# Henkel
## TrueCommerce Datalliance Platform

### Henkel's Path to a New Generation of VMI

**SUMMARY**
**More Connected. More Supported. More Prepared for What's Next.**

➤ VMI critical to relationships with key customers as well as Henkel operational efficiencies

➤ Cumbersome legacy tools were holding back program improvements and expansion

➤ Smooth transition to Datalliance VMI increases analyst productivity, improves visibility and positions for VMI growth

## TRUECOMMERCE DATALLIANCE VMI DELIVERS

➤ VMI analyst productivity/ capacity significantly increased

➤ All existing VMI partners transitioned in just 6 months; program now expanding

➤ Much more information now available for decision-making; Henkel knows scorecard metrics even before the customer

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**Tracee Abu**
Manager
Henkel Customer Supply Chain

## BACKGROUND

Henkel is the name behind some of America's favorite brands. From Dial® soaps to Purex® laundry detergents, Right Guard® antiperspirants, got2b® hair styling products, and Loctite® adhesives, Henkel brands are part of your daily life.

Founded in 1876, Henkel operates worldwide with leading brands and technologies in three business areas: Laundry & Home Care, Beauty Care and Adhesive Technologies. Henkel employs about 47,000 people globally, and reported sales of $21.8 billion and adjusted operating profit of $3.3 billion in fiscal 2013. With respect to supply chain, Henkel Consumer Goods Inc. manages five regional DCs, 3,500+ SKUs and 2,000+ customer delivery points across the U.S. and Canada.

## WHY VMI IS IMPORTANT TO HENKEL

Henkel recognizes Vendor Managed Inventory (VMI) as a strategic business process. Tracee Abu, Manager-Henkel Customer Supply Chain offers some background, "To begin with, many of the leading retailers expect a large supplier like Henkel to offer VMI capabilities. It's an important aspect of our customer relationship, giving us the ability to ensure high service levels in their DCs so they can provide high shelf availability at the store level. That's how we work jointly to maximize sales."

"VMI has a number of benefits to our own operations and profitability," continues Abu. "It gives us the demand visibility we need to optimize customer shipments. That means lower transportation costs and improved sustainability because we send out fewer trucks. It also enables us to drive other efficiencies such as case picking and ordering in full pallets and layers. It also allows us to better optimize inventory – for instance to improve promotional event management."

## TIME FOR A NEW GENERATION

Henkel Consumer Goods Inc. North America has been utilizing VMI since 1990 and as of late 2012, VMI was used to manage about 15% of total sales across mass, grocery, and value CPG channels.

As customer demand for VMI continued to increase, Henkel recognized that their VMI program could not scale to the level they needed without a change in approach. Abu explains, "We did not have a fully integrated VMI system in place. The process was managed using manual data manipulation and Excel spreadsheets. That approach was very inefficient and non-standardized, which prevented us from applying more advanced VMI practices."

In early 2012, Henkel Consumer Goods Inc. North America established a clear goal for their VMI program: find and implement a solution that would enable optimizing the VMI process for existing VMI accounts and enable expansion of the VMI program to additional customers in a cost-effective, confident manner.

## A RIGOROUS PLATFORM EVALUATION

Led by Abu, the Henkel Consumer Goods Inc. Customer Service team outlined 37 functional requirements in the areas of:

- Transmission & Receipt of Customer Data
- Manipulation of Data to Create Order Quantity
- Creation and Transmission of Order to SAP
- Reporting
- Miscellaneous

The team evaluated a number of different options. In the end, Datalliance rated higher in four of the five areas and equal to the evaluated SAP tools on 'Creation and Transmission of Orders to SAP.' Datalliance became the team's recommended solution.

The team then took their recommendation to deploy TrueCommerce Datalliance VMI throughout Henkel's global system selection process where TrueCommerce Datalliance was compared to several options for:

- Requirements match
- Architecture fit
- Implementation costs
- Running costs
- Strategic partner capabilities

## DATALLIANCE SELECTED AS THE NEXT GENERATION VMI PLATFORM

Based on the extensive evaluation, the choice to implement TrueCommerce Datalliance in North America was confirmed. Abu summarizes, "When we considered all of the functional, technical and service aspects of what we wanted in a new generation VMI platform, TrueCommerce Datalliance was the simple choice. They were a clear leader in VMI with 80+ current VMI customers and were already handling a number of very large CPG customers, processing millions of SKUs and managing thousands of locations around the world."

"There were several other factors that were just as important to us, though," adds Abu. "The Software as a Service (SaaS) model meant we would not need a lengthy software installation process or any significant on-going internal IT support services. The TrueCommerce Datalliance Customer Care group offered a much broader range of support services than we typically see from a solution provider. And the fact that TrueCommerce Datalliance had a history of delivering three new releases every year indicated that we would continue to gain access to new innovations in the VMI process that would keep us on the leading edge over time. Those were all very important aspects of deciding our VMI partner."

## RAPID RESULTS

Henkel initiated the move to Datalliance with a project kick-off in March 2013 and completed the transition in September 2013, just six months later.

"The TrueCommerce Datalliance Customer Care team acted as an extension to the Henkel team throughout the transition," says Abu. "We know that had a lot to do with having the process run as smoothly as it did."

The Henkel team has seen significant benefits from the move to TrueCommerce Datalliance.

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"Our VMI analyst productivity has increased on many fronts," says Abu. "Dozens of daily processes that had required manual work are now automated. We also eliminated the need for Henkel IT to interpret retailer product activity and perform error-related reporting – now performed by TrueCommerce Datalliance. We have much better tools for handling challenging activities like promotions and product changes."

Henkel has maintained or improved customer inventory metrics across the board since the move to TrueCommerce Datalliance. "We have greatly improved reporting capabilities," says Abu. "For instance, we're now carrying out executive summaries using data from Datalliance. With that information, we now know how we're performing before the customer does. That's a significant step forward and enables us to collaborate more effectively with our VMI customers when holding periodic scorecard review meetings."

### EXPANDING HENKEL'S VMI PROGRAM

With the Datalliance VMI platform in place, Henkel Consumer Goods Inc. North America transitioned into the expansion phase. Henkel Customer Service and Sales Teams identified targeted VMI partners in both the US and Canada, as well as additional channels such as drug.

One new VMI partner has already been added and Henkel is in the process of expanding VMI locations with an existing partner. "We now have the capacity to handle considerably more VMI relationships with our existing VMI analyst team," explains Abu. "That's exactly the position we wanted to be in and now we're taking advantage of it."
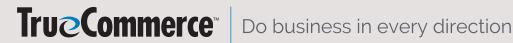
### SUMMARY

Abu summarizes saying, "We went through a very rigorous and methodical process to select TrueCommerce Datalliance as our new generation VMI platform in North America. The selection and project planning process took some time, but once everything was in place, the transition was straightforward and painless. Most importantly, we're sure we made the right choice in moving to TrueCommerce Datalliance."

TrueCommerce is the most complete way to connect your business across the supply chain, integrating everything from EDI, to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system, and to whatever comes next. To stay ahead in today's dynamic global market, companies need to be able to do business in a lot of different directions at once. For decades, TrueCommerce has helped businesses be more connected, more supported, and more prepared for what's next. Our Managed Service combines years of experience and world-class consultancy with a range of functionality for proactive monitoring. That's why thousands of companies rely on us.

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