

Millennium Eyes Cost and Revenue Benefits of mySAP CRM

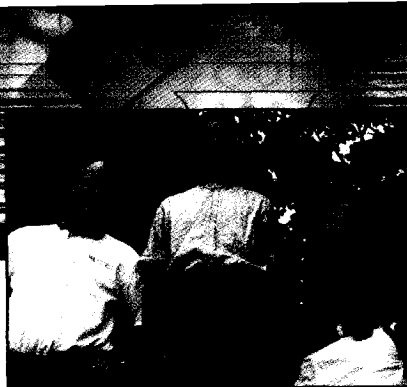
A clear business case

Millennium Chemicals (Hunt Valley, MD) is one of the chemical industry's early adopters of mySAP's Customer Relationship Management (CRM) solution. "We've got a very significant investment in a global SAP ERP [enterprise resource planning] system, and we came to the conclusion that mySAP CRM is a great way to leverage and extend that investment into new parts of the business," says Roy Lyford Pike, v.p./information technology and chief information officer at Millennium.

COST SAVINGS: The titanium dioxide producer, which evaluated a wide range of CRM solutions, went with mySAP CRM to build an online ordering web site partly because of the low cost and other advantages of implementing interfaces closely linked to its existing ERP system. "Going to a CRM solution that integrates automatically with our global ERP system means the cost of maintaining the systems will be far lower than if we went with a stand-alone CRM solution from another vendor," Pike says. "You also have to look at the whole issue of upgrades—the more systems you have the more complex it gets, and going to SAP for CRM as well as ERP means the entire upgrade cycle will be simpler and more cost-effective. Overall we're probably looking at several million dollars in lower investment."

The common interface shared by the mySAP suite of e-business platforms also facilitates the development of integrated enterprise systems, Millennium says. "We licensed the entire mySAP.com suite, which is a cross-enterprise solution for everything from CRM and supply chain management [SCM] to product lifecycle management [PLM], knowledge management portals and enterprise buyer capabilities," says Marty Etzel, Director, e-Business at Millennium. "Another option would have been to go with market leaders in each area, such as Ariba for buy-side, Siebel for sell-side, and another vendor for knowledge management portals. But we decided that the benefits of integration across platforms, and into our existing SAP ERP system, outweighed the functionality gaps that may exist in current mySAP solutions."

THE BUSINESS CASE: Millennium was initially interested in a first-wave roll-out of SAP's enterprise buyer, knowledge management and CRM solutions, but decided to initially focus on online ordering within CRM because of its relatively strong business case. "We're counting on mySAP CRM to deliver more business from existing customers, some business from new customers, and help us manage effectively with mandated resource



(L-R) Jim Clover, Marty Etzel, Roy Pike

reductions in our organization," Etzel says. "A year ago we would have thought about moving ahead with all three mySAP platforms at the same

time, but in today's environment we're focusing entirely on one area, and it's CRM, because it can deliver the clearest and largest returns via both increased revenues and reduced costs," notes Pike.

CRM applications are also increasingly becoming a new baseline for competitiveness. In the chemical industry, companies like Millennium can find it difficult to differentiate their offerings on the basis of price or quality, but they can often provide a better service than competitors. "Providing the best shopping experience for our customers saves them time and money, and means they'll keep coming back," says Pike.

SELECTION AND IMPLEMENTATION: "We did a prototype design before we went shopping, so we knew what we were looking for—we asked the vendors how their solution could fit to our business process, instead of seeing how well we could fit to their solutions," notes Etzel. "Initially we screened 25 vendors, then worked with Accenture to narrow that down to six semi-finalists and then three finalists. They were all strong, but we eventually decided on mySAP CRM." Accenture has also worked with Millennium to customize mySAP internet sales module within CRM for its customers' unique business needs, and to integrate it with Millennium's ERP system.

Millennium is launching a highly focused CRM initiative that will offer customers an Internet sales portal for order entry and tracking, checking account balance and shipment status, and certificate of analysis/invoice viewing, all via integration with the group's R/3 ERP system. The group started the mySAP CRM installation in February and is now moving from building to testing the platform, says John Aalbregtse, a partner in Accenture's chemical practice. "We've done a lot of development work that others won't have to do, assuming future CRM releases bring wider functionality," Aalbregtse says.

The group aims to move from internal testing to pilot tests with customers in September or October, before rolling out the CRM solution in one business unit and geography. Millennium will test everything from functionality, system load testing and ERP accuracy before extending it to other businesses and geographies, notes Jim Clover, CRM project manager at Millennium. "You have to take things one step at a time—roll it out, prove the results, and then take another step," Clover says.

The company will also keep a close eye on support costs. "We want as many people as possible to use the system, but we're also interested

in seeing how our customers will react," Pike says. "Will this functionality be enough for them, or will it create a demand for an entirely new level of online functionality? Turning on the CRM switch is the only way to find out. We think that once they see the increased information available that they can't access today, they will want even more services."

mySAP CRM Functionality

Customer Engagement

- Marketing planning
- Customer segmentation, product fit service profiling
- Catalog fit content management
- Telemarketing
- Campaign management

Business Transactions

- Sales activity and content management
- Opportunity management
- Order acquisition
- E-selling
- Telesales
- Internet pricing fit configuration
- Field sales - mobile sales
- One-step buying and selling
- Sales performance analysis

Order Fulfilment

- Fulfilment planning
- Logistics management
- Credit management
- Billing
- Supply chain fit fulfilment analytics

Customer Service

- Service planning
- Interaction center
- Internet customer self-service
- Complaint management
- Enterprise intelligence
- Field service - despatch
- Integration of marketplace services
- Service management
- Installed base management
- Service analytics

◆ Ciba-Microban Alliance

Ciba Specialty Chemicals says it has signed a worldwide development and marketing alliance with Microban International (New York) for antimicrobial plastic additives. Ciba says the agreement formalizes its relationship with Microban, a branding and marketing-oriented company that sources most of its products from Ciba. The companies will form joint marketing and product development teams with Microban for future product launches, Ciba says. The Microban brand is used for antimicrobial chopping boards and other household products.

◆ Ganes Go-Ahead

Ganes Chemicals (Pennsville, NJ), a subsidiary of contract manufacturer Siegfried (Zofingen, Switzerland), says its Pennsville plant has passed an FDA re-inspection (*CW*, Feb. 7, p. 27). The company had lost an unrestricted license for the production of pharmaceutical intermediates and active ingredients in 1999 after an FDA inspection raised concerns about process consistency and verifiability. FDA says these concerns have now been addressed. Siegfried says it has spent about SF50 million (\$30 million) to refurbish the plant.

◆ Reichhold Coatings Team

Reichhold says it has appointed six executives to head its coatings business, which represents 24% of the company's \$1.15 billion in sales. They are: Wolfgang Regele, v.p./global marketing and general manager/Europe; Gunther Tappeiner, v.p./global technology; Hocutt Phillips, v.p./global operations; Steve Sterin, v.p./finance; Fritz Gartner, v.p./global sales; and Ryoichi Hori, senior advisor. Reichhold has been reorganized from 35 business teams to four business units—adhesives, coatings, composites, and emulsions.

specialties

Companies

ChemFirst Warns on Earnings

CHEMFIRST HAS WARNED THAT ITS THIRD-QUARTER EARNINGS WILL be just 12 cts-15 cts/share—less than half analysts' consensus estimates of 32 cts/share reported by First Call (Boston). ChemFirst reported earnings of 38 cts/share in second-quarter 2000. The company blames the shortfall on declining demand in its electronic chemicals and specialties businesses.

"We anticipated some weakness in the second quarter, but the drop in semiconductor demand has been worse than expected," says J. Kelley Williams, chairman and CEO of ChemFirst. "Polyurethane results improved from the two previous quarters, but results for our electronic and other specialties segment were off," due to declining demand from the semiconductor market.

Comparisons to prior periods are complicated by the sale of ChemFirst's custom and fine chemicals business to Albemarle, which was completed last week. Net proceeds of \$63 million will be used to pay down debt, repurchase stock, and for general corporate purposes including capital expenditures, ChemFirst says. The company says it will also close its fine chemicals plant at Pascagoula, MS and take a write-off of \$27 million (*CW*, June 20, p. 14).

Year-over-year earnings comparisons are also made difficult due to a disruption in supply of hydroxylamine, a key electronic chemicals raw material, following an explosion at Nisshin Chemical's Ojima, Japan plant in June 2000. ChemFirst has not yet reached agreement with its insurance provider on lost profits for the second quarter," says Williams.

—KERRI WALSH

Lubricant Additives

Texaco Buys Infineum Plant

TEXACO SAYS IT HAS ACQUIRED INFINEUM'S LUBRICANT ADDITIVES blending plant at Gent, Belgium for an undisclosed sum. The 80,000-m.t./year plant also dissolves polymers in granular form to be mixed with crude oil to make viscosity modifiers. The viscosity modifiers will remain the property of Infineum, and Texaco will toll produce them at Gent for Infineum.

Texaco will also use the site to blend specialized engine and transmission fluids, says Scott Brown, president/Texaco global products. The plant will mainly produce specialized lubricants for Texaco's major automotive customers, says Brown.

The sale is part of Infineum's plant rationalization program in Europe announced when the company was formed in January 1999 as a joint venture of ExxonMobil and Shell. There is "excessive capacity of certain products within our European operations," says Tony Gaskell, Infineum president and CEO. The company has closed plants at Fawley, U.K. and Pascud, France over the past seven months, and it plans to shut its Stanlow, U.K. plant by year-end.

—KW

◆ Sovereign Acquisition

Sovereign Specialty Chemicals says it has purchased certain sales activities of Impag (Offenbach am Main, Germany). Impag distributes products made by Sovereign subsidiary Pierce & Stevens (Buffalo, NY). Terms were not disclosed. Sovereign CEO and chairman Robert Covalt says the purchase will help the company "leverage the European sales and distribution capabilities" gained from its acquisition of Croda's worldwide adhesives business last year (*CW*, Nov. 8, 2000, p. 14). Separately, Sovereign says its president, John Fox, has left the company "to pursue other interests." Covalt will assume the presidency post. The company did not provide further details.

◆ Danisco Flavors Details

Danisco has provided more details of its previously announced plans for flavors production at Kunshan, China (*CW*, Jan. 10, p. 5). The company says it will invest \$3 million to build a 1,000-m.t./year plant that will come onstream in early 2002. Danisco says the plant will produce a broad range of flavors for local food and drink producers. Danisco already has a flavors development lab at the site.

◆ Specialty Wrap-Up

Sigma-Aldrich says it has added a 5,000-gal reactor at St. Louis, doubling its capacity for aminoethanesulfonate and aminopropanesulfonate biological buffers • BASF has changed the name of its Mexican automotive and industrial coatings operations from BASF Pinturas to BASF Coatings de Mexico (Tultitlán) • Apex Chemical (Spartanburg, SC), a maker of flame retardants and textile auxiliaries, has expanded its site to include new offices, expanded warehousing, and a new laboratory.