

Compañía Cervecerías Unidas (CCU) S.A.

The Customer

- **Industry:** Consumer Goods
- **Geographics:** Headquartered in Santiago, Chile
- **Revenue:** \$481 Million in 2002
- **Employees:** 4,000

PeopleSoft Enterprise Products

- Enterprise Performance Management
- Financial Management
- Human Resources
- Supplier Relationship Management
- Supply Chain Management eProcurement

Implementation Team

PeopleSoft Global Services
PricewaterhouseCoopers

Customer Service Level

Standard

"The product was very user friendly. It has a great architecture for integrating with the internet. Using PeopleSoft Enterprise eProcurement, we took our first steps into the internet."

Mario Fernandez
IT Director

Business Challenge

CCU wanted to leverage the internet to change the way it did business with its vendors.

PeopleSoft Enterprise Solution

CCU developed an innovative strategic business plan that included implementing a portal for suppliers based on Oracle's PeopleSoft Enterprise eProcurement, a key component of the PeopleSoft Enterprise Supplier Relationship Management solution. Because CCU already had implemented a number of financial and manufacturing modules from PeopleSoft Enterprise, integrating eProcurement with their existing business processes was a "no-brainer."

Business Benefits

- Less working capital is required because CCU doesn't need to keep a stock of raw materials; raw materials are now stocked and managed by the company's vendors through the system.
- CCU has been able to reduce headcount because it's no longer necessary to enter invoices manually; suppliers now enter them over the internet.
- Administrative work has been reduced because CCU's users can buy items directly from its vendors without going through the purchasing department.

Quantifiable Benefits

- Implementing PeopleSoft Enterprise, coupled with a process review by consultancy Booz Allen Hamilton, enabled CCU to achieve cost reductions that amount to US\$20 million per year.
- In 2002, 690 CCU vendors entered 11,358 invoices directly into the system through the internet.
- In 2002, CCU users placed 5,133 orders with 15 vendors by using eProcurement.

CCU Brews Big Savings with Internet Procurement

With a presence in Chile going back 150 years, CCU is a diversified multinational beverage company with 4,000 employees and revenues of \$481 million in 2002. CCU, the leading brewery in Chile, sells its products in more than 60 countries worldwide. Its nine business units produce beer, wine, mineral water, soft drinks, juices, and pisco, a local spirit. The company has licensing or joint venture agreements with Paulaner, Anheuser-Busch, Heineken, PepsiCo, Schweppes, Guinness, and Watt's.

CCU became a PeopleSoft Enterprise customer in 1998—the first customer in Chile—and now runs PeopleSoft Enterprise Human Resources, Financial Management, Supply Chain Management, and Enterprise Performance Management. Mario Fernandez, IT director of CCU, says that implementing PeopleSoft Enterprise, coupled with a process review by consultancy Booz Allen Hamilton, enabled the company to achieve cost reductions that amount to US\$20 million per year.

CCU's implementation included using consultants from both PeopleSoft Global Services and PwC. "PwC and PeopleSoft helped us develop a common model and manage the rollout for our first two business units," says Fernandez. "For the remaining business units, we did the implementations with our own people. Between 1998 and 2000, we implemented PeopleSoft Enterprise Financial Management in all the business units of the company and, later, PeopleSoft Enterprise Manufacturing between 1999 and 2001."

The growth of the internet in 1999 and 2000 led CCU to seize opportunities to change the way they did business with their vendors. "Around the year 2000," says Fernandez, "we brought our managers together and developed an innovative internet strategic business plan and, in the process, discovered that we could save a lot of money if we developed what we call our supplier portal."

PeopleSoft Enterprise eProcurement Opens the Door to the Internet

After an evaluation, CCU selected PeopleSoft Enterprise and its internet-based eProcurement. "The main reason we chose PeopleSoft Enterprise was the integration with the PeopleSoft Enterprise modules that we already had. That's very important for us. And the product was very user friendly. It has a great architecture for integrating with the internet. Using eProcurement, we took our first steps into the internet."

Fernandez says that, with 1,400 PeopleSoft Enterprise users within CCU, eProcurement has benefited CCU in three primary areas: "First, there's less working capital required because now we don't have to have a stock of raw materials—specific raw materials like labels, glass bottles, and cans—that now are stocked and managed in our warehouses by our vendors through the system. Second, we've reduced headcount because we don't have to key in all the invoices—now we have our suppliers enter them over the internet. Last year, there were 690 vendors who entered 11,358 invoices directly into our system through the internet. Finally, we have less administrative work because we have 15 vendors that work with us using eProcurement. We publish their product catalog into the system, and our users can buy those items directly through the internet without going to the purchasing department. Our users placed 5,133 orders that way last year."

Latin America Representation on ICAB

In addition to his post as IT director at CCU, Mario Fernandez represents the nearly 200 Spanish-speaking PeopleSoft Enterprise Latin American customers on the International Customer Advisory Board (ICAB).

"We have specific initiatives about issues that are of greatest importance to the customer," Fernandez says. "For example, an initiative that we have on quality, on upgrades, and how to influence PeopleSoft Enterprise product development in those areas. ICAB is working very closely with PeopleSoft Enterprise senior executives to promote the interests of the customers."