

Colgate drives innovation through strategic focus on IT optimization.

Overview

■ Challenge

In order to respond more quickly and cost-effectively to new opportunities, Colgate-Palmolive needed to grow its service offerings without a corresponding escalation in IT infrastructure and costs.

■ Why Become an On Demand Business?

Major fast-moving consumer goods enterprises such as Colgate operate in complex, dynamic markets, competing against both local and global rivals. Recognizing that innovation is the key to gaining competitive advantage, Colgate needed to leverage and invest in the latest advanced automation technologies capable of adapting to new requirements quickly while keeping costs under control.

» On Demand Business defined

An enterprise whose business processes—integrated end-to-end across the company and with key partners, suppliers and customers—can respond with speed to any customer demand, market opportunity or external threat.



■ Solution

Using SAP and IBM technologies, Colgate has optimized its IT environment by adopting the IBM IT Resource Optimization approach, which aims to create a responsive IT infrastructure that is easier and less expensive to manage, upgrade and run. Through virtualization, provisioning and orchestration technologies, IT resources and workloads are optimized for more efficient usage, yet offer improved response times.

■ Key Benefits

- *Reduced IT operational costs by ten percent annually*
- *Enabled dynamic reallocation of server capacity*

“As a global enterprise operating in the highly competitive consumer product market, Colgate encounters many challenges to keep its IT responsive to changing business needs. Working with IBM, major IT Resource Optimization efforts at Colgate have already improved IT asset utilization, efficiency and productivity.”

— Jim Capraro, Director of Global Information Technology, Colgate Palmolive

On Demand Business Benefits

- Reduced IT operational costs by ten percent annually despite a higher workload
- Estimated IT workload increase of 15 percent while reducing cost by 70 percent
- Estimated storage need increase of 30 percent while reducing cost by 60 percent
- Enabled dynamic reallocation of server capacity

Colgate-Palmolive is a US\$11.4 billion global company serving people in more than 200 countries with consumer products that make lives healthier and more enjoyable.

As with many multinational companies, multiple challenges are generated by low-cost producers and imitators. These competitors snap at the heels of profitability, and the only route to success is through relentless brand development and ruthless pressure on costs. For Colgate, the need to react quickly and locally to market threats and opportunities is in delicate balance with the economies of scale offered by centralized systems.

The company originally chose SAP solutions in the mid 1990s, running SAP® R/3® software on Sun hardware and latterly switching to IBM System p™ servers. Some 20,000 users in 300 locations access the central systems, which include SAP applications, IBM Lotus Notes®, IBM Sametime® and IBM QuickPlace® applications, with IBM Tivoli® Systems Manager for monitoring and management purposes. Colgate is one of the most innovative of companies, seeking to extract ever greater value from its IT investments to enhance business efficiency.

Jim Capraro, Director of Global Information Technology, comments, “Our mission is to innovate more and to keep the costs flat. For example, we see our processing workload growing by around 30 percent a year, and storage volumes growing by up to 50 percent a year.

“The challenge is how to manage this growth effectively, meet our service commitments and continue to reduce our costs. Colgate runs 98 percent of its revenue operations through SAP solutions. Optimizing the infrastructure in this area represents a significant opportunity for Colgate, and by optimizing and exploiting the IT assets more effectively we can increase the total workload as

the company grows with a minimum in additional investment, a classic and long-term productivity gain.”

Virtualizing for greater efficiency

The original SAP software implementations had been using the traditional one-to-one ratio of physical hardware to SAP applications. Such an arrangement offers little flexibility as applications grow, and data storage suffered from the same hard-wired rigidity. Colgate found that its IT systems were not able to respond to the dynamics of the global marketplace rapidly and cost-effectively.

Jim Capraro explains, “Tying specific pieces of server and storage hardware to applications was very limiting, because it locked us into buying new and larger pieces of equipment as we grew, which was driving up Colgate’s costs. The challenge was to find a way to break down the barriers between isolated storage and processing capacities, and utilize the available resources in a manner that would better meet our demands and drive down our TCO.”

Working with IBM and SAP, Colgate looked at how virtualization technologies could benefit the business, by removing the restrictions of physical server allocations to specific SAP applications. Colgate wished to address the inefficient use of resources that would be overworked on some occasions and lie almost unused at other times, and reduce the complexity of an already extensive and diverse IT environment.

The savings made from the reduction in physical server costs and lower management costs would enable the next phase of the long-term IT Resource Optimization approach and contribute directly to Colgate’s bottom line.

Joe Pisciotta, Director of Infrastructure, adds, “The business operations were impacted directly by the time it took to set up new servers, storage and applications. If we suffered interruption to a particular SAP application, switching to a backup server involved a great deal of manual intervention and expense.

“We embarked on a long journey and selected IBM as a partner. The first benefits have been achieved already, when Colgate underwent a massive server consolidation and IT simplification effort. The next steps are now in progress, with a strong focus on leveraging IBM virtualization technologies with IBM Dynamic Infrastructure. Our IT Resource Optimization approach will subsequently continue until we have achieved the highest alignment of our IT assets with our business goals.”

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– Joe Pisciotta, Director of Infrastructure,
Colgate Palmolive

Responding flexibly to changing demand patterns

As key components of the IBM IT Resource Optimization approach, Colgate has adopted both SAP's Adaptive Computing Concept and IBM Dynamic Infrastructure as the models to introduce greater flexibility into its SAP solution landscape and to drive down total costs of ownership. The initial steps typically focus on infrastructure simplification, and the consolidation of servers, storage systems and network assets.

Subsequent stages take advantage of advanced virtualization technologies which optimize and exploit the new IT landscape more effectively, followed by the orchestration phase, where a high degree of automation is introduced. The ultimate goals are to possess IT services that respond to the workload, performance and budget needs immediately, and bring the infrastructure invisibly close to the business requirements.

Colgate has already achieved the first stages in its IT Resource Optimization project by implementing IBM System p servers for its SAP applications, deploying the IBM POWER5™ technologies to optimize and enhance the efficiency of its solution landscape. The company is moving away from the one-to-one application-to-server ratio, and enabling computing and storage resources to be shared between applications regardless of the underlying physical systems. The individual applications are no longer tied to physical devices, allowing Colgate to exploit its resources more effectively and offering a lower-cost IT operating environment.

The IBM IT Resource Optimization approach enables, complements and extends SAP's Adaptive Computing Concept, helping customers using both SAP solutions and IBM technologies to create an application landscape that has the capacity to respond to business needs more rapidly and cost-effectively. SAP's Adaptive Computing Concept is designed to provide each SAP application as a service, which draws from a shared pool of system resources as dictated by the business need, to meet pre-defined performance levels.

Key Components

Software

- IBM Dynamic Infrastructure
 - IBM Tivoli Systems Manager
 - IBM Lotus Notes
 - IBM QuickPlace
 - IBM Sametime
 - SAP R/3 Enterprise
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Server

- IBM System p
 - IBM BladeCenter®
 - IBM System Storage™ Enterprise Storage Server
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Services

- IBM Global Business Services
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Why it matters

Colgate management regards IT automation as an opportunity to drive costs out of the business and focus resources and energies on product and brand value and differentiation in order to gain advantage in a highly competitive consumer product market. By deploying the latest IT thinking, Colgate is positioning itself to survive and thrive.

Jim Capraro comments, “In the past we were focused on specific pieces of equipment. For example, if a storage server was fully loaded, and we wanted to increase the data capacity, our only option was to get a new physical system. Using the IBM IT Resource Optimization approach, we plan to be able to allocate and consolidate spare capacity from multiple systems as needed, making the best possible use of existing resources. The goal is to be able to start any service at any time, thus allowing us the greatest possible flexibility in our SAP environment.”

Greater pro-activity

Colgate has implemented a whole range of IBM technologies, with IBM System p5™ and IBM eServer™ p5 systems, IBM BladeCenter servers, IBM TotalStorage® Enterprise Storage Server and IBM virtualization software. The SAP application databases run on the System p5 platform, while the SAP applications run on the BladeCenter servers, all under IBM AIX 5L™

“Our aim is to support the business in its drive to innovate, and to do so at low cost. To do this we want to fully virtualize our infrastructure, to be able to support global processes dynamically and flexibly without our IT costs rising. The IBM IT Resource Optimization approach, of which SAP’s Adaptive Computing Concept and IBM Dynamic Infrastructure are key components, gives us both the technical abilities and the management strategy to do this,” says Joe Pisciotta.

Jim Capraro continues, “One of the challenges is that the IT division is being asked to be more proactive and become a core part of Colgate’s competitive advantage. Rather than focus on managing equipment we can address business priorities, which will enable us to find new ways to serve customers, reach new markets and make a direct contribution to business success.”

The IBM IT Resource Optimization approach will help Colgate align its IT assets with business goals more accurately and more efficiently. Colgate has seen a dramatic reduction of around ten percent year on year in IT operational costs—despite a higher workload. The IBM servers can dynamically reallocate capacity exactly where it is needed, helping Colgate to meet unpredictable demand on its SAP ERP and other business-critical systems without over-investing in capacity—and continue to provide internal and external customers with excellent service.

“We believe that the IBM approach to IT Resource Optimization is the right way for Colgate to gain better control of costs, and bring IT services into exceptionally close alignment with our business.”

— Jim Capraro, Director of
Global Information Technology,
Colgate Palmolive



The IBM on demand philosophy enables Colgate to scale up its server and storage infrastructure as required, and the long-term commitment to an IT Resource Optimization approach promises financial savings and productivity gains in the years to come.

A virtualized future

Since the start of the project, Colgate estimates that while workload has increased by around 15 percent and storage needs have risen by approximately 30 percent, the corresponding costs have been reduced by up to 70 percent and 60 percent. In the complete IBM IT Resource Optimization approach, between 30 and 40 percent of the cost savings are expected to come from SAP's Adaptive Computing Concept, and some 60 to 70 percent will be achieved through the IBM Dynamic Infrastructure.

The next step will be to implement provisioning, heavily based on IBM Tivoli software, allowing new services to be created automatically as the business need arises. The automatic allocation of processor, network and storage capacities, called orchestration, will follow, further reducing the need for manual system administration.

Jim Capraro concludes, "As a global enterprise operating in the highly competitive consumer product market, Colgate encounters many challenges to keep its IT responsive to changing business needs. Working with IBM, Colgate has already improved IT asset utilization, efficiency and productivity, with flexible IT services that meet customers' needs. We believe that the IBM approach to IT Resource Optimization is the right way for Colgate to gain better control of costs, and bring IT services into exceptionally close alignment with our business."

For more information

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