

## Process Excellence in Action: **Hawaiian Tropic**

### **A Sizzling Success – Hawaiian Tropic Optimizes Their Supply Chain with IDS Scheer and SAP**

"The strength of ARIS SmartPath for Cosmetics and SAP's track record and its commitment to the small and medium business market both surprised and convinced us that it is the right enterprise application partner for us."

Bill Jennings  
Executive Vice President,  
Hawaiian Tropic

#### **Organization**

Hawaiian Tropic

#### **Industry**

Consumer Products

#### **Challenge**

Improve inventory management, optimize product schedule and reduce errors during product formulation

#### **The Solution**

IDS Scheer and SAP helped the company deploy ARIS SmartPath in only six months utilizing SAP's rapid implementation methodologies

#### **Solutions Deployed**

IDS Scheer's ARIS SmartPath for Cosmetics (based on SAP All-in-One)

#### **Benefits**

Hawaiian Tropic has improved its supply chain processes and now has better visibility into inventory at its main distribution centers.

Based in Ormond Beach, FL, Hawaiian Tropic ([www.htropic.com](http://www.htropic.com)), also known as Tanning Research Labs, Inc., is a leading North American manufacturer and distributor of Hawaiian Tropic and private-label sun care products. With more than 2,000 employees worldwide, Hawaiian Tropic utilizes over 125 product formulations and more than 400 different types of ingredients. This progressive company holds a dominant position in the U.S. and Canadian markets, and ranks number one on Caribbean, Mexican and South American beaches. The Hawaiian Tropic brand competes for market share with products like Coppertone and Banana Boat in the estimated \$1 billion sun care products industry.

## The Business Challenge

Following the acquisition of its primary Kentucky-based distributor, Hawaiian Tropic recognized the need to integrate and optimize the supply chain management systems of both companies to operate efficiently. The company's financial and inventory operations were separate from its sales and distribution systems. This lack of integration hindered Hawaiian Tropic's ability to reduce inventory, optimize its production schedules and ultimately enhance customer service.

To view inventory reporting, the company compiled information from two disparate systems that used different item numbers, a process that significantly decreased employee productivity. In addition, Hawaiian Tropic's current legacy system had no material requirement planning functionality and offered little control over the company's inventory. Plus, the old system required employees to spend a full day to determine product stock status. Hawaiian Tropic needed a system tailored to the consumer goods industry that could address its partitioned supply chain processes and improve inventory management.

## The Business Solution

In the search for a business applications upgrade, Hawaiian Tropic evaluated major enterprise business software vendors and selected IDS Scheer's ARIS SmartPath for Cosmetics solution, based on SAP All-in-One that leverages SAP Best Practices. IDS Scheer's ARIS SmartPath for Cosmetics is an all-inclusive solution that offers built-in content, tools and methodologies for a cost-effective, turnkey deployment. IDS Scheer and SAP demonstrated the ARIS SmartPath solution and referred Hawaiian Tropic to several mid-market companies that had deployed the software. The two companies also underscored the straightforward pricing scheme, which delivers all of the modules for one price.

Hawaiian Tropic opted for SAP's rapid implementation methodology, since the company only had a short window of opportunity – from February to August. The timeliness of the implementation was critical because the new system had to be operational by its highly profitable seasonal six-month period.

## The Results

Hawaiian Tropic successfully deployed ARIS SmartPath for Cosmetics with consulting services from IDS Scheer and SAP. The implementation lasted only six months using SAP's rapid approach, which requires 30 percent less time and costs 40 percent less than standard installations. On the go-live date, Hawaiian Tropic entered sales orders and shipped product without any delays or problems. During the implementation, IDS Scheer consultants remained in each business area to educate employees on the new system. Today, Hawaiian Tropic utilizes IDS Scheer's Application Support Center (ASC), which provides Level I, II, & III support for all SAP applications, built on IDS Scheer's expertise of more than 1,500 implementations worldwide.

The company is optimizing the IDS Scheer vertical market solution to control and track inventory, enabling executives to make fast business assessments and respond to customer needs quicker and more personally. Hawaiian Tropic's previous system required manual data entry and reentry processes. Since deploying the ARIS SmartPath solution to replace its outdated legacy system, the company has noticed considerably less human errors.

Tropic is also customizing its sun care products according to each customer's specifications, which is a tremendous product differentiator. Unlike competitors that offer no flexibility with product promotion and distribution, Hawaiian Tropic's new system can cater to its retail partners by customizing product displays per their specifications.

Since the deployment, Hawaiian Tropic has successfully consolidated its Florida and Kentucky operations – a merger that enabled the company to manage its supply chain more efficiently and to provide a single view of customers and inventory. With increased employee productivity, the company redeployed one of its two cost accountants to another division. The enhanced reporting functionality allows managers to answer supply questions on-the-fly versus waiting up to two weeks for analysts to obtain the information.

Hawaiian Tropic now has better control and visibility into its inventory, which empowers company managers to run the business instead of analyzing data. The company expects significant financial returns based on increased employee productivity, human error reduction and substantial reductions in its inventories.

## The Future

Based on the efficiencies and productivity gains from the ARIS SmartPath for Cosmetics implementation, Hawaiian Tropic is exploring the possibility of rolling out the solution to its Canadian and European facilities. The company is also planning to evaluate SAP Supply Chain Management and the solution's sales and operations planning capabilities.