We are making it easier

ERP Transformation – Completely reinventing HP from the inside out to deliver simplicity to our customers and partners

Project outcomes to date

- **$37M** in value created so far

- **144M units totaling $20.4B in orders** shipped on the new platform

- Over **7,000 accounts** have successfully placed orders on the new system

- SAP considers HP a **'Top 5' S4 Hana implementation** and best-in-class delivery program

- **Retired the legacy Vista system** and effectively migrated all transactions

- **>200 interfaces** between S4 and legacy assets

- **>770 legacy asset** development requirements

- **75,000+ test cases** completed for total system testing

Synopsis

In 2017 HP undertook a massive initiative to make it easier for customers and channel partners to do business with HP – the Enterprise Resource Planning (ERP) Transformation. The work has spanned over 1,000 employees and three years to deliver a new ERP system, the software solution that manages business operations and core functions *(i.e. Finance, IT, Supply Chain, Operations)*. This initiative is helping HP move 25+ year-old processes and platforms to more modernized technology utilizing SAP S/4 HANA® – a proven gamechanger in the industry – bringing HP from *"behind the times"* in technology to a full generation ahead.

Simply put, the ERP Transformation is reinventing HP's foundation to provide better collaboration and excellence to customers through delivering the following:

- Global standardization of aged processes to improve the customer and partner experience

- Elimination of business continuity risk by migrating from 13 aged ERP's to one new platform

- Enablement and support of growth business models, e.g., HP Device-as-a-Service (DaaS) and Managed Print Services (MPS)

- Improved customer and product data quality, making it easier to do business with HP

The program has already generated more than $37 million in value and will save 1,664,000+ worker hours annually moving forward, while generating clear data indicating improving accuracy, timeliness, improved quality and reduction in risk.

"Before it was taking me days and hundreds of people's time to prepare an accurate end-of-month revenue forecast. It is now instantly available. I can zoom in all the way to the order line level and slice and dice by customer account, business unit, country… any way I want. And this instant. We can make the right decisions for our customers and HP with the right data. This is a breakthrough!"

– Customer testimonial

"Billing services attached to devices in the case of a Managed Print Services contractual agreement was a complicated matter: collect a lot of data from the printers, analyze and apply contractual terms, and then manually bill customers. With the ERP Transformation, we are now fully automated. Customer contract terms are translated into billing rules and device data triggers automated billing cycles. We can now ramp up this business and propose a lot more types of services to our customers!" – *Customer testimonial*

Strategic objectives and scope of the project

HP ships more than 60M PCs, 40M printers, and 425M ink cartridges per year. A few years ago, HP was utilizing 13 ERP systems and 72 different tools across our application landscape to quote, sell, ship, deliver, and invoice these products. We were fighting ranging issues including the fact that the software wasn't scalable, was expensive to operate, and presented single points of failure, as well as the pains of customers and partners using different processes and tools globally. In 2017 HP began the ERP Transformation to take our 25-year-old platforms and processes to a full generation ahead of current technology.

The objective of the ERP Transformation was twofold. First, we needed to stabilize our operations and ensure the same capabilities everywhere, single order placement and visibility, faster order to ship speed, and on-time delivery. Secondly, we needed to utilize advanced technology to fundamentally change how our operations work from the time we receive an order through the time we service our install base through cutting-edge technology including workflow robots, automation, master data, machine learning, and predictive analytics. It wasn't just about enabling greater order visibility and delivery accuracy, consistent pricing, quoting, and reporting... We needed to completely transform our operations to rely less on employee manual work and more on technology to ensure that orders are placed in our factories in real-time and that predictive analytics could guarantee product and component availability.

Project implementation process and timeline

A core team made of visionary business executives and IT leadership was put in place to identify key technologies and processes that could unlock value in spaces including IT, supply chain, customer service, sales, and more. HP went with a Hybrid-Agile methodology to design, configure, test and deploy these new capabilities. This has ensured close alignment across Business and IT while applying the rigors of a proven methodology. The program has CEO level sponsorship and a new ELT level Transformation Organization under a Chief Transformation Officer within which ERP serves as the flagship program.

The ERP Transformation is being deployed in a phased approach to ensure minimal disruption to business continuity. In the first release we onboarded U.S. and Canada Personal Systems and U.S. Direct Print business, totaling ~$17B in annualized revenue with $20B in orders received on the SAP platform since then. In Release 2 we onboarded ~$10.5B in annualized revenue from 1,565 new Personal Systems and Print customers across Latin America. A major milestone was our primary North America Print deployment in November 2019 that included deploying new capabilities in Finance and Customer Support and providing enhancements to the production platform. February 2020 will complete Release 2 with a final deployment to Brazil and Mexico when we onboard an additional $1.7B in annualized revenue. In May 2020, we will kick off Release 3 by deploying the new ERP to EMEA. Then in August and November 2020, we'll complete the global release with APJ.

Program impact: Value generation

The ERP Transformation is making it easier to do business with HP through industry standard processes and modernized systems at the global level; but it doesn't stop there:

- Process led transformation including Order to Cash, Procure to Pay, Record to Report, Issue to Resolution. We have literally changed how operations work from the time we receive an order to the time we service our install base

- Automated controls, increased automated and electronic communications with partners, and more

- Multiple compatibility checks in place to validate Configuration to Order requests and CarePacks to ensure compatibility with the products the customer ordered

- Greater reliability and stability around delivery commitments: once an order has been committed, HP's systems keep original target delivery dates based on agreed upon SLAs and requested delivery dates

- Faster order life cycle: orders are being dropped into our factories in real time, and through predictive analytics we are now able to guarantee that products and components are available when the order is placed.

Program impact: customer benefits

HP's customers are our number one priority. Consistency in the customer experience – whether they are doing business with HP locally or globally – has been top of mind throughout the project.

Through the ERP Transformation, HP customers are being provided the following:

- **Ease of use** – industry standard processes and modernized systems at the global level

- **Consistency** – the same experience whether doing business locally or globally

- **Order accuracy** – delivering the products and services customers want with the level of quality they expect from HP

- **Predictability** – better reliability and stability around delivery commitments, and a faster order cycle

- **Speed** – faster product delivery and services

- **Information at their fingertips** – access to self-service, real-time information on orders at every stage of the order lifecycle.
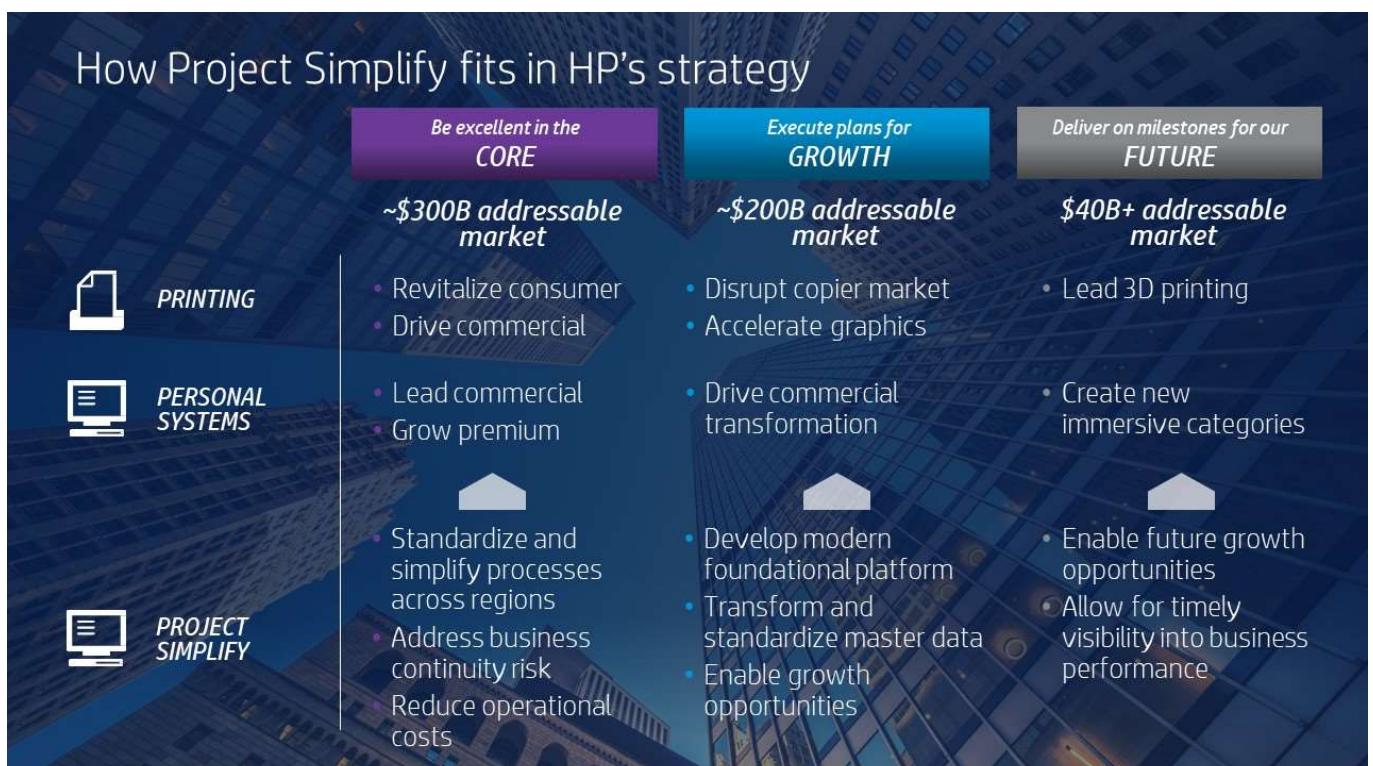
These benefits provide real value to our customers and partners and therefore are a game-changer for HP.

Playing a key role in HP's company strategy

The ERP Transformation is hands down HP's most important initiative due to its direct link to the company's overarching strategy. The program is discussed in almost every major strategic conversation, pan-company employee all hands, and HP Board and Audit Committee meeting regularly, and .

The program transforms the way we work and gives us the opportunity to simplify our operations and be more efficient. Through this, HP can continue to grow in emerging markets, advance our leadership in core markets, and increase our current 10% share of the PC and print market.

See graphic below for an overlay of the program in HP's corporate strategy.

How Project Simplify fits in HP's strategy

	Be excellent in the **CORE**	Execute plans for **GROWTH**	Deliver on milestones for our **FUTURE**
	~$300B addressable market	~$200B addressable market	$40B+ addressable market
PRINTING	• Revitalize consumer • Drive commercial	• Disrupt copier market • Accelerate graphics	• Lead 3D printing
PERSONAL SYSTEMS	• Lead commercial • Grow premium	• Drive commercial transformation	• Create new immersive categories
PROJECT SIMPLIFY	• Standardize and simplify processes across regions • Address business continuity risk • Reduce operational costs	• Develop modern foundational platform • Transform and standardize master data • Enable growth opportunities	• Enable future growth opportunities • Allow for timely visibility into business performance

Constantly adapting to challenges

Like any major transformational initiative, there have been challenges along the way. For us, they have predominantly centered around user readiness, operational impacts, data quality issues, upstream as well as downstream relationships, and lack of account engagement.

To solution, we have:

- Created and enhanced 100+ internal/external trainings

- Establishing an Enterprise Data Management team focused on master data quality

- Formed SWAT teams and brought in lean six sigma black belts to proactively identify and address exception and high change processes

- Increased collaboration and participation with account teams for two-way dialogue

- Accelerated data quality cleanup and reduced fall outs

- Broken organization boundaries to align on common metrics and accountability

What we learned

Accomplishments	Onboarded ~$19B in annualized revenue from accounts in AMS to a new ERP platform.	Deployed significant new capabilities to meet business objectives (e.g., LATAM trading structure and operational improvements)	Moved all transactions off the legacy Vista platform and HP's control posture is stronger with every release
Challenges	Users did not feel prepared to operate the platform in Release 1, particularly with regard to exception processes.	Insufficient engagement with upstream sales and downstream external partners, missing common metrics, alignment and accountability.	Customer experience and order fulfillment were impacted by significant data quality issues.
Key Takeaways	Significant improvement and collaboration on Release 2 user readiness across training, exception and priority change areas.	Increased engagement across organizations to ensure readiness including defining clear objectives, metrics, and accountability.	Comprehensive data quality program and governance established as well as system enhancements to improve performance

Conclusion

We first started the discussion on transforming our ERP environment following the massive separation of HP into two companies and acknowledging the fact that we were no longer the same company that we were before. Looking at our landscape, we had many different ERP systems and processes, and it was making us difficult to work with. Over the past few years we have been focused on transforming our critical business processes so it's easier for customers to do business with HP. This has given us the opportunity to move to better global processes and take advantage of new technology. As a result, we are ensuring a consistent and seamless experience, regardless of where customers are in the world and their business environment.

HP ships two PCs, one printer, and 13 ink cartridges every second. The ERP Transformation is at the center of ensuring the systems that we use to quote, sell, ship, deliver, and invoice these products are completely redefined to deliver better value to our customers.