



**ABeam Consulting provides services on a global scale, informed by a thorough knowledge of factors unique to doing business in Japan. It was also powerfully encouraging to know that, as SAP professionals, their expertise runs deep indeed.**

Tommy Hilfiger SVP ICT Mr. Arne Tajima

**Apparel and Footwear Solution (AFS), the SAP apparel industry solution, as a global integration platform realizing Japan-unique requirements while fully utilizing SAP standards.**

T O M M Y  H I L F I G E R

# Tommy Hilfiger Japan Corporation

Tommy Hilfiger brings the appeal of American preppy fashion to over 90 countries worldwide. In order to improve corporate governance, a group-wide global ERP rollout project has been initiated to unify the disparate systems used in different countries and in corporate headquarters in the Netherlands. Ahead of others in Asia, they implemented an SAP AFS-based system in Japan, which went live in September 2013.

## Major Issues

- Head Office had difficulties in grasping the business situation in Japan
- Miscommunication between Head Office and Japan due to different categorization of product codes and customer segmentation
- Japan's system did not meet with internal control standards required by the Head Office

## Why ABeam

- Abundant experience and a proven track record with global projects
- A thorough understanding of uniquely Japanese business practices
- A hands-on approach to resolving various issues as part of a team

## Key Achievements

- Accomplished global integration by streamlining business processes through an SAP AFS-based Head Office system
- Accommodated Japan-unique business processes and practices by linking with external systems such as logistics, stores, etc.
- Real-time, global integration of management information
- Improved corporate governance through a standardized business process on a global SAP platform
- Enhanced global communication by introducing common terminology for products and customers

*Despite differences in language, time and business culture between Japan and Europe, ABeam became a tremendous partner and we were confident that we could overcome any obstacles.*

Tommy Hilfiger, Europe Head Office

## Overview

### Integration of global businesses is a must Aiming for rollout of Head Office system starting with Japan

Established in New York back in 1985 with its head office currently in Amsterdam, the Netherlands, Tommy Hilfiger has grown to become an apparel brand with 1,000 stores in over 90 countries worldwide. The company has flagship stores in major cities such as New York, London, Paris and Milan, and is currently actively pursuing Japan and Asia as valuable future markets. In doing so, the global integration of Japanese business became an absolute necessity. Before this effort, each entity of Tommy Hilfiger was operating on a separate system. Tommy Hilfiger then decided to roll out its Head Office system at each of these corporate entities, aiming for a globally seamless business operation and tighter internal control. Japan was no exception. Mr. Takashi Ogo, Chief Financial Officer, comments: “Up to now, Tommy Hilfiger Japan has been independently using a cloud-based system operated by a small ASP. But it has been a major issue from the perspective of the head office in Europe that they were unable to get a picture of Japan’s business status in real time. It was decided to start the rollout project with Japan ahead of other Asian regions.”

## Challenge

### A partnership that overcomes differences in language, time and business practices between Europe and Japan

The project started in November 2011, but soon encountered big challenges. The differences between Japan and Europe included not just language, but also business models, logistics operations, retail business customs and more. This

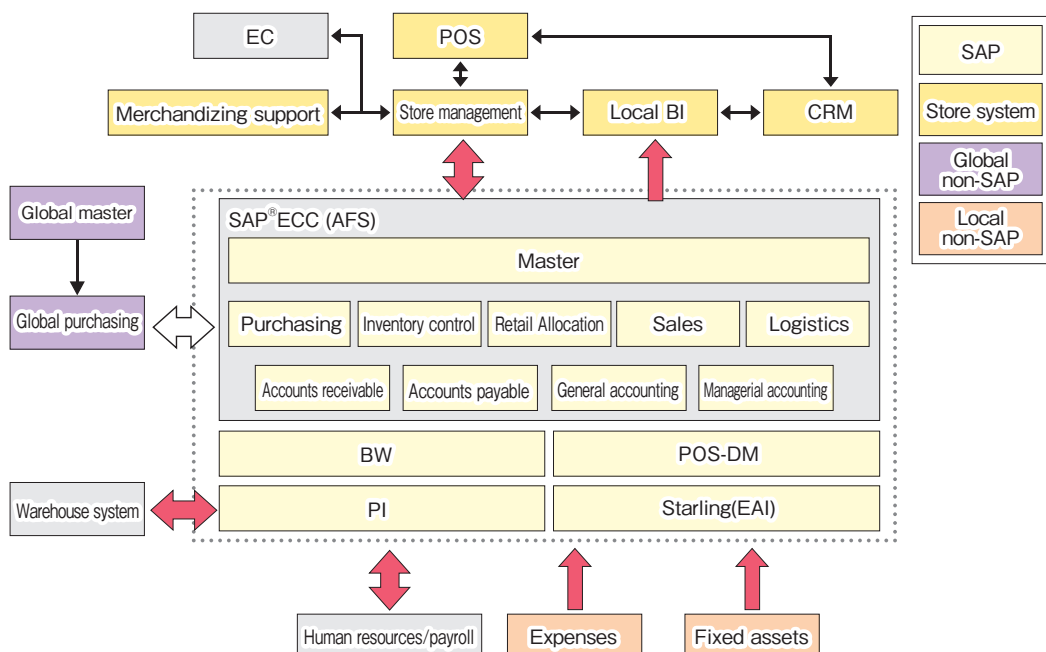
required more SAP system customization than had been anticipated, and the Head Office could not accommodate all the differences. In March 2013, ABeam Consulting was selected as the partner to accomplish this mission. SVO ICT Mr. Arne Tajlma of the Tommy Hilfiger Europe Head Office looks back: “ABeam has a good track record as a consulting company with similar projects. ABeam is a well-known local player with a wealth of knowledge concerning unique business practices of Japan. Expertise in SAP solutions was another plus. Despite differences in language, time and business culture between Japan and Europe, ABeam became a tremendous partner and we were confident that we could overcome any obstacles.”

## Solution

### SAP as the platform for global integration, interfacing with external systems

AFS, the standard SAP solution for the apparel industry, was utilized as the platform for global integration. However, AFS was not sufficient to accommodate Japan’s apparel industry, given its unique business processes and practices. Unlike Europe, where almost all processes and functions were covered within the SAP template, many processes such as logistics and store operation needed to be executed on separate systems. This was a major reason why the SAP system operating in Europe could not be used as it was. The project manager, Takashi Kato, Director of Business Planning, Analysis and IT, comments: “In Japan, for example, we have a unique business practice called shoka-shiire, (in which the retailer purchases merchandise at the point of sale to consumer in the store; also known as “consignment sales” or “sales-based rent”). Another challenge was how to handle many processes outsourced to third parties. Modifying SAP itself was not

## System Overview



a good choice because doing so would cause the system to become complex, making future expansions and changes difficult. We decided to build interfaces with external systems to complete transactions which arose from processes unique to Japan as much as possible, and then interface the results with SAP.”

But the interfaces became extremely complex, and we had to define specifications to fine-tune details such as interface schedule timing and methods of exchanging data, as well as what types and volumes of data to use between SAP and other external systems.

A lot of efforts were made to determine the concept behind the business processes and business systems of Europe and Japan. As we gained mutual understanding, new system and processes were designed.

This was the core of this project, to which ABeam made a great contribution. Senior Director ICT Mr. Bram Janssen of the Europe Head Office comments:

“What we considered most important was to keep the business processes of each country in line from the global point of view. We must establish uniform governance for all group companies including Europe, America and Japan. ABeam assigned excellent functional experts and led this task through face-to-face communication.”

This project required collaboration and communication among many players distributed all over the world. In addition to Tommy Hilfiger Japan, the project team consisted of the PVH group Head Office (U.S.) which Tommy Hilfiger belongs to, the Tommy Hilfiger Head Office (Netherlands), the Hong Kong and U.S. offices, and system vendors of Germany, the Netherlands and Australia. In Japan, there were many players, including POS system vendors and third-party logistics (3PL) operators, other vendors of peripheral systems, and ABeam. Coordinating companies with different languages and time zones was not an easy task. In order to manage those environments, ABeam decided to use ABeam Malaysia, its affiliate company in Malaysia, whose official language is English. By involving members from ABeam Malaysia as the core members of the project from the design stage, this global project was made successful through smooth, consistent



SVP ICT Arne Tajlma (right) and Senior Director ICT Bram Janssen of Tommy Hilfiger, Europe Head Office

communication from the development phase to the operational phase.

## Result

### Real-time visibility of Japan financials Improved transparency of global businesses

The new system started operation in September 2013. Now the Head Office in Europe can see Japan’s business status in a real time. Mr. Tajlma lauds the system: “We can now quickly gather financial data that truly improves transparency of business on a global level.”

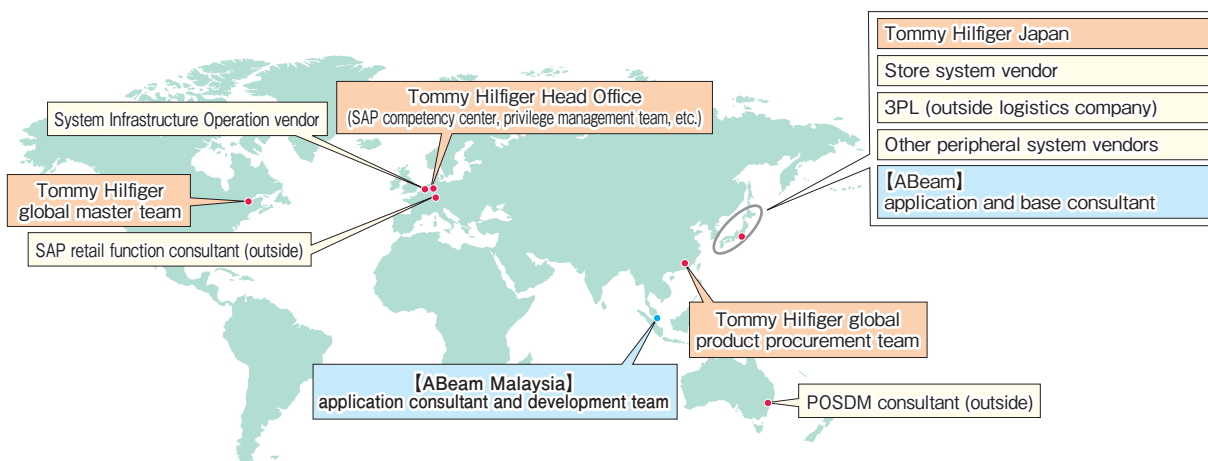
Mr. Ogo also comments: “In the past, the Europe Head Office manually calculated group consolidated performance based on the information reported from Japan, but the automated reporting capability of the new system has saved us a lot of effort and has allowed us to improve internal control.”

Furthermore, Mr. Kato adds that this SAP rollout has allowed complete integration of the product master starting with item numbers. He indicates, “The benefits are not only in business management/control; we see the Japan team having reenergized its global communication with respect to products and customers. For example, there are more discussions and idea exchanges about new product development between Headquarters and Japan.”

End users must have had some concerns in the midst of such a drastic environmental change as migrating from a Japan-unique system to an SAP-based global standard system.

## Project Formation

The project was carried forward with members across the world including four Tommy Hilfiger sites, two ABeam sites and other vendors in Japan, Germany and Australia



However, they can now directly feel various benefits of the new system and system usage level has definitely improved.

### Ongoing challenges remain, such as supply chains and direct sales.

This project is a unique challenge that involves full SAP application to the Japanese apparel industry, and they are only half way through.

Mr. Ogo comments: “There are areas that still need further improvements in order to achieve expected performance, such as linkage with POS systems and 3PL companies. We also need to reduce TCO (total cost of ownership).”

On the other hand, Mr. Janssen feels that, “Through my experience in this project, I now have a better understanding of Japan-unique business processes. I also see room for improvement through process optimization.”

Tommy Hilfiger plans to take such challenges as a good opportunity to improve business process together with continuous improvement of the system. Mr. Tajima looks to the future, commenting: “ABeam has greatly contributed to building a powerful IT system as a team. We will continue to take on various challenges with ABeam, such as enhancing stores’ direct sales and improving supply chain.”

### VOICE (Evaluation of ABeam)

“This was a complex project involving people scattered across the world including Europe, North America, Hong Kong, Malaysia and Australia. In Japan, we had to negotiate with POS system developers and third-party logistics companies. Despite all these difficulties, I am thankful for ABeam being there to provide support.



Tommy Hilfiger Japan Corporation  
Director  
Chief Financial Officer  
**Takashi Ogo**

The biggest challenge in this project was in business models and practices unique to Japan that SAP could not accommodate as-is. ABeam completely understood our needs, provided solutions through business consulting, mapped the system in an optimal manner and supported our project.”



Tommy Hilfiger Japan Corporation  
Director  
Business Planning, Analysis  
& IT  
**Takashi Kato**

#### Client Outline

Company name:	Tommy Hilfiger Japan Corporation
Location:	8-7 Daikanyama-cho, Shibuya-ku, Tokyo 150-0034
Established:	July 1, 1996
Services:	Sells Men’s, women’s, children’s wear and denim collections, as well as accessories, fragrances and home furnishings as lifestyle products.
Capital:	1,272,500,000 yen

#### Project Outline

Outline:	SAP Apparel and Footwear Solution (AFS) roll-out to Japan from the European Head Office, with integration into their global system. An unprecedented project in the Japanese apparel industry.
Software:	SAP Apparel and Footwear Solution (AFS)

#### Core members of ABeam



Executive Officer,  
Principal  
Social Infrastructure  
Services/  
Consumer Businesses  
Business Division  
**Toshio Akiyama**



Executive Officer,  
Principal  
Social Infrastructure  
Services/  
Consumer Businesses  
Business Division  
**Hideaki Kajjura**

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