CASE STUDY

adidas transforms supply chain across 900 factories & vendors to reduce operational costs by 60%

adidas

Customer:

adidas

Industry:

Manufacturing & Retail

Location:

Germany

A global leader in the sportswear market, adidas needs to be leading the race when it comes to supply chain management. The sheer scale of work for their global operations team was becoming unmanageable. Tasks such as onboarding new factories and purchase order management were completed on an ad-hoc basis over emails, spreadsheets and SharePoint. The supply chain support desk alone handled over 100,000 email communication threads at any given time.

adidas created an automated solution to streamline supply chain operations, connecting 500 adidas sales organizations with over 400 factories. Workflows were developed in Bizagi to standardize case handling across the organization. Bizagi can directly pull information from SAP and provide end-to-end visibility, which has reduced the factory onboarding process from four months to just 40 days. The PO team has been reduced by 66% to 16 people, and now processes over 70,000 cases per year. The supply chain support desk no longer relies on emails, and instead has a centralized view of all support tickets through the Bizagi platform.

60% reduction In operational supply chain costs

87% faster faster contract approval cycle

3 days To deliver new workflows with reusable assets

50% reduction In factory onboarding time

"I am very satisfied with Bizagi as a back-end solution. The tool is fast and gives us opportunity to integrate with other systems within our company creating a very good network for business plus reducing workload for countries"

Manager of Finance Consumer Direct

Objectives

- Enhance and automate workflows across worldwide operations
- Glue process gaps across eCommerce, marketing, finance and retail
- Enable core system integration, including SAP and Sharepoint
- Reduce reliance on email chains for resolving support requests
- Optimize lengthy, untraceable factory and vendor onboarding process
- Shorten authorization for Sport Assets contracts
- Eliminate manual and inefficient coordination of PO change discussions
- Provide agile way of working to deliver project efficiently

Achievements

- Integration provides visibility of documents and enables flow of data between departments
- New factory onboarding time reduced by 50%
- Operational cost of supply chain reduced by 60%
- 100,000 emails per year eliminated due to integration in supply chain
- Sports asset contract approval cycle reduced by 88% from 1-2 months to just one week
- PO team headcount reduced by two-thirds
- 3 days to deliver new approval workflows by assembling reusable assets
- 23 workflow projects delivered in 2 years

Overview

adidas is a globally recognized sports brand, who design, manufacture, and distribute sports apparel and equipment to consumers and athletes worldwide.

They set out to transform their global operations with the mantra, "Start small, think big, scale fast". Doing this, adidas were able to connect their silos across multiple departments, making their platform user friendly and more efficient.

Challenge

Prior to 2011, adidas had no process automation so most workflow related processes were ad hoc and manually implemented with emails and spreadsheets, leaving staff to perform manually intensive updates of documents and data to SharePoint and SAP.

It comes as no surprise that in this size of business, manual processes can get very complex and take significant periods of time to complete. For example, supplier onboarding took over four months, PO changes required a team of around 50 people to coordinate between all involved parties, and the supply chain support desk had to manage over 100,000 email communication threads.

The Global Integration Services team (GIS) at adidas was responsible for this transformation project, looking to optimize their core system integration and process integration. Their goal was to find a glue to connect the systems within adidas and integrate workflows with major systems, including SharePoint and SAP. They also needed a way to deliver automation to any workflow that required human interaction: i.e. when a human is needed to trigger part of the workflow or make an approval as part of the workflow.

Solution

adidas began its search for a solution after recognizing the need to automate the manual workflows supporting daily business operations in numerous parts of the business. Bizagi was selected as the platform able to meet all the key requirements, including: BPM, system integration, agile development and ease of use, all at a competitive price.

In 2011, the Workflow Solutions Team was formed within GIS to encourage quality improvements in terms of best practice sharing, stronger IT/business collaboration and re-use. GIS began with pilot processes, and then once they saw results, they were able to win support from the rest of the company and scale up to more complex integrations. This agile methodology helped to prove the value of Bizagi quickly.

Bizagi's system has become the underlying model-driven development platform and selected as the core process orchestration technology across all heterogeneous systems. adidas' new system architecture allows for easy and straightforward integration of their solutions; while Bizagi's ease of use helped to involve both business and IT and achieving fast results.
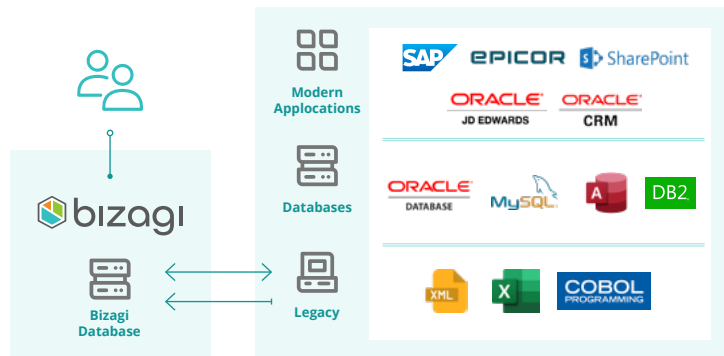
> "The users' touchpoint is Bizagi... users who interact with Bizagi have a user experience that is similar to the UX of our intranet, which is really useful. The Bizagi database connects to other systems to retrieve or push data like SAP and other sources and presents it to users."
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> **Mo Ghadban,** Business Analyst, adidas

Results

Using Bizagi and an agile methodology meant less development, more efficiency, and cost reduction. adidas standardized processes and made them reusable to deliver automation across various departments including supply chain, marketing, finance, retail and eCommerce. The highly successful initiative reduced the time to market by two thirds when compared with the traditional in-house development. They have seen success across multiple processes, including:

PO Change Management:

When PO change requests were made, there were a multitude of interactions and associated activities between multinational factories dealing with multiple products, subsidiaries and sales organization, which weren't integrated with SAP. Using Bizagi as a centralized platform, adidas could directly connect the country sales organizations with the factories to handle changes. This global process supports over 2,000 users and processes over 70,000 cases per year. The team of 50 that previously managed the manual, inefficient coordination via email and Excel spreadsheets has been reduced to just 16.

Supply Chain Service Desk:

The supply chain service desk, which was complementary to the PO Change Management processes, dealt with all other non-structured changes and support requests in the supply chain, including claims, labelling, packaging and quality issues. Automating the process brought much needed agility when dealing with all stakeholders, especially external factories. The sheer scale of the project was impressive – it connected 500

adidas sales organizations with over 400 factories to streamline case management. Bizagi acts as a centralized platform with automated notifications, which has eliminated over 100,000 emails, providing clear communication and speeding up the resolution of issues.

> "We would not have been able to transform this department without the capability of direct structured communication between markets and factories through our Bizagi based solution. This type of integration between so many supply chain partners has never been done before."
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> **Head of Supply Chain Customer Service Desk**

New Factory Onboarding:

Onboarding factories and managing new vendors was a highly manual process: It took four months to enable a new factory to do business with adidas due to a lack of transparency and a complex approval process involving legal, sourcing, PM, finance and GDM. The end-to-end process has been reduced by 50%, now taking 40 days to onboard a new factory thanks to end-to-end visibility via a fully transparent process automated by Bizagi, with the additional benefit of a significant improvement in data quality.

> "[Bizagi] really brought simplicity to the process and improved things; a good example of something that has moved forward fast."
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> **Board Member and Head of GOPS**

Sports Marketing Contract Approval:

In marketing, adidas implemented contract approvals for sports clubs and well-known athletes, which involved multiple approvals and contract negotiations. The unstructured handling of the contract approval forms (CAF) was inefficient and could take months to complete. Now the process is integrated with Sharepoint for document storage with a traceable workflow mapped out in Bizagi, so CAFs are processed in just a few days. Store Investment Approval: Another area where Bizagi enabled integration between SAP and SharePoint is for the approval of opening of retail shops. The approval process for opening a new company store can involve millions of dollars and many people participate in the authorization cycle plus. It involves large volumes of documentation that needs to be cross-checked and validated. Since deploying the process globally on Bizagi, the process has been noticeably faster, with improved visibility aiding sign off from the different departments and senior managers involved.

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The over-arching cost saving benefit of these processes was the reductions in the development and delivery times. The projects at adidas cost on average a third of the traditional in-house software development, which had a direct impact on the bottom-line.