

Kraft Foods

Data Migration with BackOffice Associates[®]

AT A GLANCE

INDUSTRY

Foods Processing

REVENUE

\$48B+ (US)

EMPLOYEES

103,000

HEADQUARTERS

Northfield, Illinois

WEBSITE

www.kraftfoodscompany.com

BOA™ SOLUTIONS

Data Migration, DataDialysis[®]

SAP® MODULES IMPLEMENTED

ECC6.0 ERP, MDM

IMPLEMENTATION PARTNER(S)

IBM[®]

EXECUTIVE SUMMARY

Kraft Foods is the world's 2nd largest food company. With revenues in excess of \$48B, they manage 11 brands which generate over \$1B annually, and 70 brands which generate more than \$100M annually from a global distribution in 160 countries. More than 25% of revenue comes from emerging markets, and leveraging their #1 positions in biscuits and confectionary, over 50% of global revenue is generated from snacks and confectionary brands such as Lu, Nabisco, Oreo, Cadbury, Milka and Trident.

KEY CHALLENGES

- Quickly realized challenge of managing global, enterprise SAP[®] data
- Needed method for managing data governance issues for migration and MDM teams without addition of substantial resource

IMPLEMENTATION HIGHLIGHTS

- Knowledge transfer to Kraft Foods resources facilitated speed of migrations
- Virtual migration has helped repeatability, lowered costs

OBJECTIVES

- Reset and revisit the resource plan
- Data has to be clean on migration
- Delays would have substantial opportunity costs locally and globally

OPERATIONAL BENEFITS

- *Harmonized 35,000 customer records cross-repository, cross-system* reporting helped define new rules—continuous business improvement through data quality
- Team of 3 persons manages 195 million records downloaded daily
- 40 Plants had Boring Go Live[®] through 12/2009, remainder migrated in 2010

WHY BACKOFFICE WAS SELECTED

- Innovative approach to data migration, management of production data with DataDialysis[®]
- BackOffice Associates[®] planned and pragmatic approach achieved success without increasing staff

“All the careful data planning led us to be smarter about overall resource planning. BackOffice brought tools, methodology and experts to bridge a critical time in our SAP project and go-live to keep us moving forward and respond faster, better and more efficiently.”

David Underwood

DDS Operations and Business Services Manager



KEY CHALLENGES

Increasing Complexities Needed a Solution

In 2004, Kraft Foods realized that they faced competitive challenges that required eliminating complexity throughout their organization. In addition to traditional plant closings and product rationalization, the company decided to consolidate on the SAP® ERP platform and is currently

rolling out globally to go live on ECC 6.0. The North American SAP project began in April 2005, and like all global projects, the growing impact of master data definition, rationalization and migration was becoming apparent to the enterprise MDM team.

There are many teams responsible for different aspects of the project definition and subsequent rollout.

At the same time, Kraft Foods'

restructuring initiative, "Organizing for Growth", required substantial changes in corporate alignment and was aggressively cutting costs to remain in a leadership position in its key product and demographic markets.

Communication is Key

At Kraft Foods, the enterprise master data group implementing SAP MDM and the SAP data group had not been closely linked in their efforts until 6 months prior to go-live. The teams came to realize that they had a master data issue and process for implementation that could not be sustained long-term. "Resource projections were the main driver", says Merri Beckfield, MDM Delivery Services Manager. "We had a lot of overlapping activities between the plants getting ready to go live, and we knew that the SAP data had to be clean."

There were too few resources allocated to their target process and it was clear that the current trajectory would continue to frustrate the team and begin to delay results. That was simply an unacceptable risk—a delay in a global organization the size of Kraft Foods could cost millions of dollars monthly in lost productivity.

New Methods from BackOffice

Kraft Foods turned to SAP who introduced the company to BackOffice Associates® at SAPPHIRE in April 2007. After discussions with BackOffice, the company saw that the process they were using for data migration and governance was not sustainable or repeatable, and they chose BackOffice in October of that year. "We saw Tom Kennedy's presentation and were blown away", says Merri. "He showed us that we could succeed with fewer resources with a different plan."

Kraft Foods made changes in the way they managed the implementation. Key personnel from a former data integrity group were re-purposed to learn the BackOffice tool and methodology, and focus on data quality as part of a newly energized Data Delivery Service (DDS). As DDS became more proficient, additional persons were sent to BackOffice for training.

BOA™ remained key to the early success of the relationship by putting senior resources at Kraft Foods to get started quickly. The changes BOA recommended to the process allowed the ERP project to be much more structured for the deadlines and commitments around data definition and other data-related project components.

Maturing the Delivery Organization

By Q3 2008, Kraft Foods began a knowledge transfer process to take on more tasks, changes and management of the data migration from the BOA senior resource team. As their skill set grew, the company sought additional cost savings through 'virtual migration' lower cost resources. Originally a labor arbitrage play, placement of those resources in Chicago, Mexico and China has become a strategic part of the DDS organization. "Our Kraft Foods resources can continue to focus on high-value work while leveraging our strategic partner for design and development work", says David Underwood, DDS Operations and Business Services Manager. "We are able to work almost 24/7/365 as we kick off refreshes and development in China and finish up in Chicago later that day."

"Before BackOffice, we would say 'Now that we have all this useful information, it would be nice to do something with it.' With the BackOffice DataDialysis® toolset we know where and how to take action."

Brad Krause

“The offshore model has allowed us to control the size of our team”, says David. Strategically, the labor arbitrage and flexibility realized through the organizational maturity has paid off and will continue to be a key component of DDS. The MDM team is in regular contact with DDS. Business processes are defined for all business data conversions, requirements and mapping, and then in collaboration with DDS those are verified and transferred to the data migration team structure.

DATA GOVERNANCE

New Efficiencies with Data Objects and Reports

Once clean data is in an SAP® production system, how do you keep it ‘clean’? Kraft Foods answered this question through early use of the BOA™ DataDialysis® data governance tool. SAP brought a new awareness of complex business rules and processes to the company. But not all business processes can be handled or enforced systematically—that’s where DataDialysis has played a key role. “The goal of the DataDialysis group is to help discover and define rules that weren’t known or that needed modification—

it’s a continuous process”, says Brad Krause, Master Data Manager for DDS. Since the company is in migration through 2011, much of the early reporting requirement was temporary (legacy systems v. SAP) and consisted of cross-repository, cross-system reporting.

“We want to get to a ‘management by exception’ framework”, notes Krause. “To get that you have to

trust in the rules and that the data is not masking some other cause from something else”. Business confidence has risen as DataDialysis has delivered rules that start out as broad-based and get more granular. Since Kraft Foods has started the SAP rollout, they have also acquired Cadbury, which is migrating simultaneous to the company data loads. “Because of the combined data volumes, the only way you can quickly perform exception rule iterations

is through DataDialysis,” says Krause. “The rules are getting better and better as we run these daily refreshes and the exceptions begin to drop toward zero. Now we ask whether errors are actually parameters that should be excepted from the report.”

DataDialysis® reports Kraft Foods runs with its team of 3 persons to keep data clean:

- 492 daily reports for 413 users
- 1801 weekly reports for 122 users
- 90% of reports are exception reports

Kraft Foods manages data quality in their production system with a team of three—Brad Krause and two developers who assist in creation and resolution of DataDialysis reports. When they first started the team in 2008, the focus was on product and material, but has since expanded to customer, vendor and location master data. The company imports 195 million rows of data daily. This is growing as more and more plants come on-line, and it can grow exponentially with different pricing contained in the material master. Nightly imports begin at 9pm and end in early morning to avoid performance issues. Large tables run separately on nearly 400GB of memory.

Remarkable Results Achieved:

- More than 40 plants have been migrated using the BOA™ tools; all of them have been Boring Go Live® migrations.
- The balance of North American plants are to go-live through 2010
- Harmonized 35,000 customer records

“Business is branching into new areas not used in the past. Although we’re not 100% SAP until the last go-live, as long as we can get a hold of the data, we can report on it. Our DataDialysis® team has a proven track record of success.”

David Underwood

DDS Operations and Business Services Manager

“The components of people, process, and method are critically intertwined—you need all of them to be successful. We learned to stick to the phases and BOA™ methodology for best results.”

Merri Beckfield



We Know Data™

About BackOffice Associates®

BackOffice Associates® is the leading provider of ERP data migration, data governance and master data management (MDM) solutions for Oracle®, Peoplesoft, JD Edwards, SAP®, Infor and other leading ERP solutions. Concentrating on enhancing ERP data quality since 1996, our products and services are the recognized best practice for companies using Oracle, SAP and other solutions. BackOffice Associates delivers the industry's only "Boring Go Live®" process for the uneventful implementation of ERP. For data governance solutions, BackOffice Associates is the choice of customers who require "Business-Ready Data Every Day™". BackOffice Associates is a global corporation with offices in Europe, Australia, India, Mexico, Singapore and the United States, in addition to our headquarters in Massachusetts. Company information is available at www.boaweb.com.

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