DIPLOMAT DISTRIBUTORS
MEASURING THE SUCCESS OF ISRAEL'S LEADING DISTRIBUTOR

QUICK FACTS

Industry
Wholesale distribution

Revenue
US$500 million

Employees
1,100

Headquarters
Airport City, Israel

Web Site
www.diplomat.co.il/english.html

SAP® Solutions and Services
Enabling continuous reporting of key performance indicators (KPIs) through the integration of the SAP® BusinessObjects™ Strategy Management application and the SAP ERP application

Implementation Partner
NESS Technologies

Diplomat Distributors Ltd. is Israel's leading wholesale distributor of consumer goods. To give its management team immediate access to eight critical key performance indicators (KPIs), the fast-growing company implemented and integrated the SAP® BusinessObjects™ Strategy Management application with its existing installation of the SAP ERP application and the SAP NetWeaver® Business Warehouse component – greatly improving its decision-making power while enhancing the ability to manage value.

Key Challenges
- Provide top management with continuous access to critical KPIs to better manage value
- Translate global-growth strategy into daily targets and actions
- Integrate a strategy management tool with enterprise resource planning (ERP) software
- Lay the initial groundwork to manage corporate global-growth strategy with a comprehensive strategy management application

Implementation Best Practices
- Acquired top management support for implementation of SAP BusinessObjects Strategy Management
- Worked closely with integration partner Ness Technologies to establish performance goals prior to implementation
- Opted for incremental implementation, beginning with access to KPIs, to reduce implementation complexity
- Relied on SAP Services for integration support

Financial and Strategic Benefits
- Augmented global-growth strategy with comprehensive strategic management capabilities
- Enabled consistent and accurate monitoring of critical KPIs around the clock
- Enhanced ability to remain one of the world's top distributors for Procter & Gamble products
- Improved timely decision making with easy access to data
- Created a foundation for using SAP BusinessObjects Strategy Management as the company's corporate strategic management application

Why SAP Was Selected
- Opportunity to leverage existing investment in SAP® ERP and integrate with SAP BusinessObjects™ Strategy Management
- Flexible support for providing top management with access to KPI analyses and reports
- Support for incremental rollout into new and existing foreign markets in Georgia, South Africa, and Cyprus

Low Total Cost of Ownership
- Eliminated effort and expense for departmental data analysis by providing ready access to KPI data
- Minimized integration and implementation time and costs due to inherent compatibility between SAP ERP and SAP BusinessObjects Strategy Management

Operational Benefits
- Reduced time for month-end closings by 50%, from 10 working days to 5
- Raised frequency of KPI reporting from once a month to daily reporting
- Gave managers faster access to critical KPIs to make informed decisions and take appropriate action
- Improved ability to actively manage sales and margin growth as a result of immediate access to consistently reliable information

DIPLOMAT
ISRAEL

SAP Business Transformation Study
Wholesale Distribution

SAP®

Going from a Local-Growth to a Global-Growth Strategy

Established in 1968, Diplomat Distributors Ltd. is now Israel's leading sales and distribution company. "Over the decades, Diplomat has earned a reputation for doing what it does in a very excellent way," says Alon Tsaraf, Diplomat's Director of Information Technology. In time, that reputation began to attract many large customers, including giants like the H.J. Heinz Company, Kraft Foods, and Procter & Gamble. "In fact," says Tsaraf, "Diplomat is now one of the top distributors in the world of Procter & Gamble products."

For many years, Diplomat maintained a local-growth strategy in Israel. However, as the company's reputation for excellence spread, Diplomat made the decision near the end of the 20th century to pursue a new strategy. "We decided to go global," says Tsaraf, and since then, Diplomat has acquired the distribution rights for companies like Heinz, The Lotus Company, and StarKist. It has consolidated Gillette and Kraft Foods into its fold and has expanded operations into Georgia, South Africa, and Cyprus.

Translating a Global-Growth Strategy into Daily Actions

Diplomat's decision to grow globally brought many other changes as well. In 2004, this included the construction of and move into a state-of-the-art distribution facility located near Israel's Ben Gurion International Airport. In terms of IT, Diplomat's decision to move from a local enterprise resource planning (ERP) solution to a global ERP application was just as dramatic. "If you are going to go global," says Tsaraf, "you are going to need global ERP capabilities." For this reason, in 2007 Diplomat implemented the SAP® ERP application – and this IT milestone was soon followed by another.

"In 2008, I identified a gap that existed in monitoring and reporting our KPIs [key performance indicators] in a consistent manner," says Tsaraf. "As a result, it became increasingly difficult for our top management to access the KPIs they needed to make informed decisions and assign daily targets and actions." At that time, Diplomat's data-gathering process was scattered and undisciplined. "I knew we needed a tool – a strategy management application – that could bring consistency and standardization to our KPI gathering process and give us one truth and one truth only," says Tsaraf. That tool turned out to be the SAP BusinessObjects™ Strategy Management application.

Harnessing the Decision-Making Power of Accurate Data

Following a rapid implementation, Diplomat became the first company in Israel to successfully integrate SAP ERP with SAP BusinessObjects Strategy Management. This gave the company's top management fast and easy access to a single version of the truth and the critical KPIs managers needed to make informed decisions and take appropriate actions.

"We used to spend many hours just analyzing the data and determining the KPIs," says Tsaraf, "but no longer. Now we've created a new environment for top management that gives them immediate access to consistently reliable information. Management uses this insight to address issues faster and to actively manage our sales and margin growth."

Working together, SAP ERP and SAP BusinessObjects Strategy Management have enabled Diplomat to integrate performance management into strategic planning and decision making. In 2012, the company plans to implement the newest release of SAP BusinessObjects Strategy Management and add still more KPIs. "In terms of value management, by using our SAP software we can now accurately manage the value for both our customers and the products we sell and distribute for them. We're measuring our success one day at a time," Tsaraf concludes.

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