

Case Study

Proven supply chain
cost reduction at
Sodexo with
Dynamics AX



From Accenture and Microsoft

Avanade supplies two-tier ERP solution to one of the world's largest employers

Background

Founded in Marseille, France in 1966, Sodexo is a world leader in 'quality of life' services, offering everything from facilities management to food services across 80 countries.

With over 420,000 personnel, it is one of the world's top-20 largest employers, generating annual revenue in excess of €18 billion.

Sodexo continues to grow year-on-year, through organic growth, and acquisitions, mergers and expansion into new markets. Over time, this had created a heterogeneous collection of ERP systems spread over Sodexo's regional offices, meaning a lack of integration and overhead synergies. In short, Sodexo's IT department was keen to coordinate these localised ERP issues.

Despite being an essential part of its core operations, the company's existing SAP system was too complex, too difficult and too costly to adopt on a local, case-by-case basis. One of the main hurdles was the wide range of local needs: many of Sodexo's 34,000 locations include sites in remote and difficult-to-access locations in Africa and Australia, as well as Europe, India, Asia, Turkey and North America. Almost every location could cope with a set of core processes, but many local requirements had to be taken into account.

Sodexo was looking to achieve the following:

- Better IT integration to mitigate its existing disjointed operations.
- A need for common processes to achieve greater visibility and improve compliance.

- More control over supply chain costs and an improved bottom line.
- Lower total cost of ownership and cost-per-user of its ERP systems.

Antoine Cossic, VP quality, finance and supply chain systems at Sodexo, explains the requirements: "We wanted to reduce the number of ERP systems in our organisation to just two. We were also looking for ways to increase control over vendors and costs.

"On top of that, we were keen to deploy common best practices across the entire group and gain a consolidated view of the business, helping us become more efficient overall."

Two tiers are better than one

With extensive business needs and a complicated network of local supply chains, Sodexo opted for a two-tier ERP strategy.

This would leave its existing SAP system in place to deal with the core operating functions and larger business units while deploying another system, Microsoft Dynamics AX, to easily and cost-efficiently take care of the remote sites and smaller business units that generate up to \$500m turnover each.

Sodexo asked Avanade – a leader in Microsoft technologies and an expert business consultant – to provide Dynamics AX consulting and integration services to support the implementation of a global two-tier Microsoft Dynamics AX ERP system to work alongside the SAP system.

The new Dynamics AX system would be used by more than 2,000 users in more than 20 countries for logistics, purchasing, order management, site management, daily costs, and inventory management – impacting hundreds of locations.

François Matte, Avanade's global Dynamics AX service line lead, takes up the story: "Sodexo needed a localised approach within a global context, and with a two-tier AX system we can make sure all of its regional requirements are met. Avanade has the AX global expertise to meet this goal."

"Avanade has helped solve a global business issue for Sodexo. We now have an exemplary two-tier ERP deployment, adapted for linguistic and regional variations, and our local teams are very satisfied. On top of ERP TCO savings, the key operational and financial benefit is an indicative two per cent saving in supply chain costs – this makes a big difference to our bottom line."

Vincent Ribet, VP Business coordination and engagement large projects, Sodexo

"A governed, two-tier ERP strategy can provide significant business benefits through process standardisation, better support of divisional needs, and improvements in data quality and reporting from smaller business units, while lowering the operational costs of the combined systems."

Nigel Montgomery

Gartner – 'Hype Cycle for ERP 2012'

Avanade steps in

François Matte continues: “On top of the specific regional variations, Sodexo also faced human challenges, such as language barriers, transport considerations and cultural sensitivities in this global roll-out. This was handled successfully by designing a ‘roll-out kit’ consisting of comprehensive end-to-end core model implementation guidelines.”

Together with Sodexo, Avanade, developed the ‘core model’, an easy-to-replicate model of Microsoft Dynamics AX that could then be adapted to the needs of local Sodexo businesses.

Vincent Ribet: “Many different regions were involved to ensure the common specifications of the core model were as inclusive as possible, while always considering the return on investment and preserving the rich standard functionality of Microsoft Dynamics AX.

“In many cases we deployed to hundreds of sites in each country – 300 in Australia alone!” The sites range in size from 5 to 500 Sodexo staff.

A Sodexo business case created prior to a five-country roll-out highlighted a notable cost benefit of using Microsoft Dynamics AX. Avanade’s solution was, like-for-like, up to 25 per cent cheaper to run than the existing ERP system.

Servicing a service giant

Dominique Hembert, MS Dynamics competency center Director, Sodexo: “To uphold the integrity of the core Dynamics AX model, such as common group best practice functions, we worked together closely to avoid major (and potentially costly) customisations during the regional roll-outs, where the core model did not always cover country-specific requirements.”

Three years later, Sodexo has witnessed the following results:

- A significant fall in food supply chain costs over a 12-month period in various countries – indicating a general cost saving around the world. With food accounting for 35 per cent of Sodexo’s cost of sales, this equates to many millions of dollars saved.
- Cost-per-user of the new system is already equal to that of SAP, which itself has taken more than a decade to reach the cost-efficiency it has today.
- A system that is fast to deploy and easy to use for the audience of 1,500 Sodexo staff (2,500 by 2017).
- Flexibility: the benefits of a single core model for common group best practices but with all the adaptations required by the local businesses.

- Reliability: already the Microsoft Dynamics AX system is demonstrating a lower number of change requests than the established SAP system.
- Greater insight into expenditure and vendor usage across the business, putting Sodexo in a position to negotiate better contract terms.

A significant amount of the final roll-out has, in most countries, been completed. On-going implementations include Poland, Israel, the Czech Republic, the UK, The Netherlands and Denmark, as well as some remote sites and some entities in the Middle East and India. The project should be fully complete by 2017. Also, Sodexo is already working with Avanade’s AX Application and Infrastructure Management Services for long-term post-implementation support and continuous improvement of the AX system.

Antoine Cossic: “The early results indicate that this project and Avanade’s contribution have delivered operational improvements and financial savings. For us, the project is a total success.”

“We’ve helped Sodexo – a complex and widely spread company – to achieve proven supply chain cost reduction and keep its cost-per-user down to a very manageable level.”

François Matte, global Dynamics AX service line lead, Avanade

Get in touch with Avanade

To find out how we can transform your ERP strategy using Microsoft Dynamics AX, email or call us using the details below, or email Olivier Polfliet: olivier.polfliet@avanade.com



About Avanade

Avanade provides business technology solutions and managed services that connect insight, innovation and expertise in Microsoft® technologies to help customers realize results. Our people have helped thousands of organizations in all industries improve business agility, employee productivity and customer loyalty. Additional information can be found at www.avanade.com.

North America

Seattle
Phone +1 206 239 5600
America@avanade.com

South America

Sao Paulo
Phone +55 (11) 5188 3000
latinamerica@avanade.com

Africa

Pretoria
Phone +27 12 622 4400
SouthAfrica@avanade.com

Asia- Pacific

Singapore
Phone +65 6592 2133
AsiaPac@avanade.com

Europe

London
Phone +44 0 20 7025 1000
Europe@avanade.com