HIGHLIGHTS

Goal: To integrate the IT infrastructure of a newly-purchased international company with an international consumer goods company's existing IT environment.

Solution: Information Builder's iWay Software

Results: A net benefit of more than $8 million, due to rapid integration. The project had an ROI of 415 percent and a payback period of two months. The consumer goods company now has a unified infrastructure that can easily incorporate any new acquisitions, and is closer to being a real-time organization.

CUSTOMER PROFILE

One of the world's largest consumer goods companies, with annual sales of $2.9 billion and products in 91 markets worldwide.

Consumer Goods Giant Integrates Disparate IT Infrastructures Caused by Recent Acquisition, Realizing an ROI of 415%, Gains $8 Million in Benefits with Information Builders' iWay Software

Sometimes, during the course of an aggressive merger and acquisition strategy, companies find themselves challenged to integrate the newly-acquired entity before moving on to the next. Speed of integration at the operations level presented the most significant obstacle for this successful consumer products company, as it moved forward on its growth-through-acquisition plan. But the merger was not the only integration requirement, there was a global rollout of SAP underway and a brand new $500 million procurement processing contract with IBM.

Traditionally, integration is achieved by writing software to connect different systems together. This means maintaining these systems and supporting manual collaborations until the integration is complete. But the ongoing and strategic M&A strategy clearly dictated that Coty could not wait 18 to 24 months to accomplish their integration goals. From a strategic standpoint, they could now wait that long to embark on their next acquisition.

The specific goals of the integration project were expansive—including the unification of a complex computing infrastructure with multiple ERP platforms and databases, and the ability to see sales and supply-chain data from across the organization in real time. The objectives included the following:

- Quickly integrate two complex infrastructures from the merged and acquired companies

- Integrate the existing infrastructure with IBM's for procurement outsourcing

- Create a new platform that collaborates with SAP instances throughout the globe(e.g. Germany, Austria, and Switzerland)

- Build a foundation for real-time operations by developing a new flexible architecture to provide views into real-time data operations

To ensure successful completion of these important tasks, the consumer goods giant chose Information Builders' iWay Software. As a result, it gained a net benefit of $8,056,403, The project had an ROI of 415 percent and a payback period of two months. The merged company now has a unified infrastructure that can easily integrate any new acquisitions, and is closer to being a real-time organization.

Benefits

Objective	Benefits Achieved
Quickly integrate an acquisition's IT infrastructure with its own existing architecture	Using iWay, the consumer goods company was able to create a fully-unified IT infrastructure in five months, leading to a net benefit of $8,056,403
Integrate all systems with IBM's own environment for procurement outsourcing	iWay enabled the parent company to integrate with the new IBM procurement outsourcing system
Collaborate with SAP instances throughout the globe	Tie offices throughout the world together with a new integrated infrastuture
Build a foundation for real-time operations	Using iWay, the merged company built an integrated architecture supporting views into real-time data and operations.

The Challenge: Quickly Integrate a New IT Infrastructure Into a Complex Existing Environment

This large consumer goods company acquired an international competitor, which included many well-known brands—a key strategic move that turned the company into one of the largest t in the fashion industry. The parent company planned to fold its new acquisition into its own operating structure.

The acquisition itself also carried a set of challenges. The luxury consumer goods market is notoriously unpredictable, and the parent company needed to stay agile to quickly respond to changing consumer needs and fashions during the critical transition period when it folded the new company into its existing brands.

The consumer goods company faced a daunting challenge: to quickly integrate a new IT infrastructure with its own and build an environment that would allow the combined company to quickly respond to a changing business environment. Making the integration even more challenging, the consumer goods company had signed a major, long-term outsourcing contract with IBM for procurement services and also had to integrate its own IT systems with IBM's.

The company was looking for a comprehensive solution that would accomplish the following:

- **Integrate a complex computing infrastructure.** Multiple, disparate systems were involved, including several enterprise resource planning (ERP) platforms, including SAP and JD Edwards, several databases, including Oracle and DB2, and several hardware and operating system platforms, including AS/400 and UNIX. The solution had to easily integrate these platforms on a global basis, because the company has production plants and offices located worldwide.

- **Handle SAP integration.** SAP was being implemented throughout the entire enterprise, so the solution that the company chose had to be well suited for large-scale SAP deployments.

- **Handle complex messaging requirements.** Hundreds of thousands of messages were being exchanged every day among the company's systems. A more efficient process needed to be found.

- **Avoid the high costs of writing code.** The traditional way of integrating applications involves manually writing code to connect disparate systems.

Doing this is expensive and time consuming, and the company wanted to avoid these costs, as well as the costs of maintaining the code.

- **Quickly integrate a new company.** The efficiencies and economies of scale made available by the purchase of the new brands would make it possible for the parent company to realize millions of dollars in benefits—but only if it were able to integrate the new IT architecture quickly.

- **Becoming a real-time organization.** For a consumer-oriented business, there are significant benefits to being able to see real-time sales data, and gaining real-time visibility throughout the supply chain. The company wanted to build a solution that would allow it to become a real-time organization.

- **Lay the groundwork for a future architecture.** The company also wanted the solution to be capable of integrating future acquisitions quickly, allow it to build reusable components that could be used for many purposes, and to eventually connect swiftly and easily to suppliers and customers.

iWay Software

IT directors throughout the consumer goods company were polled on their choices for an integration solution, and solutions from several vendors were considered. The company ultimately chose iWay Software. It was impressed with Information Builders/iWay Software's reputation for handling large, complex integration projects.

It was also looking for a third-party solution, rather than one that would lock it into a specific vendor. The company also considered price-performance benefits, and found that iWay Software delivered the best value of any of its competitors.

Implementation went smoothly and quickly. The project was was completed in just five months. If integration had been done using traditional, manual coding, it would have taken a year or more.

The fast integration was made possible because iWay Software provided a simple-to-use, point-and-click interface for creating services from any application without coding. The software offers a fast method for generating powerful, reusable business services from existing applications. The consumer goods company is using iWay to connect messaging and data transfer via XML services and SAP IDOCS. The IBM procurement application is connected via XML as well.

The Bottom Line

A detailed analysis of the implementation shows that the consumer goods company realized a net benefit of $8,056,403, driven by the fast integration. The project had an ROI of 415 percent and a payback period of two months. The company now has a unified infrastructure that can easily integrate any new acquisitions, and is closer to being a real-time organization.

The benefits are due to the timely integration of IT infrastructures. In mergers and acquisitions, the speed of integration is key to cost avoidance and revenue generation. Because the integration was accomplished so quickly, the company has been able to realize staff savings, and to use the synergies between the

companies to gain increased revenue. Overall, costs have been reduced, and the company will continue to reap savings in the future due to a reduction in annual operating costs.

There have been other benefits, apart from the immediate financial ones. Its infrastructure has been integrated with IBM's, and procurement outsourcing can proceed. Future acquisitions will be able to be integrated even more quickly, because the company has built reusable components that can be leveraged to connect business services and the IT infrastructure. The groundwork for a reusable platform has been built, and the company has moved closer to becoming a real-time organization. In addition, the company has all the pieces in place for using Web services to connect it to suppliers, business partners and customers.

The following chart provides a detailed analysis.

3 YEAR ANALYSIS			
Project Summary			
ROI	415%		
Payback Period (in months)	2		
Cumulative Net Value	$8,056,403		
Project Costs	**Start Up**	**Completion**	**TOTAL**
Total Capital Costs	$1,584,597		$1,584,597
Resources	$234,000		$234,000
Total Support and Training Costs		$125,000	$125,000
TOTAL PROJECT COSTS	$1,818,597	$125,000	$1,943,597
Benefits			
*Acquisition Management Cost Avoidance		$10,000,000	$10,000,000
TOTAL BENEFITS		$10,000,000	$10,000,000
Financial Analysis		**2006**	
Net Value	($1,818,597)	$9,875,000	
Cumulative Net Value	($1,818,597)	$8,056,403	
Net Present Value	$7,282,786		
Payback Period (in months)	2		
ROI	415%		

NOTE: This business analysis uses conservative projections of $33 million in cost savings and a 30% cash flow impact if the integration was delayed or if the business information between the two companies could not be captured, combined, and then used to make more effective business decisions.

* The $10 million in cost avoidance is due to the speed of integration of the the two infrastructures.

Return on Investment (ROI) is the percentage return expected over a specified period of time. ROI is the total benefit divided by the total costs. This ROI metric is good for assessing the multiplier provided by the benefits relative to the total investment and costs.

Net Present Value (NPV) represents the cumulative present value of the expected return of a project over a specified period of time minus the initial costs of the project. This dollar figure provides visibility on the actual value of a project, taking into consideration the time value of money — the ongoing benefit of a project in today's dollars. NPV tells you the magnitude of the project and if the project generates a profit.

Payback Period (or breakeven) is the timeframe it takes for the project to yield a positive cumulative cash flow. Payback period is a key measurement of risk but does not take into account cash flows after the payback period.

ROI, NPV and **Payback** should be used in conjunction to understand the rate, size and timing of the return. Net Value (or Net Benefit) is the benefit delivered to the organization for the investment made in the project. Net Value is calculated by taking the total benefit minus the project costs. The following chart provides a detailed, three-year analysis.

About PLUS

Founded in 1968, Plus Relocation Services, Inc. (PLUS) is recognized as a global leader in the design, implementation, and management of global mobility and relocation programs. The company has built solid relationships and differentiated itself through its expertise, personalized services, innovative programs, and cutting-edge technology. Headquartered in Minneapolis, MN, PLUS has offices in the United States and Client Program Managers in the EMEA and APAC Regions.

About iWay Software

iWay Software's integration methodology is simple: it uses a single, integrated set of graphical design tools to assemble powerful pre-built components for enterprise-class business-to-business (B2B) integration, business process automation (BPA), or enterprise information management (EIM) integration scenarios - without the use of custom code. Integration configurations can be deployed in a stand-alone manner to any environment supporting a JVM, or to Web application servers from any vendor. iWay delivers the fastest, most cost-effective, and simplest way to integrate and streamline critical business processes. iWay Software's vendor-, platform-, and protocol-neutral solutions achieve the promise of SOA: true reusability.

About Information Builders

Information Builders' award-winning combination of business intelligence and enterprise integration software has been providing innovative solutions to more than 12,000 customers for the past 30 years. WebFOCUS is the world's most widely utilized business intelligence platform. It provides the security, scalability, and flexibility needed at every level of global extended enterprises. Its simplicity helps create executive, analytical, and operational applications that reach dozens to millions of users. The company's comprehensive enterprise product offerings give Information Builders' customers the ability to grow and innovate according to their needs.

Information Builders' customers include most of the Fortune 100 and U.S. federal government agencies. Headquartered in New York City with 90 offices worldwide, the company employs 1,450 people and has more than 350 business partners.

About Case Study Forum

Case Study Forum is the leader in the writing and production of ROI-focused Case Studies. In addition to a customer success story, each ROI Case Study provides insight into the business impact—the revenue, productivity and cost savings the customer achieved as a result of the investment made in the solution or service. For more information, please contact Case Study Forum at 508-380-8886, or visit www.CaseStudyForum.com.