



The Customer

- **Industry:** Hospitality
- **Geographics:** Beverly Hills,
- **California Revenue:** \$4 Billion
- **Employees:** 72,000

PeopleSoft Enterprise Products

- Enterprise Planning
- Distribution
- Financial Management
- Human Capital Management Payroll
- PeopleTools

Consulting Team

PeopleSoft Enterprise Global Services

Customer Service Level

Standard

"Hilton is the ultimate real-time environment. We don't do batch payrolls every Thursday night. If Hotel A wants to run its payroll Monday at 11 p.m., they do it."

Damien Bean

Vice President, Corporate Systems

Hilton Hotels Corporation

Business Challenge

The 1999 acquisition of Promus Hotel Corporation and a scramble to address Y2K left the Hilton Hotels Corporation with a fragmented enterprise infrastructure that consisted of too many servers, operating systems, and databases. The company decided to undertake the dual challenge of upgrading the entire organization to Oracle's PeopleSoft 8 and migrating operations onto a new server platform and database.

PeopleSoft Solution

Because of Hilton's relatively lean IT staff, PeopleSoft Global Services crafted a program of on-site consulting, strategic planning, and Solution Center-based implementation to assist the company with the upgrade and migration projects. This three-prong approach enabled Hilton to complete its rollover to PeopleSoft 8, as well as the new Dell servers with SQL Server database, faster and more efficiently.

Business Benefits

By working with PeopleSoft Global Services, Hilton was able to:

- Accelerate deployment of PeopleSoft 8 on Dell servers and SQL Server database.
- Realize a \$5 million savings on a \$3.8 million investment.
- Close its financial books in six days rather than the previous 10.
- Boost performance of a PeopleTools-coded commission system by 600 percent.

Countdown to PeopleSoft 8

The challenges Hilton faced during its upgrade and migration project were put in place over several years. Following is a brief history of the project catalysts and milestones.

November 1999 Hilton Hotels Corporation completes Y2K work by, according to Bean, "slamming things together and hoping for the best." The resulting production system is less than stable.

December 1999 Hilton acquires Promus Hotel Corporation, adding 1,600 hotels, 45,000 employees, and another complicated infrastructure consisting of too many servers, operating systems, and databases.

Spring 2001 Hilton elects to consolidate all operations on PeopleSoft 8 and a three-tier, web-based architecture that uses Dell Microsoft 2000 server boxes and a Microsoft SQL Server database.

October 2001 Hilton converts a PeopleTools-coded travel agent commission system to the Dell/SQL Server system. The performance improves sixfold.

May 2002 Hilton completes the upgrade of PeopleSoft Enterprise Human Capital Management 8 and Payroll 8 on the three-tier Dell/SQL Server infra-structure.

August 2003 Hilton completes PeopleSoft ERP 8 and Financial Management 8 applications upgrade on the three-tier Dell/SQL Server system.

The Journey to the Ultimate Real-Time Enterprise

In December 1999, Hilton Hotels acquired Promus Hotel Corporation. Before the purchase, both companies already had too many servers, operating systems, and databases. In both cases, the scramble to meet the Y2K challenge only made things worse. "Toward the end, they were just slamming things together and hoping for the best," says Damien Bean, vice president for Corporate Systems. After the acquisition, the problem multiplied. According to Bean, the mix of disparate technologies and the ensuing instability they created made the entire enterprise infrastructure unsustainable.

Early in 2001, the company decided to standardize on PeopleSoft 8 and migrate the entire system to a three-tier, web-based architecture by using Windows 2000 server boxes from Dell and Microsoft's SQL Server. The combination had great promise for stability, flexibility, and performance but was venturing into uncharted territory. In fact, when completed, Hilton's system would be the world's largest PeopleSoft HRMS 8 deployment on SQL Server. "Clearly, we were going out on the edge of the performance envelope," explains Bean. He summoned senior executives from Dell, Microsoft, and PeopleSoft Enterprise to elicit their commitment. "We said, 'If you've got someone willing to try this and take some risk, this is a project you can't afford to let fail.'"

PeopleSoft Consultants Set the Direction

PeopleSoft Global Services was involved from the very start of the project. The team's

expertise in web-based deployments, multitiered architectures, and PeopleSoft applications was critical in helping guide the strategic planning direction. That experience proved invaluable in creating a framework that could accommodate the complications created by Hilton's decentralized corporate structure and the proposed web-based system. For instance, Hilton gives each hotel great processing autonomy and flexibility. "Hilton is the ultimate real-time environment," says Bean. "We don't do batch payrolls every Thursday night. If Hotel A wants to run its payroll Monday at 11 p.m., they do it."

The strategic planning for the rollover was conducted on-site at Hilton with PeopleSoft Global Services consultants a constant presence in the planning sessions. Given the technical challenges, this high-level involvement was important to keep the project on track and on time. "We were doing engineering that no one had ever done before," explains Bean. "We did an enormous amount of brainstorming on the new setup and how to load-balance across it."

Leveraging Resources with Solution Center

Working with PeopleSoft Global Services, Hilton chose to conduct the implementation at multiple locations—on-site at Hilton's central data center in Memphis, Tennessee, in one of the PeopleSoft Enterprise Solution Centers, and at a Dell laboratory in Austin, Texas. This combination accelerated the deployment of several components and enabled Hilton to better leverage its relatively lean IT staff. For example, most of the application development was left standard, making it possible to handle much of that work more cost-effectively at the Solution Center. Projects that required more input from the Hilton IT team could then be handled on the company's premises. Stress-testing of the PeopleSoft applications and Dell servers was conducted at Dell's facility.

A key challenge of the upgrade was migrating the PeopleSoft Enterprise HR and Payroll systems. The project was handled on-site in Memphis using both the Hilton IT and PeopleSoft Global Services teams. Working together, they set up the world's largest PeopleSoft Enterprise HR system—a system capable of handling payroll for more than 71,000 employees. Drawing on the Global

Services team's web, internet, and PeopleSoft Enterprise application expertise, the joint task force developed a system that consisted of six four-way web servers and five eight-way application servers. This HR and payroll phase went live in May 2002. In August 2003, PeopleSoft Global Services and the Hilton IT team completed the final phase of the IT transformation when they migrated the PeopleSoft Enterprise Financial Management application to the new three-tier Dell/SQL Server system.

Greater Value, Faster

Despite the short time since the financial system implementation was completed, the benefits of the new PeopleSoft Enterprise/Dell/Microsoft system have already been documented and proven substantial. Internally, Robert La Forgia, senior vice president and controller for Hilton, indicates that the system has yielded significantly improved system performance. "We have decreased processing time considerably," he says. "We have a lot less blood, sweat, and tears, and a lot less overtime." For example, financial closes that used to take 10 days can now be completed in only six. In addition, La Forgia believes that the new system will enable the company to better accommodate customers through flexible reservations and billing.

Bean estimates that the improved system performance will trim nearly \$4 to 5 million from Hilton's IT budget annually. By working with PeopleSoft Global Services to streamline the upgrade process, Hilton was able to complete the project for less than \$4 million, providing an expected 25-percent return, a substantial value in any economy but especially so in today's economic climate.

By upgrading to PeopleSoft 8 and migrating to an entirely new server/database combination, Hilton was traveling in untested waters. But by relying on the proven expertise and guidance of PeopleSoft Global Services, the hotel company was able to accommodate its aggressive objectives while making the project more hospitable to its customers, bottom line, and lean IT staff.

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