Hewlett Packard Enterprise

Objective
Rebound from a divestiture by building a new operational foundation that would confer long-term strategic benefits

Approach
Leverage an IT and business process optimization partner to ensure the rebuilding would incorporate best practices, cutting edge technology, and expert, dedicated, hands-on resources

IT Matters
- Greatly simplified ERP environment: number of business applications reduced from ~400 to ~70, supporting more streamlined, effective, and powerful business processes

- Managed virtual private cloud-based IT infrastructure availability of over 99.9%, maximizing employee productivity and effectiveness

- Improved backup, recovery, business continuity, and disaster recovery processes and outcomes protect IT assets and intellectual property

Business Matters
- IT infrastructure and F&A build out completed in only 8 months, securing company's operational foundation after divestiture

- Transition caused zero disruption to customers and suppliers, protecting valuable relationships and cash flow

- Improved cost efficiencies boost long-term corporate outlook, enable higher levels of investment in growth and market share strategies

- Integrated, enterprise-view processes support improvements to critical processes that enhance brand value while supporting and pleasing consumers

Del Monte tastes the fruits of business transformation

HPE partnership proves key to building new IT infrastructure in only eight months

In the wake of a divestiture, Del Monte Foods., Inc., faced an uncertain future. It was losing its IT infrastructure. It was losing its accounting organization. But instead of being discouraged, the company partnered with Hewlett Packard Enterprise (HPE)—and what could have been a crisis became an opportunity for transformation and rebirth.

First used in the 1880s, the Del Monte brand is one of the oldest in the world—as well as one of the most-recognized and best-loved.

Not long ago, however, some naysayers wondered if the privately owned U.S. company that originated the Del Monte brand would be able to survive.

The crisis was precipitated by a divestiture. For nearly a decade, Del Monte Foods, Inc. (DMFI) was known as Del Monte Corporation, and its portfolio included both human food and pet food products.

Then the company's owners decided to focus on the pet food division and put the DMFI portion of the company up for sale.

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It found a buyer: the Manila-based Del Monte Pacific, which licenses the Del Monte name. But the sale presented DMFI with a daunting challenge: it lost both its IT infrastructure and its back office organization.

To survive, DMFI had only one choice: it had to build out both of those critical operational components from the ground up—and it had less than a year to do it.

DMFI met that challenge with the help of its strategic business partner, Hewlett Packard Enterprise.

Legacy systems—held together with duct tape and baling twine

"It was about rebirth."

So begins Timothy Weaver, CIO, DMFI, as he reflects on the challenges the company faced after the divestiture. "We realized we could leverage the split as an opportunity to reinvent ourselves," Weaver says. "It was an opportunity to take our company, which has a rich history and all the traditional strengths of a well-respected brand, and adopt a completely new way of doing business."

Weaver and the other DMFI executives had a vision for what a reinvented DMFI would look like.

"Every functional area of our organization had its own business process platform," says David Withycombe, COO, DMFI. "We needed a way to bring everyone together so that operationally we'd be working from a single set of facts and working toward a single, common purpose."

"We were holding our legacy systems together with duct tape and baling twine," Weaver says. "We wanted to replace that with a modern, enterprise SAP® platform."

In terms of technology, DMFI also wanted to move to cloud-based architecture. "We announced a cloud-only strategy," Weaver continues. "We knew that cloud would help us remain lean, and would give us the ability to move more quickly as a business."

" Good luck. You don't have a prayer."

Outsourcing was the final piece of the vision. DMFI had a previous outsourcing relationship with HPE; with the divestiture, it made sense to review outsourcing options again. "We didn't want to build IT or business process optimization expertise in-house," Weaver explains. "And we didn't want to add a whole new accounting team. Outsourcing those functions lets us focus on our business, our customers, and what helps us succeed in the marketplace."

Outsourcing also conferred another potential benefit. It would let DMFI ramp up resources if necessary.

And it was definitely necessary. When the sale of DMFI was finalized, the company signed a temporary services agreement (TSA); under the terms of the TSA, DMFI could continue to use the IT infrastructure and back office resources that were remaining with the pet foods division.

But the TSA expired in a year, and was not considered renewable. If DMFI didn't succeed in implementing a new IT platform in time, it would lose access to almost 400 business applications and tools that it needed to run its operations.

And not everybody thought that a year was enough. "We had consultants come in and tell us, 'good luck, but you don't have a prayer,'" recalls Gene Allen, SVP Business Transformation, DMFI. But Allen, who joined the company to steer it through the post-sale waters, never doubted that DMFI had what it took to not only survive, but thrive. "We knew it was possible. We just didn't know how to do it. We needed a partner—someone we could trust, who has expertise in the right areas."

DMFI embarked on a search for that partner, putting a number of candidates through a rigorous selection process. "We selected HPE because they demonstrated knowledge of our industry. They'd done this kind of transformation before. We saw they could help us understand what we didn't understand, whether that meant sizing IT

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"The odds were against us, but the common will of our two organizations overcame those odds. HPE showed the true meaning of commitment. They proved to us, as they will prove to other companies, that words and messages are only good when deeds follow closely behind."

— David Withycombe, COO, DMFI

systems, working with master data, right down to tactics around the organization's change management."

So DMFI engaged HPE to do two things: build out, manage, and support a new, cloud-based SAP infrastructure; and build out and staff an outsourced Finance and Administration (F&A) organization.

Only 8 months to complete an 18-month project

HPE had to move fast. Normally, a project of this scale would take at least 18 months, but in this case, DMFI needed the build-out and migration completed in only 8. And there was a prodigious amount of work to be done. The team had to architect and implement a completely new IT infrastructure. It had to deploy SAP core financials including Extended Warehouse Management, Quality Management, and Customer Relationship Management-Trade Promotion Management. It had to define entirely new back office processes and create a new F&A organization to manage them.

Close to 400 point applications had to be rationalized and targeted for upgrade or retirement. Siloes that had built up over years or decades had to be torn down. People accustomed to working in certain ways had to start learning new work habits and processes.

To make it happen, HPE drew on its broad portfolio of solutions and services to transform Del Monte's application and infrastructure.

DMFI and HPE built, tested, and implemented a cloud-based IT infrastructure hosted in an HPE Helion Virtual Private Cloud data center in Tulsa, Okla., on a mix of Microsoft® Windows® 2012 and Linux® Red Hat® physical and virtual servers. They installed SAP and established backup and disaster recovery processes, leveraging the HPE Helion Continuity solution to reduce the risk of business outages. They set up and cut over all DMFI sites to their new WAN/LAN and phone systems, and deployed new HP Inc. laptops and desktops to all DMFI employees.

Concurrently, HPE also transitioned DMFI's F&A processes to an HPE Business Process Services team. DMFI and HPE first defined the SAP-based processes required to support critical F&A services through a blueprint phase which included record-to-report, accounts payable, and accounts receivable. They selected and implemented the SAP modules needed to support those processes. Then they performed the knowledge transfer and handover to ensure that the new F&A team would be ready to support DMFI after the SAP cutover.

Throughout the project, DMFI and HPE worked as a single team. "It was a shared

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commitment," Allen says. "If you stepped into one of our meetings, you would not have known who was from HPE and who was from DMFI." And while the demands of the project were substantial—members of both companies often worked 12 to 16 hour days, seven days a week—the commitment paid off. The new SAP platform and F&A processes were up and running by the project deadline. There was zero disruption to DMFI's customers during the transition.

"HPE delivered against every objective they set out to deliver against," says Withycombe.

Meeting the deadline benefited DMFI in a number of ways. It laid to rest any questions about the company's future. It energized DMFI's executives, investors, and employees, because they all knew, with absolute confidence that the company was embarking on an exciting new chapter. And on a more practical level, it accelerated the real-world benefits of the new platform and processes.

Simplified infrastructure, simplified processes, no more siloes

Once the new SAP platform and processes were in place, DMFI turned its attention to the other components of its transformation: stabilizing the business, optimizing its new processes, and change management.

As the company moves forward on its new IT infrastructure, it will increasingly realize a number of improvements across its IT and business processes.

Whereas the old infrastructure was dated and prone to issues and outages, the new virtual private cloud platform delivers 99.9% availability. DMFI's data is better-protected, thanks to built-in system redundancy and backup processes that conform to industry best practices.

The implementation simplified the company's environment, reducing the number of business applications from ~400 to ~70. Processes are more efficient. Before, data often had to be entered manually into multiple systems. Now, it can be entered once; the SAP applications automatically feed the data to whatever applications require it. Processes that once took up to 20 discrete steps can now be completed with a single mouse click.

The business is no longer siloed. "The SAP platform integrates our business across all operational areas," Weaver notes. "Immediately after implementation, we began seeing more and better collaboration. And we now have a consolidated view of how our business operates. We're better able to manage dependencies fundamental to our business, like ensuring that our supply matches demand, and that promotional activities are tied appropriately to both."

DMFI is better able to manage regulatory compliance, including meeting the standards established by the 2011 FDA Food Safety Modernization Act; these require the company to be prepared to meet very aggressive timetables in the unlikely event of a product recall.

Customer at a glance

Software
- SAP Extended Warehouse Management, Quality Management, and Customer Relationship Management-Trade Promotion Management
- HPE LoadRunner software
- HPE Application Lifecycle Management (ALM) software

Services
- HPE Enterprise Application Services for SAP
- HPE Finance and Administration Services
- HPE Helion Managed Virtual Private Cloud
- HPE Helion Continuity
- HPE Workplace Support Services
- HPE Network Management Services
- HPE Security Information and Event Management Services
- HPE Multisupplier Integration

"This project demonstrates that DMFI is committed to the future. Not only do we believe in our own people, but we partnered with the right organization in HPE to drive this company to new levels of success."

— David Withycombe, COO, DMFI

The transformation also delivers cost savings. HPE and DMFI sited the new F&A organization within DMFI's parent company in the Philippines, for example—an elegant way to leverage a mix of off-shore and on-shore resources to keep costs down. The new cloud infrastructure and the efficiencies delivered by the SAP implementation will keep DMFI's long-term operational costs in check and aligned to the business. This, in turn, will enable the company to invest more of its cash in strategic programs that drive growth and market share.

Living up to the promises of a trusted brand

Perhaps the most important benefit of the transformation, however, is its impact on DMFI's two most precious resources: its Del Monte brand and the consumers who know and trust it.

"The Del Monte brand has been part of peoples' everyday lives for generations," notes Withycombe. "They trust it. They associate it with quality, wholesomeness, and food safety."

At the same time, however, the company's market is a mature one. While DMFI can't put its brand at risk by compromising on quality, it must keep its products price-competitive.

By enabling both process improvements and cost containment, DMFI's new cloud infrastructure, SAP applications, and F&A organization will help the company to achieve those potentially conflicting objectives.

The real winners are the consumers. Because DMFI has a better handle on its operational processes, for example, it can precisely coordinate its production, inventory, supply chain, and promotions. So when a working mother clips a Sunday coupon for a DMFI product, she can trust that product will be on the shelf of her favorite grocery store the next time she shops.

"Most consumers don't think about what it takes, in today's world, to bring all of the elements together that they expect from Del Monte products, the quality, the safety, the cost," Withycombe explains. "Now, we can go to one screen to view and manage all of those elements with a click of a button."

"Ultimately, our strategy resolves to meeting our customers' needs," notes David L. Meyers, Chief Financial Officer, DMFI. "By helping us achieve this business transformation, HPE has positioned us to pinpoint our attention and resources on delighting consumers who know and love the Del Monte brand. And there is nothing more important to us than that."

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