

## CASE STUDY: SAP ECC5 roll-out for L'Oréal Australia



# L'ORÉAL AUSTRALIA GAINS INDUSTRY BEST PRACTICE IT PLATFORM

An implementation of SAP by Oxygen for L'Oréal Australia has helped the world's leading beauty products company streamline its business processes, giving it improved control and accuracy over critical parts of its business, including sales, distribution and warehouse management.

L'Oréal Australia selected Oxygen as its local implementation partner to deliver a major SAP system implementation program aimed at providing the company with a contemporary IT platform for integrated real-time business systems and improved decision-making. Oxygen was tasked with installing and customising the L'Oréal Group SAP core system template ECC5 and partnered with L'Oréal Australia and the company's fully certified SAP 'Centre de Competency' in Paris.

L'Oréal Australia's Chief Operating Officer, Philippe Fau, says Oxygen was chosen ahead of other system integrators based on the quality and level of experience of its SAP consultants.

Implemented 15 years ago, Fau says L'Oréal's legacy system was struggling to provide the level of performance improvement the company needed to maintain its lead in the highly competitive cosmetic market.

"We needed to move off our obsolete technology platform and on to a more functionally rich system which would allow us to successfully run a modern and effective supply chain business across high

value markets. We sought improvements in our warehouse logistics and in our sales and customer relationship management areas," says Fau.

"Oxygen ensured the SAP global template formed a robust IT platform that could accommodate future growth. They rolled it out smoothly to 300 users and ensured it interfaced correctly with other systems."

Fau says one of the key business benefits from the implementation is an improvement in the tracking of goods through its central distribution warehouse. L'Oréal's business is complicated by the sheer volume of different cosmetic products the company sells. Understanding exactly how much stock is available and what is surplus to requirements is vital to the profitability of the business.

"Under the old system we had many manual processes and as a result, not all the information about goods arriving and leaving the warehouse was accurately recorded. Now with SAP we have automated many stock control processes and have a much more accurate picture – in real-time – of where our goods are. This has resulted in improved customer order processing."

"Oxygen's implementation of our global SAP template is regarded as one of L'Oréal's most successful roll-outs worldwide."

Philippe Fau, Chief Operating Officer,  
L'Oréal Australia

“Stock management is very complicated and crucial to the success of our business. SAP has allowed us to automate inventory processes and improve real-time stock analysis.”

Philippe Fau, Chief Operating Officer, L'Oréal Australia

## THE BUSINESS CHALLENGE

- Move L'Oréal Australia onto a standardised IT platform across all its business divisions – namely Consumer, Professional and Luxury products
- Improve L'Oréal's ability to implement industry 'best practices' and position it to accommodate future business and organisational flexibility
- Implement L'Oréal's global SAP core functional template including Finance, Assets Management, Materials Management, Warehouse Management and Sales and Distribution

## THE OXYGEN SOLUTION

- Establish partnerships with L'Oréal Australia and the company's Centre of Competency to ensure effective business and IT project execution and ongoing management
- Unify L'Oréal Australia's IT strategy with the wider L'Oréal group by implementing the global SAP template for Logistics and Finance
- Provide systems to help L'Oréal gain better visibility of supply and demand for goods by implementing functionality to allow improved stock control processes

## RETURN ON INVESTMENT

- Enhanced inventory management including improved tracking of goods through the distribution warehouse
- Better visibility of stock allows for improved customer order fulfillment and greater control over product lifecycle management
- Improved workforce morale; staff are more empowered thanks to a system that no longer lets them down
- Unification with L'Oréal Group IT strategy brings Australian operation into line with worldwide operations and improves ability to undertake product availability checks and global ordering

## CUSTOMER PROFILE

L'Oréal Group headquartered in Paris, France is the world's leading beauty products company engaged in the research and development, manufacture, marketing and distribution of hair care, hair colour, skincare, make-up and fragrances with revenues of over 17 billion euros across three major divisions organised around Consumer (self-select), Professional (salon) and Luxury markets. L'Oréal Australia is a wholly owned subsidiary of the Group and is headquartered in Sandringham, Victoria and contributes AUD\$460 million annually to company sales.

The business is focused on in-depth scientific research, dedication to innovation, excellence in marketing and the highest standards of efficacy. L'Oréal's success is built on a portfolio of 19 well-known, high quality global brands, including L'Oréal Paris and Maybelline (consumer/mass-market), Lancôme (luxury), and Redken (professional salons). With about half of its sales generated outside Europe, L'Oréal has focused on globalising brands in addition to acquiring new ones in markets served.