

Diageo plc



Diageo is the world's leading premium drinks business with an outstanding collection of international brands across spirits, wine and beer – including Guinness, Smirnoff, Johnnie Walker, Baileys, Tanqueray, J&B, Captain Morgan and Cuervo. Trading in approximately 180 markets, Diageo employs over 20,000 talented people with offices in 80 countries and manufacturing facilities around the globe.

Diageo sought to implement their global SAP® template in a rollout to seven Asian markets. The major objective was to quickly replace multiple legacy platforms with a single SAP solution supporting standardised business processes. Diageo looked for a partner that could offer significant value through faster delivery and a localized approach. Diageo ultimately chose ABeam Consulting to help deploy its Simple Business Model (SBM) template and named the rollout program “Orient Express”. Despite a number of challenges, Orient Express ran non-stop through the Asian markets, keeping Diageo on track to support regional growth.

Challenges

- Diageo needed a trusted implementation partner that was able to offer local knowledge and high-quality delivery at a competitive price.
- The SAP rollout timeframe demanded rapid delivery, whilst adhering to Global methodology.
- Diageo employs multiple global service partners, so the team needed to act as one and remain focused on delivery.
- ABeam had only limited time for knowledge transfer from previous suppliers.

Solutions

- Implement a SAP® global template rollout for seven markets: Vietnam, Thailand, Hong Kong, Taiwan, India, the Philippines, and Indonesia.
- Use RACI charts to ensure clarity of expectations among partners.
- Implement rapid localization and deployment of a Simple Business Model enabling common reporting, faster month-end close, process synergy, efficiency, and control via shared services.
- Use offshore delivery centres for development of interfaces, forms, reports, enhancements and integration.

Success Factors

- Mobilize a highly experienced team of regional, offshore and local consultants through ABeam's office network in Singapore, China and each of the local markets. The Singapore regional team provided continuity of process leadership and program management skills throughout the Orient Express journey, partnering with Diageo Regional Process Owner's and Program Management Office (PMO) teams.
- Demonstrate practical flexibility and commitment to meet the project timeline, ensuring sufficient resource, travelling to markets frequently to support the local teams and working the necessary hours to ensure milestones were always met.
- Provide PMO and transition management skills in some markets where the local business did not have the necessary skills available.
- Adopt a highly professional and pragmatic approach to working with multiple global service partners, ensuring the ABeam team kept the objectives of the overall program in focus and delivered as one team, regardless of competition or local disagreements.

Diageo's Unstoppable Orient Express

— Servicing Seven Markets in Asia and Providing a Path to the Future —



Preparing for Departure on Orient Express

Diageo, a renowned global alcoholic beverage company, is constantly seeking ways to improve and achieve greater operational efficiency. In rapidly growing Asian markets, Diageo recognized the need for a more cost-effective approach. Mr. Ian Youngman, Diageo's Project Manager at the beginning of this project, noted that "the existing delivery approach was too costly." Diageo demanded not only cost savings; it also required quick delivery and high-quality performance. The company sought to implement a regional SAP® rollout project in seven Asian markets. However, it needed to address unique circumstances in each market, which demanded different solutions.

Diageo needed an experienced, trustworthy SAP consulting partner capable of providing local knowledge and high-quality delivery at a mutually agreeable cost. Mr. Youngman regarded ABeam as the most suitable partner. Confidence was high just before the project launch, but from the outset, things did not go as smoothly as had been hoped.

Mr. Youngman said, "It was a challenge to introduce a new and untried partner into a Global SAP deployment strategy, however ultimately Diageo management selected ABeam as its consulting service partner for Asia Pacific deployment. According to Mr. Youngman, ABeam proposed taking a "far more localized approach, far more tailored to implement a template for smaller markets." Diageo and ABeam named this project "Orient Express" and launched it in May 2009.

ABeam began the rollout out of Diageo's SAP global template for seven markets: Vietnam, Thailand, Hong Kong, Taiwan, India, the Philippines, and Indonesia. ABeam utilized its strong local knowledge to quickly identify regulatory, legal and business critical gaps, implementing practical solutions to

meet the gaps and support the rapid deployment of the Simple Business Model (SBM). The SBM enables common reporting, faster month-end closing, process synergy, improved control and cost efficiency through the use of shared services.

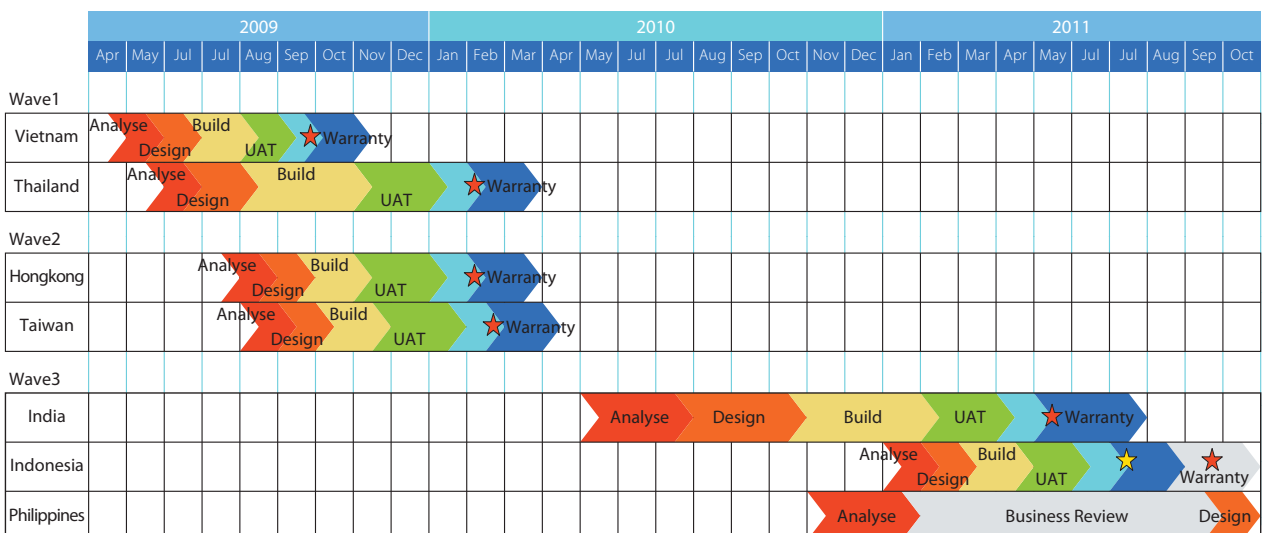
Waves 1 and 2 – Initial Journey through Vietnam, Thailand, Hong Kong, and Taiwan

Diageo already had an established SAP template and deployment methodology. Mr. Phil Evans, Senior Manager of ABeam Consulting Singapore and ABeam's Program Manager recalled, "Diageo's existing SAP template and methodology was designed for large-scale projects with hundreds of deliverables, but Diageo's SAP rollout timeframe demanded rapid delivery (e.g. five months for Vietnam). This was a real challenge for us."

ABeam assembled a strong team to support Orient Express, including Regional Process Leads and a Program Manager from ABeam Singapore and Advanced Business Application Programming (ABAP) developers from the ABeam Global Development Center (GDC), located in China. The Orient Express journey was split into three waves. Orient Express set off in Vietnam and Thailand (Wave 1), continuing through Hong Kong and Taiwan (Wave 2), to India, the Philippines and Indonesia (Wave 3).

Orient Express started its initial journey to four markets in 2009 (Waves 1 and 2). Everybody involved in the project was required to rapidly familiarize with the SBM template. Each market had different legal and tax structures, cultural barriers, and unique business approaches and practices. Moreover, because Diageo employed multiple global service partners, ABeam faced a real challenge in coordinating with all of them. Collaborating with various partners in different markets makes it more difficult—but more important—to maintain effective

Overall Plan – Master Schedule



Diageo Management Team Members



Mr. Graeme Miller
BRM Director
Asia Pacific
Business Relationship
Management



Mr. Ian Youngman
IS Business Partner –
Asia Pacific Sales
(2011 onwards)
Diageo plc

ABeam Management Team Members



Mr. Yiew Voon Ngee
Managing Director
ABeam Consulting (S)
Pte Ltd



Mr. Phil Evans
Senior Manager
ABeam Consulting (S)
Pte Ltd

communications and implement efficient governance.

Mr. Evans added, “To meet these challenges effectively, ABeam mobilized a highly experienced team of regional process leads and a program manager from its Singapore office. This regional team managed a wider team of offshore and local consultants assembled from ABeam’s office network in China and each deployment market. This model supported an efficient global template fit/gap analysis, local customization, training and deployment in these four markets.” Integration with local business and with regional and global stakeholders for process and change management was critical in these markets.

ABeam used offshore development for reports, interfaces, enhancements, and integration requirements. Mr. Evans recalled, “ABeam assisted Diageo in identifying the most appropriate accelerators and tools and demonstrated great flexibility and commitment to meet the project timeline. We also provided Program Management Office (PMO) support and transition management in some markets.”

For a large project involving hundreds of people in different countries, clear communication is critical to success. ABeam management joined the Diageo steering group at key junctures of each Wave and held regular teleconferences with local consultants and business teams, often at unsociable hours due to time zone differences. These efforts helped ABeam to check and confirm the shared means to achieve the goals, maintain governance and control project procedures. According to Mr. Yiew Voon Ngee, Managing Director of ABeam Consulting Singapore, “Effective and close communication among Diageo’s steering group, Diageo’s teams in these markets, and the ABeam team was crucial for the smooth running of Orient Express.”

With the help of ABeam’s committed and professional consultants, Diageo enjoyed successful, on-time, and on-budget de-

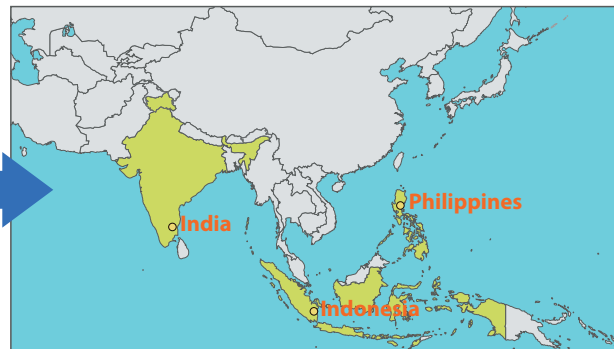
livery in the first four markets, with substantial cost savings compared to previous rollouts. Mr. Youngman noted, “The average cost of implementation per market was reduced from previous cases by between 60% and 70%.” Diageo achieved successful deployment to these four markets in less than 12 months, 50% faster than comparable rollouts. Mr. Youngman added, “We implemented SAP in Korea and Japan prior to this project and it took us about 14 or 15 months. We then rolled out in four more markets at a moderate price in just 13 months.”

Wave 3 – Orient Express Moves on to India, the Philippines, and Indonesia

The next step for Orient Express was India, the first market in Wave 3, in May 2010. “India was definitely one of the three most complex markets to enter,” says Mr. Youngman. Mr. Graeme Miller was appointed Diageo’s Information Systems (IS) Regional Director – Asia Pacific at that point, halfway through the India project, moving from Budapest to Singapore in January 2011. Mr. Miller had no prior experience of working with ABeam, but ABeam had already demonstrated its capabilities and success in Waves 1 and 2. Mr. Miller said, “Before I came to Asia, it was clear that ABeam would actually deliver in Asia because it was pretty much a success story to date.”

India has 35 states, of which 4 are dry—prohibiting the sale of alcoholic beverages. These 35 states have their own local governments, each of which enforces strict laws related to import, export, and excise duties along with a myriad of other taxes. The rule of law definitely prevails in the states, but the laws themselves are prone to change suddenly. Moreover, India presented new cultural challenges and unique business protocols. To achieve a successful SBM implementation in India, Diageo needed the ABeam team members’ expert knowl-

Area of project rollouts



- ABeam Singapore was engaged to rollout Diageo’s SAP template and SBM processes to Asia.
- Record implementation timeframe for complex markets Thailand (9 months) and Taiwan (10 months)
- 50% faster and only 25% of the overall cost compared to Korea/Japan implemented previously following the old delivery model that had been in place.
- 500+ orders processed and delivered for business ramp-up within the first week of go-live for Thailand (3rd largest Johnny Walker market worldwide)
- ABeam Singapore was retained for further implementation for China and Thailand, regional BPM support and is exploring other projects with Diageo.

edge of the SBM model for alcoholic duty and excise, combined with their ability to manage local consultants with knowledge of the Indian legal and tax systems. ABeam also developed good working relations with the local India business team through on-site visits, gaining an understanding of the local culture and customs to overcome initial differences.

Another challenge in India was the multi-partner setup. Diageo had a contract with local functional consultants and ABAP developers and ABeam was expected to work with and manage them on a day-to-day basis. Mr. Evans said, "Using the Responsible, Accountable, Consulted, and Informed (RACI) charts, we worked with Diageo to ensure clarity of expectations among partners. However, ABeam also adopted a flexible and pragmatic approach to ensure we worked as a single team with Diageo and their chosen partners." ABeam worked closely with Diageo's full-time staff in India and retained close contact with Diageo's steering group, which focused on critical decision-making. The network that ABeam established enhanced mutual communications and governance of the project in India.

India was a formidable market given its complexities and scale, but nothing could stop Orient Express. Diageo successfully achieved on-time delivery (12 months) within the original budget.

Orient Express moved on to the Philippines and Indonesia in late 2010, where it faced different challenges. A change of business priorities in the Philippines caused this project to be suspended temporarily. ABeam was also asked to support a change of release timing for Indonesia, allowing Diageo to achieve additional savings. Acting as a "Real Partner", ABeam responded in a flexible and pragmatic way to meet these unexpected challenges and was able to complete the Indonesia project two months ahead of schedule. Mr. Evans stated, "We avoided any dispute over fees and Diageo agreed to keep our regional team in place on a full-time basis, recognizing their value in reducing overall program risk." The strong partnership between ABeam and Dia-

geo helped keep Orient Express moving forward.

Beyond Orient Express

ABeam achieved on-time and on-budget delivery in all markets with substantial cost and time savings compared to similar rollouts prior to ABeam's involvement. Mr. Evans claims, "We not only achieved these savings but also maintained high quality deliverables." ABeam understands the client's needs and showed the flexibility to adjust to each market requirement. He continues, "Our team members adapted quickly to new ways of working, new standards and processes, and worked well with the other service partners to ensure delivery." Go-live was not the end of the project either; ABeam also supported a smooth transition to shared services and handed over the local solution designs to global support teams.

Orient Express has been running non-stop through the Asian markets, but this is not the end of the journey. With the success of this project, Diageo is interested in a long-term business relationship with ABeam. Mr. Voon says, "We are results-oriented consultants. Over 80% of our customers are repeat clients which demonstrates the effectiveness and viability of our program." ABeam's professional ability, flexibility, and dedication was a strong fit with Diageo's own values and resulted in an unquestionable success. Moving beyond Orient Express, Diageo and ABeam continue to plan and deliver new projects together, including China Hub, Thailand Third Party Logistics (3PL) replacement and Business Process Management (BPM) support for all Asia Pacific markets.

Asia remains a growth region, attracting the attention of companies from all over the world. Nevertheless, Mr. Voon says, "Because of unique legal and tax systems, local market conditions, business practices, cultures, and many other factors, Asia is a formidable market to penetrate." An Asian consulting partner with substantial regional experience is absolutely essential to success in Asian markets.

● Voice – Customer Evaluation

Excellent! We benefitted from delivery on-time. ABeam achieved a success story required for Diageo: reduction of costs and speed. We understand what can be achieved when you have a brilliant group of individuals pulling together as a single team to attain a common goal. Working with ABeam actually helped the understanding of cultural barriers because there are so many cultural differences across Asia. I am absolutely satisfied with ABeam's expertise and professional knowledge.

Mr. Graeme Miller

BRM Director, Asia Pacific Business Relationship Management

Look at the outcomes that we were able to realize. ABeam is exceptional. ABeam provided far more localized solutions, a far more localized approach, more tailored to implement a template for smaller markets, putting the right resources in the right place at the right time for the right cost. We were very fortunate that we were able to get probably some of the best SAP consultants that I have ever worked with. Given the appropriate resources, we could have a long and stable relationship with ABeam that would be really beneficial to Diageo.

Mr. Ian Youngman

IS Business Partner, Asia Pacific Sales

● Client Data

Company overview

Company name:	Diageo plc
Location:	#13-01, 1 George Street, Singapore 049145
HQ Location:	Lakeside Drive, London, NW10 7HQ, UK
Estd.:	1977 (merger of Guinness and Grand Metropolitan)
Business:	Premium drinks business with an outstanding collection of international brands across spirits, wine, and beer
Total sales:	GBP 13.2bn (year ending 30 June 2011)
Employees:	Over 20,000

Project overview

Summary:	Implementation of an SAP® ERP global template in Asia Pacific: Vietnam, Hong Kong, Thailand, Taiwan, India, the Philippines, Indonesia
Timeframe:	May 2009 to October 2011
Member count:	Diageo c.100, ABeam c.30
Software:	SAP® ECC 6.0