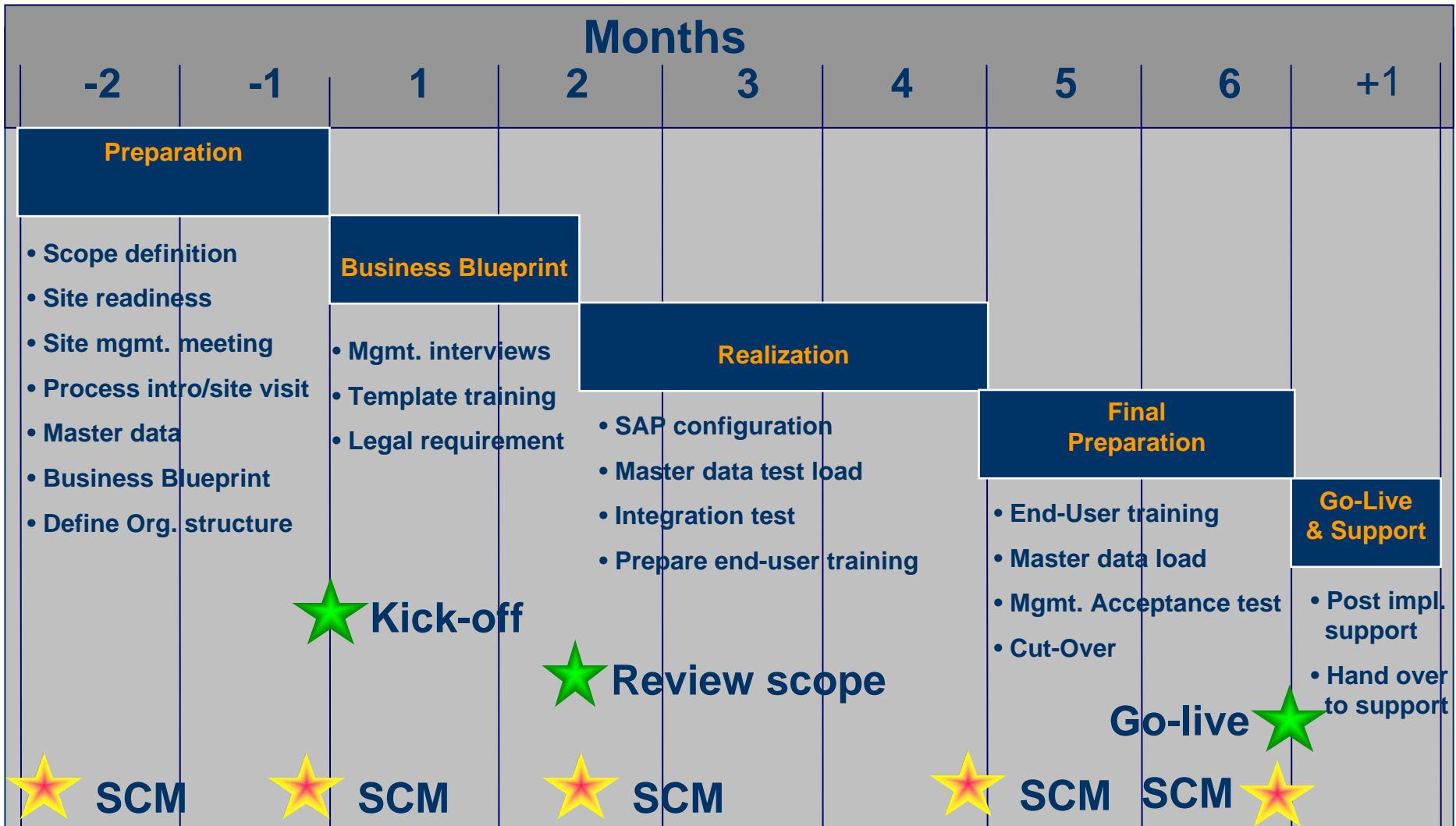
\*5 : Faro, Valencia, Barcelona

\*6 : Smirice & Zandamm

\*7 : Marlborough, Kantvik, Singapore, Vaasa, Naantali

# The Danisco way of implementing SAP R/3

Danisco A/S



# SAP global rollout Objectives

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- Integration
- Business process harmonization
- Master data harmonization
- Cross company supply chain
- Common reporting platform
- Inter-company trading
- Harmonized costing and accounting principles
- Continuous global business improvement

- SAP enabled



**a change program**



# Project Mindstorm

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**Development project**

**Mindstorm template**

**Creativity**



**Scalability**

**Flexibility**

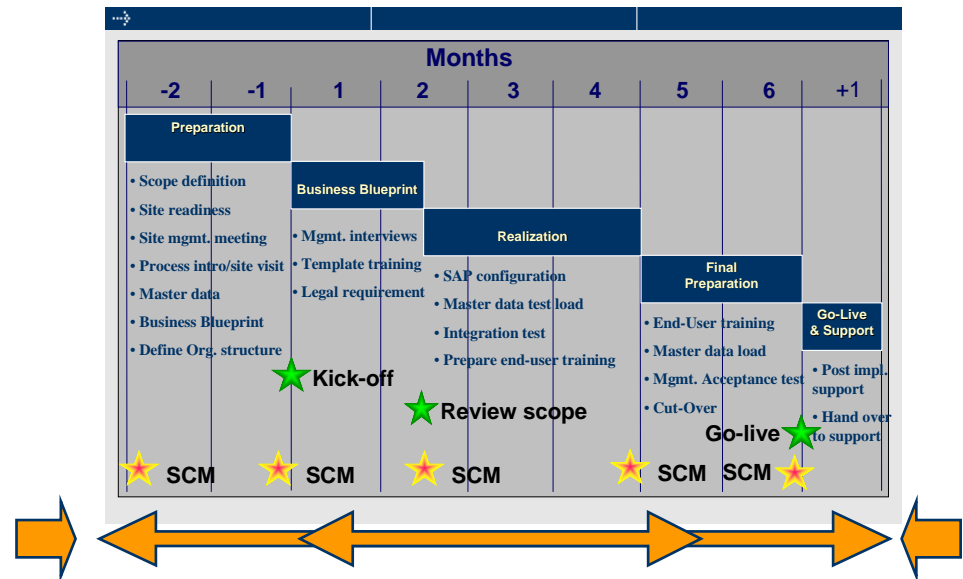
**Simplicity**

# Issues / Challenges

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- Cost reduction
- Reduction of implementation time
- Many roll-outs
- Roll-outs to small and medium sites
- More acquisitions

The Danisco way of implementing SAP R/3



# SAP vision – for smaller companies

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Danisco's SAP implementations and the use of SAP in smaller companies must be perceived as Simple And Powerful

In line with "we believe in dialogue" we must establish roll-outs that are:

- Flexible
- Standardised
- Scaleable



# Solution approach

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Business one and Microsoft Business solutions was no option

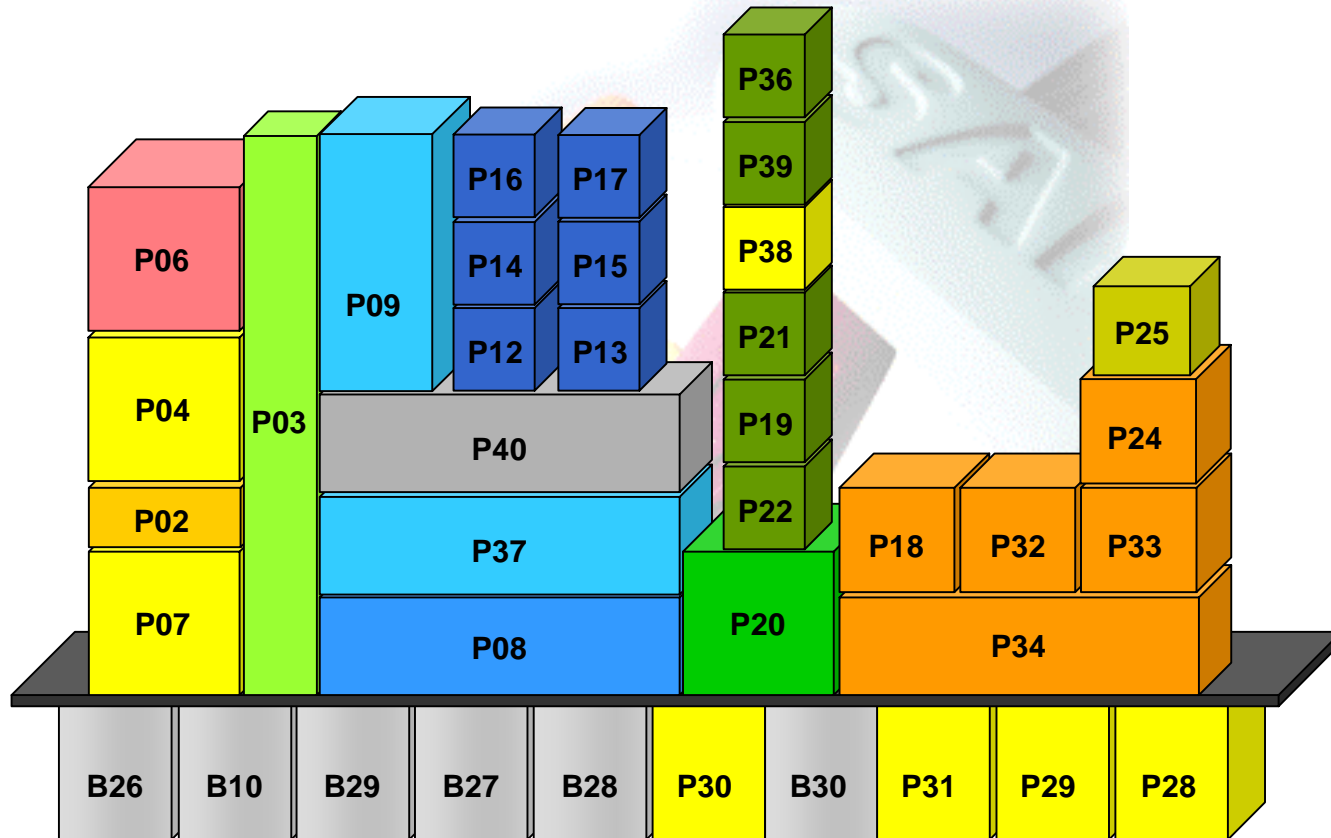
SAP Best Practice solutions

- Best process fit
- Coexistence with the existing template



# SAP best practice Scalability and focus

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Business needs are covered by choosing relevant building blocks

# SAP best practice Solid solutions

**DANISCO**

First you add knowledge...

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The screenshot shows a Microsoft Internet Explorer browser window displaying the SAP Best Practices for Chemicals website. The browser's address bar shows the URL: [http://help.sap.com/bp\\_chemv1470/Chem\\_DE/index.htm](http://help.sap.com/bp_chemv1470/Chem_DE/index.htm). The website's navigation bar includes links for SOLUTIONS, TECHNOLOGY, SERVICES, EDUCATION, PARTNERS, and COMPANY, with the slogan "THE BEST-RUN BUSINESSES RUN SAP". A secondary navigation bar contains HOME, NEWS, and CONTACT US. The main content area is titled "Q80 - Procurement of Materials & Services" and contains several sections: "Scenario Documentation" with links to Overview, Building Blocks, and Installation Guide; "Building Blocks" with a list of 12 numbered items (Q01-Q13, Q18, Q40, Q41); "Process Flow" with a list of 5 processes; and "Key Points" with a list of 2 points. A left sidebar provides navigation for SAP Best Practices, including Home, Overview, mySAP ERP Scenarios, mySAP CRM Scenario, mySAP PLM EHR&S Scenarios, mySAP PLM RM Scenarios, Master Data, Building Block Library, Solution Map for Chemicals, Development Partners, and Feedback. The Windows taskbar at the bottom shows the Start button and several open applications, including Internet Explorer, with the system clock displaying 15:06.

SAP Best Practices for Chemicals - Microsoft Internet Explorer provided by Danisco A/S

File Edit View Favorites Tools Help

Address [http://help.sap.com/bp\\_chemv1470/Chem\\_DE/index.htm](http://help.sap.com/bp_chemv1470/Chem_DE/index.htm)

SOLUTIONS TECHNOLOGY SERVICES EDUCATION PARTNERS COMPANY

THE BEST-RUN BUSINESSES RUN SAP

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SAP Best Practices

Home

Overview

mySAP ERP Scenarios

mySAP CRM Scenario

mySAP PLM EHR&S Scenarios

mySAP PLM RM Scenarios

Master Data

Building Block Library

Solution Map for Chemicals

Development Partners

Feedback

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## Q80 - Procurement of Materials & Services

This scenario describes all procurement processes including both materials and external services.

For materials purchase requisitions will be created after the MRP run. They will be converted to purchase orders. After goods receipt inventory data will be updated and invoice verification will be carried out.

During goods receipt a batch number will be created automatically and materials will be posted to restricted use.

QM inspections which take place after good receipt consider inspections with plans, inspections with supplier certificates and inspections for active ingredients.

External services can be procured by using a standard service catalog or a model service specification. Further on the procurement of external services is combined with a release strategy.

### Scenario Documentation

- [Scenario Overview](#)
- [List of Required Building Blocks](#)
- [Installation Guide](#)
- [Final Steps after Activation](#)
- [Development Master List](#)
- [Business Process Procedure](#)
- [WM Activity Monitor](#)

### Building Blocks

- [Q01 - Personalization](#)
- [Q10 - \(Delta\) Materials Management](#)
- [Q02 - Batch Management \(incl. Batch Derivation\)](#)
- [Q03 - Integration of Warehouse Management](#)
- [Q11 - Procurement of Stock Material](#)
- [Q12 - Request of Quotation](#)
- [Q13 - Outline Agreement](#)
- [Q18 - External Services](#)
- [Q40 - QM Basics](#)
- [Q41 - Quality Management in Procurement](#)

### Process Flow

The following processes are provided to support the Procurement of Materials & Services scenario:

- RFQ and Quotation
- Purchase order processing
- Goods receipt with / without warehouse management
- Automatic batch number generation
- QM inspections
- Invoice verification
- External services

### Key Points

- Outline agreement
- Release strategy for external services

# Benefits

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- Lower cost implementations
- Lower resource consumption
- Reduced implementation time
- Securing our templates by focusing on standard SAP processes
- Scalable and transparent processes across divisions, countries and sites
- Quicker and easier evaluation of new SAP functionalities
- Building the Danisco building block library for knowledge sharing
- Best practices is a good starting point for kick starting the use of mySAP components



# Development activities

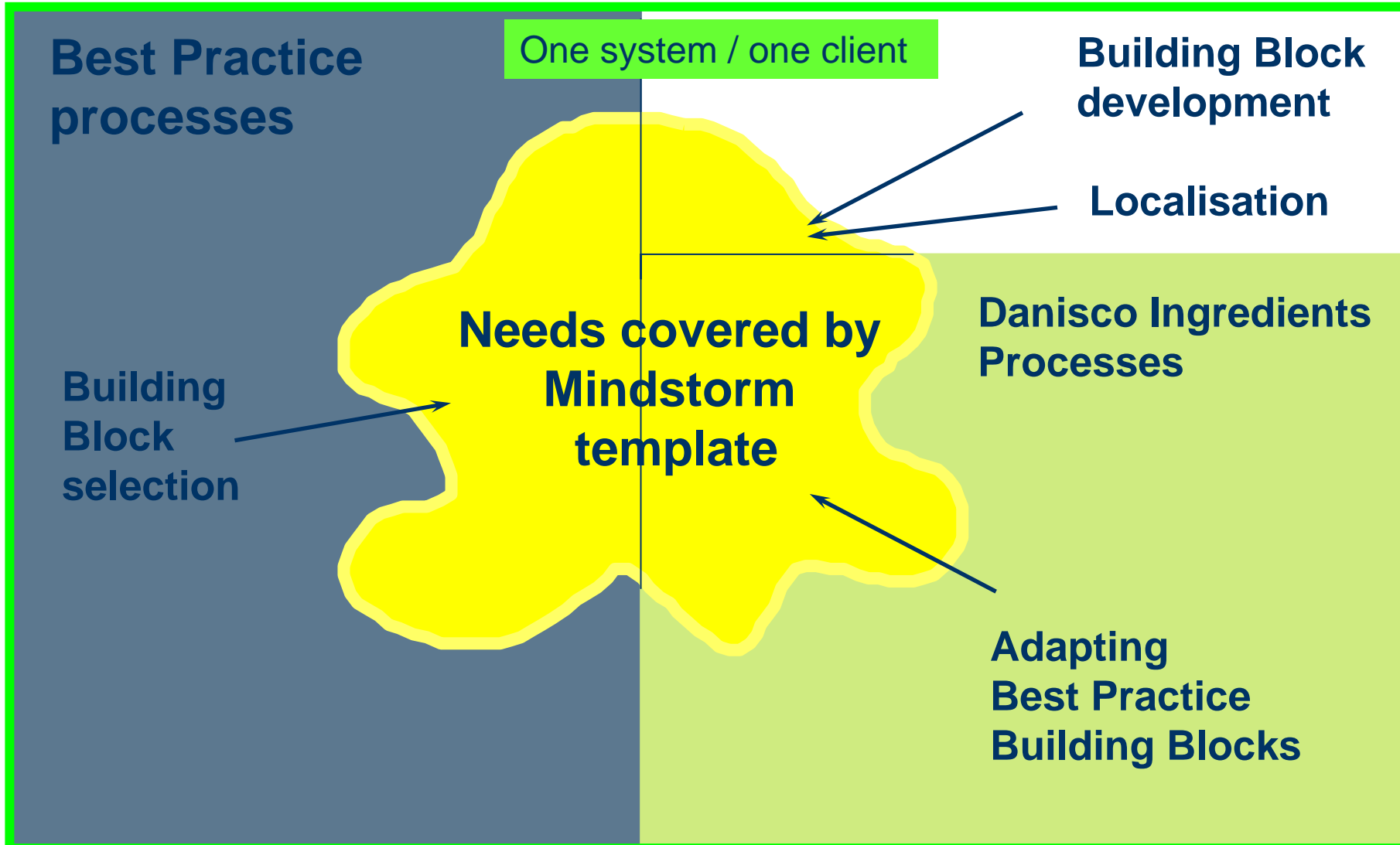
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- Establishing the BC set based Danisco template
- Securing coexistence with the existing template
- Defining scope of Solution Packages for the SMB sites
- Making state of the art documentation based on best practice
- Making process overview at transaction level



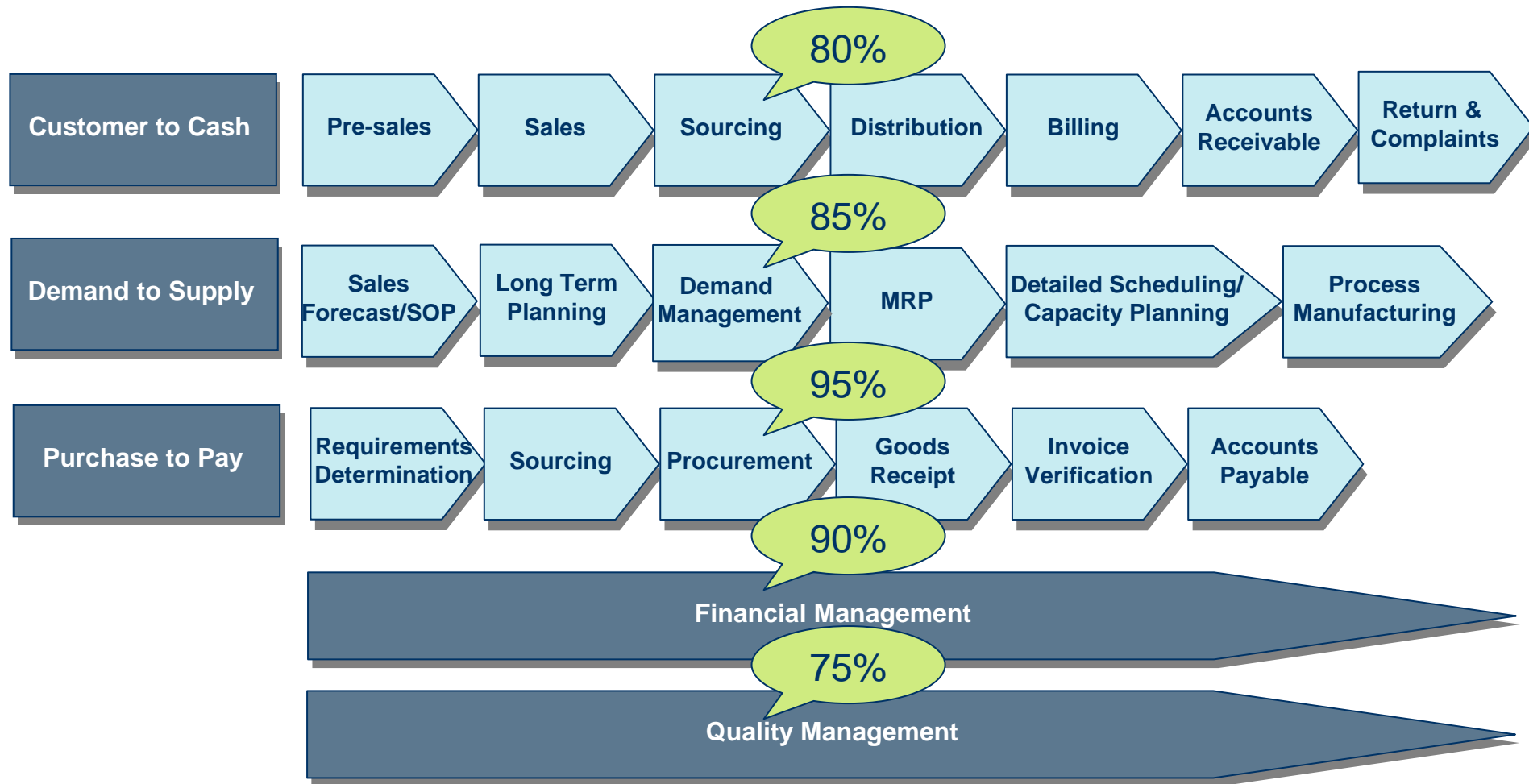
# Mindstorm Template development

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# Process overview

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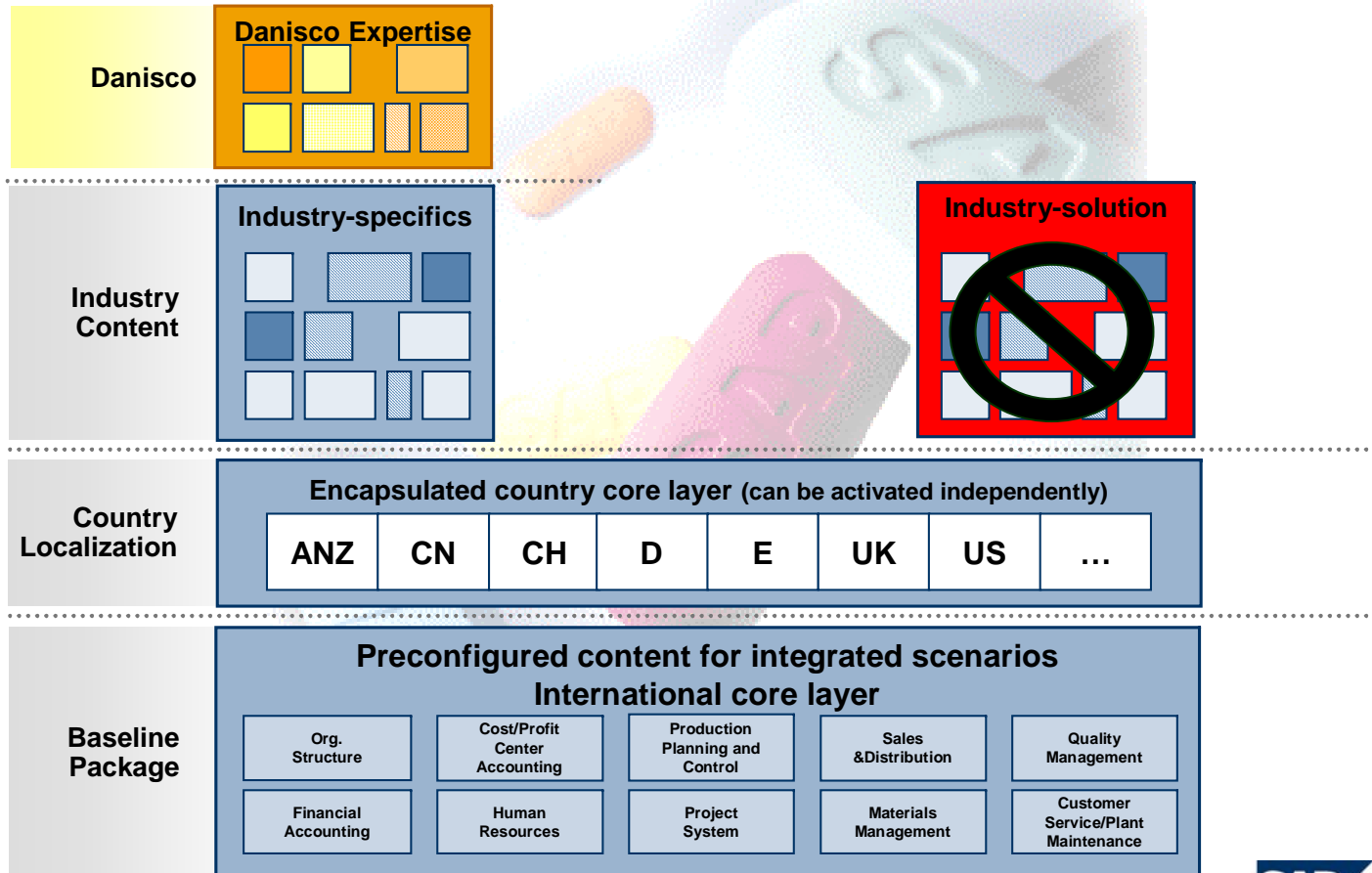


Best Practice Chemical process coverage compared to DiBiS template

# SAP best practice concept

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## SAP Best Practices – Layer Concept



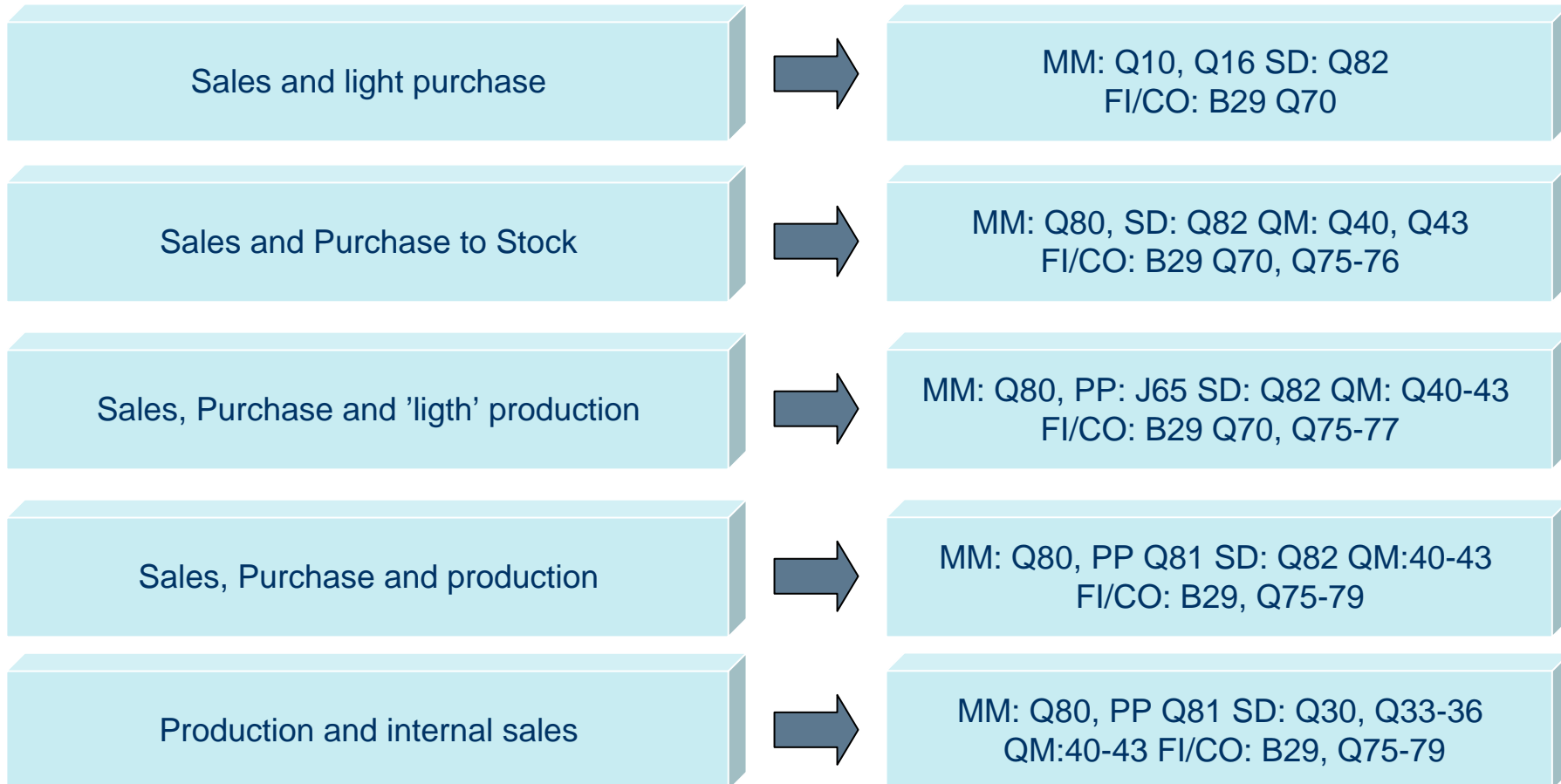
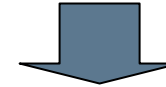
# SAP best practice roll-out combinations

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## Company type



## Solution Package





# Project status

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- The preparation phase took longer than expected due to change management issues
- The development phase took longer than expected due to lack of internal resources being busy with roll outs
- The 14 days Solution Package identification period was a success
  - No vital gaps was identified
  - Alternative solution was always presented
- The development cost is approximately 0,35 mill €
- The implementation cost is approximately 0,25 to 0,35 mill €



# Implementation issues

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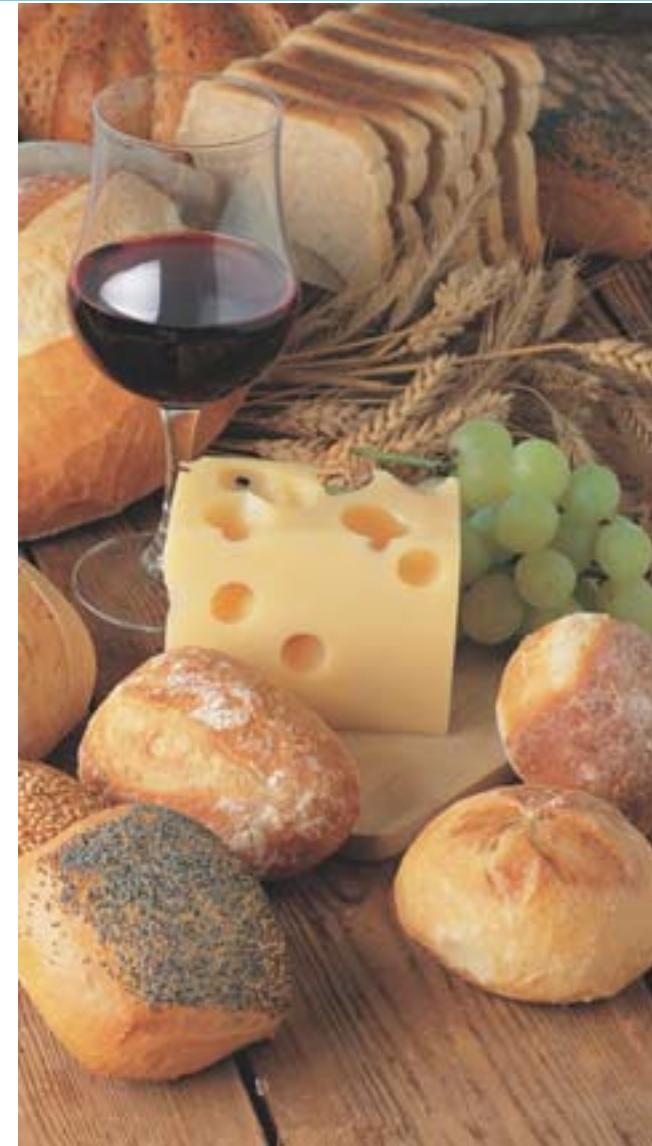
- No rocket science - easy knowledge sharing
- 100 no, but 3 possible alternatives given is worth 0,8 mill €
- No pleasure consultancy consultants are welcome
- A template, that are scaleable and flexible  
- keep your head cool
- 2 consultants one logistics and one financial
- Support by strong application competencies



# Lessons learned

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- Focus at process level during the whole implementation period
- Focus at detail level when interacting with the existing template
- Educate and train your own SMB consultants
- Establishing your BC sets template requires good consultants
- Make a stand - trust your Best Practice solution
- The Best Practice solution is too good :o)
- Don't underestimate the change management issues



# Implementation - "the Mindstorm way"

## Summary

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- Based on SAP Best Practice
- An adequate (need to have) solution and not a complete solution
- The building block concept can ensure easy, flexible and uncomplicated implementation
- Standard processes = fewer implementation consultants needed = low cost implementation
- Simple standard processes
- Requirement:
  - Readiness to adapt to best practice (except for critical business needs)

Roll-out:  
2-3 consultants, 3-4 months

# Questions ...



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