



ACH Food Companies Delivers Rapid Route-to-Value for Acquisitions, and Provides Holistic, Trusted Data for Decision Support with Informatica

FAST FACTS

BUSINESS INITIATIVES

- Absorb acquired businesses more quickly into the organization
- Provide a real-time, holistic view of the business with trusted data
- Accelerate deployment of large-scale SAP ERP implementation
- Improve the performance of core business processes, including new product development, sales and marketing, and demand and supply planning

TECHNOLOGY STRATEGY

Standardize on a unified data integration platform, based on a service-oriented architecture (SOA) and consisting of universal data access as well as data, metadata, infrastructure, data quality, and data integration services. Leverage the deep data migration and data quality experience and assets of Informatica Professional Services to ensure successful delivery and to mentor the ACH Food Companies team along the way.

“With Informatica we are able to reduce the time taken to integrate the legacy systems from an acquired organization from up to nine months to as little as four months..”

— Donnie Steward, CIO, ACH Food Companies

Memphis-based ACH Food Companies has the most significant and diverse edible and specialty food ingredients business of any food company in North America. Within its Consumer Products Group, brands include Mazola, the preeminent brand of corn oil in North America, along with Argo, the leading brand of corn starch. In Mexico, ACH Food Companies markets the number one healthy brand of cooking oils, Capullo. ACH Food Companies' Commercial Products Group is also an industry leader in both Industrial and Foodservice, providing a wide variety of products to leading restaurant chains and distributors.

Looking back at ACH Food Companies' century of growth and innovation, the company credits its success to an ability to deliver the quality products customers need, whenever and wherever they need them. And after 100 years, they've only just begun. ACH Food Companies has been energized by recent dramatic growth, innovations, and acquisitions. Since the company became a part of the global food giant Associated British Foods plc 13 years ago, ACH Food Companies has acquired a number of established food companies and brands and doubled its sales.

However, this success is not without its challenges. When ACH Food Companies was concentrated in the commodity-based food ingredients business, technology was not perceived as a key enabler of business change. Instead, the focus was on high sales volumes and boosting margins. A \$1.1 billion business was relying on an IT team of just 15 people. When a new business was acquired, systems were generally cobbled together with the data associated with the new company simply tucked into the legacy system—usually within a separate silo. Development was perpetually based on point-to-point interfaces. And documentation was noticeable by its absence.

BENEFITS

- Saved ACH Food Companies \$3 million by reducing the SAP data migration program from six months to three months
- Provided a platform for faster route to value from acquisitions and a quicker path to profitability reducing data integration time from nine to four months
- Helped manage credit limits and negotiate more profitable contracts with customers
- Delivered a single measure of customer profitability across the five business units
- Increased confidence in information led to faster, enhanced decision making
- Closed the gap between business needs and IT delivery capacity
- Introduced a robust and effective data governance strategy
- Supported real-time point of entry data validation

NUTS AND BOLTS

- Data Integration Platform: Informatica PowerCenter, PowerExchange, and Data Quality
- Sources: Multiple legacy and bespoke supply chain management systems
- Targets: SAP ERP platform

Capitalize on crucial sales information for competitive advantage

As a result, over time it became increasingly difficult to share data within the organization, use it for near real-time decision-making, and capitalize on crucial sales information for competitive advantage. The issue became particularly poignant as ACH Food Companies transitioned towards a strategic focus on its brands, innovation across the supply chain and infrastructures. It was acknowledged that the supply chain needed to reflect innovative thinking and exceptional execution to deliver competitive advantage, continuous improvement and competitive benchmarking in worldwide sourcing, conversion distribution and logistics and product development.

A major breakthrough came with the decision to deploy an enterprise-wide SAP Enterprise Resource Planning (ERP) system. The goal? To improve the performance of core business processes—from new product development, sales and marketing, to demand and supply planning, demand fulfillment, and regulatory compliance. According to Donnie Steward, CIO at ACH Food Companies, this SAP deployment was all part of an over-arching strategy to improve the agility of the business. “We needed to align IT much more closely with the business. When the business defined their requirements, we needed to be in a position to fulfill them quickly and effectively. Our traditional reliance on point-to-point interfaces was undermining this. It was apparent that we needed a more effective way to integrate applications.”

An aggressive timeline of six months was established to convert all legacy data into the SAP environment, in parallel to configuring the SAP system. However, the quality of data in the legacy systems was poor even by the legacy standards defined by the ACH Food Companies process experts. And it was apparent the data quality issues would only get worse if data was migrated without cleansing and consolidating the duplicates into SAP. “We had 20 years of data sins and we had to clean them up,” says Mr. Steward.

ACH Food Companies’ system integration partner was planning to do the data migration and data quality phase using a team of 40 additional ABAP coders. It also proposed that this would be complete within six months. “Anyone involved in an ERP implementation will tell you it’s tough,” says Mr. Steward. “Normally, we would extract the data, refine the extracts, extract more, and refresh those loads. Instead, we were looking at cleansing all the data beforehand in timescales that were unacceptable to the business and the overall SAP implementation. It was at this point that we decided to rely on our established data integration partner—Informatica.”

Breaking down the barriers to data

Mr. Steward and his team standardized on a unified data integration platform, based on a service-oriented architecture (SOA). The platform consists of universal data access and a common set of metadata services, data services, infrastructure services, data quality services, and data integration services. Specifically this comprises Informatica PowerCenter, Informatica PowerExchange for SAP, Informatica Data Quality, and Informatica Data Explorer. Together they are breaking down the barriers to data, providing an infrastructure that closes the gap between ACH Food Companies' organizational needs and its IT delivery capacity. The integration program is structured in two phases: the first spans the headquarters back-office information, including order management, finance, and the 'purchase-to-pay' cycle. The second phase covers the rest of ACH Food Companies' supply chain, together with business planning and process optimization.

As part of the SAP integration, ACH Food Companies is standardizing customer names and scrubbing the addresses data. The team has identified duplicates based on name, address and customer classifications and consolidated the customer master for migration into SAP. They have also generated various data quality scorecards and matrices on customer, material and vendor data being migrated into SAP. Finally, ACH Food Companies has prepared the SAP load files for customers, materials, and vendors using Informatica PowerExchange. The results of the data cleansing effort have been outstanding. For example, ACH Food Companies has reduced the number of 'ship to' contacts in their legacy data from 25,000 to only 5,000 in SAP. Powerful data quality profiling, cleansing, and matching also reduced the number of vendors supported on the system by 50 percent—from 16,000 to 8,000.

It's difficult to underestimate the value and importance of this next-generation data management solution. First of all, being able to access and integrate data from virtually any business system, in any format, and deliver that data throughout the enterprise at any speed has transformed ACH Food Companies' ability to acquire other businesses. Mr. Steward says, "The Informatica suite is a model for acquisition and bringing in data from third-party sources. Business acquisitions are always a challenge, but with Informatica we are able to reduce the time taken to integrate the legacy systems from an acquired organization from up to nine months to as little as four months. That accelerated integration provides the company with a faster route to value from the acquired business—and a quicker path to profitability."

Do the Math

"By shaving three months off the data migration and data quality process, ACH Food Companies has saved \$3 million. That's a significant benefit to our revenues and profitability—and means a very rapid return on investment."

—Edward Charbonnet, Director,
Application Architecture,
ACH Food Companies

Saved \$3 million in integration costs

Integrating and improving data across the enterprise rapidly and cost-effectively also impacts on cost. According to Edward Charbonnet, Director, Application Architecture, ACH Food Companies, the Informatica solution is saving a significant amount of money every month. He explains, "We were originally looking at completing the SAP data migration in six months, but with Informatica we were able to cut this to three months. We calculate that the average cost for data migration is equivalent to \$1 million per month. By shaving three months off the data migration and data quality process, ACH Food Companies has saved \$3 million. That's a significant benefit to our revenues and profitability—and means a very rapid return on investment."

The benefits don't stop at faster acquisitions and cost savings either. Address data for customers and vendors were standardized and cleansed which greatly improved the efficiency of conducting business with partners and streamlined the supply chain processes. Standardizing the names and consolidated duplicate customers and vendors also helped in managing the credit limits and negotiating more profitable contracts. Indeed, running Informatica Data Explorer exposed just how messy ACH Food Companies' data used to be. This complete set of data investigation, discovery, and mapping tools highlighted large volumes of duplicate data, including 1,200 bad street addresses. One of which simply read, 'one mile north on I80!' Mr. Charbonnet comments, "Teams like the Inventory Planning Department now have access to comprehensive, detailed, and accurate information for production planning and forecasting. At the same time, ACH Food Companies management have what they always needed: one single measure of customer profitability over the five business units."

ACH Food Companies has been able to support the data migration and data quality effort using existing staff plus one resource from Informatica Professional Services. Both Mr. Steward and Mr. Charbonnet laud the Informatica Professional Services team on the work they did. "The people are wonderful," says Mr. Steward. "The number of hours they put into the project; their patience, drive and commitment all shone through. It wasn't always easy—we had some re-works that went back and forth—but on each occasion Informatica Professional Services was there by our side ready to help and add value. They're a very impressive team."

ACH Food Companies has built their data migration and data quality logic with an eye toward future business and IT initiatives. Each of the Informatica components built for the SAP data migration has been created with future initiatives in mind, including future business acquisitions and an IT data governance initiative. ACH Food Companies intends to reap the rewards of reuse by reducing the effort required to acquire other companies in the future and they intend to use Informatica Data Quality to support real-time point of entry data validation within SAP. Mr. Steward concludes, "When we used to acquire businesses, we knew there was a lot of duplicate data sitting there, and we promised ourselves we'd clean it up later. That later never came. With the SAP integration, later finally did come."

LEARN MORE

Learn more about PowerCenter, PowerExchange, Data Quality and the entire Informatica product platform. Visit us at www.informatica.com or call (800) 653-3871.

ABOUT INFORMATICA

Informatica enables organizations to gain a competitive advantage in today's global information economy by empowering them to access, integrate, and trust all their information assets. As the independent data integration leader, Informatica has a proven track record of success helping the world's leading companies leverage all their information assets to grow revenues, improve profitability, and increase customer loyalty.



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