

“Our IBM Cognos performance management solution helps us to drive alignment and integration, as well as the elimination of non-value-added activities in our company. The IBM Cognos initiative is a big part of our ongoing major business transformation project, the global implementation of integrated business management processes. These mutually supporting and reinforcing initiatives are helping us create a more effective, integrated, high-performance company.”

*Gabriel Bennet, Chief Financial Officer, Oriflame Cosmetics*

## Oriflame Cosmetics

Oriflame Cosmetics is one of the world's fastest-growing cosmetics companies, selling high-quality natural skincare and cosmetics products through an independent sales force outside the traditional retail environment. Oriflame Cosmetics has a presence in 59 countries and is one of the market leaders in over 30 countries. A direct sales force of 2.2 million independent sales consultants markets a complete range of high-quality skincare products, fragrances, and cosmetics.

## Challenges faced

A product catalogue represents the only shop-front and sales vehicle of the originally Swedish cosmetics supplier, Oriflame. This catalogue is distributed in the form of a printed sales brochure which can also be accessed online. In the majority of markets in which the group is active, the catalogue is updated every three to four weeks.

“Every year, we print around 100 million copies of the sales brochure, which is distributed in some 30 languages around the world,” explains Gabriel Bennet, Chief Financial Officer at Oriflame Cosmetics. “The brochure presents just a selection of our range, which totals almost 1000 products. Because 30 to 40 percent of those are updated every year, we are able to offer our customers a completely new range of cosmetics products every three years.”

In addition, prices and promotional offers of Oriflame Cosmetics' products are in some cases adjusted on a daily basis, in order to capitalise on new trends or opportunities in the market.

“We certainly haven't made it easy on ourselves. But despite the complexity of our business, we are now one of the fastest growing companies in the cosmetics industry,” says Bennett. Indeed, sales of Oriflame Cosmetics have grown an average 17 percent each year between 1990 and 2005. Today, Oriflame Cosmetics is not only incredibly strong in Central, Eastern, and Southern Europe, but is also experiencing rapid organic growth in Asia and Latin America.

### Industry:

- Consumer packaged goods

### Geography:

- Global

### Information needs:

- Create a single set of figures
- Ensure smooth financial consolidation
- Rationalise all planning through an integrated business management process
- Develop a single information flow for the organisation's entire value chain

### Platform:

- Oracle data warehouse

### Solutions:

- IBM Cognos 8 Controller
- IBM Cognos 8 BI
- IBM Cognos 8 Planning

### Benefits:

- A single set of figures producing the same bottom line
- An integrated financial plan, aligned with all local plans
- Higher forecasting accuracy
- Integrated business management
- Ability to adapt processes and strategies at short notice in response to market conditions

In order to keep this complex business on the right track and maintain its rapid rate of growth, the management of Oriflame Cosmetics was in need of a complete, integrated management platform. “In the first place, we needed to support our existing business processes and strategy,” says Bennett. “But we also felt that our new solution

should enable us to adapt those processes and strategies, where necessary, at very short notice. Moreover, our investment had to benefit business performances over the long term. That is why we decided to implement a total package for performance management.”

### Strategy followed

According to Gabriel Bennet, the implementation of such a performance management system was also an important criterion for the successful introduction of the concept of integrated business management. “That concept implies that you already have a single set of figures, or in other words, permit only one version of the truth with regard to your business performance,” Bennett explains. “By ensuring that all countries and departments within our group worked with the same correct, unambiguous data, we were hoping to boost both the quality and speed of our communication.”

For that reason, Oriflame Cosmetics had already invested in the construction of an Oracle data warehouse and in acquiring IBM Cognos financial consolidation software. “In this sense, we had already begun the first phase of our project, says Bennett. “To completely finalise that phase, all we had to do was further roll out IBM Cognos 8 Controller, throughout our organisation. That is how we were able to lay the foundations for an all-encompassing, completely integrated management platform.”

“When we were to go in search of a supplier who could offer us a total package for performance management, we were quick to return to IBM Cognos,” says Christian Jönsson, Group IT Director at Oriflame Cosmetics. “On closer inspection, the majority of the other suppliers appeared to offer only parts of the required solution. IBM Cognos was one of the few who could compile all the necessary elements for us in order to develop a complete performance management system—software for financial consolidation, analysis and reporting, and planning and forecasting.”

So Oriflame turned to IBM Cognos again for the second and third phases of its project, and in addition to IBM Cognos 8 Controller, decided to roll out IBM Cognos 8 BI and IBM Cognos 8 Planning as well.

“The real reason we decided to go with IBM Cognos was the rich pallet of functionalities afforded by the technology, along with its user-friendliness. The average user with basic knowledge of Excel and the internet can start using IBM Cognos 8 BI in just half an hour.”

### Benefits realised

Oriflame implemented IBM Cognos 8 Controller worldwide to allow better management of its financial performance, and enable every level of the group to

work with a single, identical set of figures. “With this deployment, we have actually achieved the complete standardisation and integration of all financial reporting within the group. Coming from an Excel-based, non-aligned environment, we now find ourselves working with one fully integrated financial management system. This is improving the quality of our data and the speed with which it is processed immensely,” explains Jönsson.

“As a result of that improved level of control, we are now able to adjust our business processes where necessary,” adds Gabriel Bennet. “And thanks to the implementation of IBM Cognos 8 BI, we can now also generate better analyses and reports, giving us a much keener insight into the performances of our marketing, sales, and distribution networks.”

Best of all, the implementation of the performance management system also lead to significant changes at the level of strategic management and the introduction of integrated business management in Oriflame. “We now conduct a monthly product management review, followed by a demand review and a supplier review to support and improve our sales and operations planning,” concludes Bennet. “Finally, a management business review reconciles all of these review processes, so that the information derived from them can be used at a more strategic management level.”

The next level of improvement for Oriflame is in planning and forecasting. Bennett says, “We expect to get the most benefits from the third and final phase of our project, which is designed to help improve our planning and forecasting. That is one of the most difficult processes in our business and yet one of the most important, and we’re deploying IBM Cognos 8 Planning to handle this phase.”

### About Cognos, an IBM company

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008\*. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

*\*As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.*