

Henkel Achieves Significant Savings Through Consolidated ITO Services

Case Study



Challenge

To support its ambitious growth targets, Henkel needed to trim IT costs without lowering the quality of its worldwide service delivery to end-users.

Solution

Henkel contracted with Unisys to consolidate service delivery, tap into the efficiencies that offshore support affords, and take advantage of economies of scale enabled by Unisys' network of global service centers.

Results

Through a strategic partnership with Unisys, Henkel has centralized and standardized its global IT services and achieved targeted cost savings and growth.

Metrics

- Reduces service-delivery costs by 20 percent for a projected savings of €35 - €40 million over the five-year contract period
- Enables IT to support overall goal of 14 percent operating margin
- Supports 20,000 seats with plans to expand to 40,000 seats in as many as 16 languages
- Currently handles up to 16,000 contacts per month and can scale for increased traffic
- Provides a single global standard for support processes and tools
- Routinely satisfies customer's SLAs

Business Challenge: Drive Consistent, Efficient Services Worldwide

It's no small task to support an ambitious agenda for global growth and increase the quality of IT services while reining in costs. Yet that was the challenge facing Henkel, a Fortune Global 500 company that specializes in the manufacture of industrial, personal and household products. To realize its vision, Henkel decided to consolidate its IT support contracts and move from internal IT governance to an outsourcing model. In 2009, Henkel awarded three major outsourcing contracts with end-user support services going to Unisys.

The transition continues to roll out, but already Unisys has reduced Henkel's costs for end-user support by 20 percent. When the transition is complete as planned, Henkel will have a single, global service provider able to deliver efficient, consistent and cost-effective services in support of Henkel's 48,000 employees working in more than 125 countries.

Targeting IT Outsourcing for Cost Savings

Henkel—headquartered in Düsseldorf, Germany—wanted to grow its operating margin from less than 10 percent in 2010 to 14 percent in 2012. In 2008, its IT services were split among numerous providers operating in various global regions. Global consolidation of IT services offered opportunities for reducing costs through economies of scale and achieving an ambitious growth target. “By consolidating, we could enable standardized processes across our businesses, gain better pricing with outsourced providers, and simplify supplier management,” says Henkel Chief Information Officer Dr. Peter Wroblowski.

To support its corporate objectives, Henkel issued a request for proposal (RFP) to current and potential IT vendors. After an initial round of selection in early 2009, Henkel invited the chosen IT service providers to a bidding conference. In July 2009, it contracted with three major outsourcers—Unisys won end-user services and other global providers took on application development and data center services. Unisys capabilities closely matched the five key areas of concern Henkel outlined in its RFP: 1) maintain stable operations and meet SLAs; 2) decrease costs significantly; 3) consolidate service providers; 4) increase flexibility, agility and speed in an effort to attract new markets; and 5) maximize end-to-end service responsibilities.



Demonstrating a Comprehensive Solution and Commitment to Success

To earn Henkel's business, Unisys assigned an international team focused on fully understanding Henkel's environment and devising a plan to help the company meet its goals. Unisys' commitment to winning Henkel's trust extended throughout the organization, from the operational to the executive level.

Henkel was impressed with Unisys' pricing model. It also recognized Unisys' abilities to partner and provide leadership in a multi-sourcing environment and the value of its offshore capabilities. Unisys stood apart in its differentiated SLAs, global capabilities and service innovation, which included offerings based on standardization and virtualization. These attributes, combined with Unisys' clear commitment, the early involvement of its delivery and transition teams, an outstanding solution, and excellent reference clients, led to Henkel's selection of Unisys as its outsource provider for end-user services worldwide. The five-year contract includes desktop management, service desk, desk-side support, endpoint security and equipment repair. Unisys' transition services will assure a uniform, cost-effective approach to rendering services based on the Information Technology Infrastructure Library (ITIL) standard. "We are delighted to have found a partner with a solution based on modern technologies and methods that will allow us to better and more cost-effectively meet the needs of our end users, says Wroblowski."

Satisfying Local Needs Around the World

As of early 2011, Unisys is delivering services to 20,000 desktops in Western Europe and North America. In the future, we are expected to assume responsibility for all global support—including Latin America and Asia. Unisys is taking over a myriad of in-house operations and replacing a few regional providers to create a unified approach to services through its worldwide network of IT Outsourcing (ITO) operation centers. These centers give Unisys the capability to provide its services in as many as 16 languages, from Chinese, English and French to German, Japanese, Portuguese and Spanish.

Henkel uses local industrial capabilities throughout the world to accomplish production, so it's important that end users gain support in their native language. That said, some locations employ just a few employees, which makes call volume too low to justify a standalone service desk. By blending the needs of these end users with those of other customers who receive support in the same local language, Unisys can offer competitive pricing while satisfying Henkel's language requirements.

Profile: Henkel

- Global manufacturer of industrial, personal and household products
- Headquartered in Düsseldorf, Germany
- More than 48,000 employees worldwide and operations in more than 125 countries

Solution at a Glance

- Global service desk in up to 16 languages
- Desktop management and support
- End-point security
- Deskside support
- Equipment repair



Taking Advantage of Multiple Service Levels

Unisys predominantly manages basic and advanced remote help desk services (Levels 1 and 2) out of its Budapest service center, which supports many languages. Its service center in Amsterdam supports Nordic languages, while English speakers are typically served by the service center in Hyderabad, India.

Remote desktop management (Level 3), which involves such services as provisioning antivirus software and new applications, takes place from Unisys service centers in both Bangalore and Hyderabad, India. Meanwhile, Unisys delivers level 4 field services out of local Unisys offices situated around the world. Once Unisys adds support for Latin America and Asia, it will expand service to established outsourcing centers in Sao Paulo, Brazil, Bogota, Columbia and Shanghai, China.

Eventually, Henkel will take advantage of Unisys' web-based, self-help services, which have the potential to significantly reduce support calls and further reduce Henkel's IT expenses. But self-help, which includes chat and access to knowledge bases, requires familiarity with these models, and right now, Unisys' current priority is to transition employees from a model that has not seen significant change in nearly a decade to a new, standardized model for delivering service levels 1 to 4. "Our culture isn't quite ready for self-help services so we will work with Unisys to introduce them in a controlled fashion," says Henkel IT Director Marty Solomon.

Ramping Up Quickly and Methodically

As of early 2011, Unisys is handling 12,000 to 13,000 phone calls per month across Western Europe and North America. All contacts, including email correspondence, total 15,000 to 16,000 per month. "Given the size and complexity of this outsourcing arrangement, we are quite pleased with the progress to-date," says Solomon.

The Unisys outsourcing solution is designed to easily extend as Henkel's operational needs grow and employees require additional levels of service. Once Unisys expands coverage to Latin America and Asia, it expects to serve 35,000 to 40,000 end users and handle an additional 5,000 to 10,000 contacts per month.

When the global consolidation is complete, Unisys hopes to employ its robust toolsets to gain deep insight into service delivery metrics and end-user satisfaction. With this knowledge, it can develop a roadmap to deliver continuous improvements and present Henkel with a portfolio of options. "Before we outsourced to Unisys, we ran our IT support services in a more ad hoc manner. With Unisys in place, we're adopting a clearly documented way of delivering service, one that incorporates remote and offshore services. We anticipate further improvements as this approach takes hold," says Wroblowski.

Trimming Costs and Growing Margins

In just a little over a year, Unisys has successfully transitioned nearly half of Henkel's computer users to its global service centers. Through a combination of service-level offerings and efficient processes, Unisys has trimmed Henkel's costs by 20 percent. Moreover, Henkel closed out 2010 with an 8.2 percent increase in its operating profit and an earnings margin above 12 percent—its highest profit margin to-date. Well on its way to achieving its ambitious goal of growing its operating margin to 14 percent, Henkel is pleased with the Unisys partnership. "As a performance-driven company, we must do all we can to ensure standardized and efficient processes across our company in all areas. With Unisys by our side, we feel confident in reaching our goals for IT service delivery and further reducing our costs," concludes Wroblowski.

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