



TUMI

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Consumer products
Revenue	US\$350 million
Employees	750
Location	South Plainfield, New Jersey
Web Site	www.tumi.com
SAP® Solutions & Services	SAP® Business Suite family of business applications; SAP NetWeaver® platform
Implementation Partner	Answerthink

Tumi Inc. markets its leading brand of luxury travel, business, and lifestyle accessories throughout the globe. Its product line ranges from luggage, business cases, and handbags to wallets, writing instruments, and watches. Since 1975, Tumi has differentiated itself through a commitment to design excellence, product superiority, and technical innovation. Tumi brand goods are available at top department and specialty stores in more than 43 countries, 50 Tumi stores, and through the company's Web site.

Key Challenges

- Replace aging IT systems to expedite global manufacturing and supply chain management
- Provide clear window into financial, customer relationship management, and supply chain operations
- Enable real-time communication with global suppliers
- Improve forecasting by providing better financial data
- Streamline AR processes
- Reduce backlog and increase customer satisfaction

Why SAP Was Selected

- Only vendor with a comprehensive solution
- Built-in, extensive best practices
- Globally scalable application platform
- Trusted implementation partner with extensive expertise
- Ease of integration with SAP® and non-SAP systems
- Limited need for customization

Implementation Best Practices

- Executive leadership and strong governance
- Commitment to adopt SAP best practices
- Program alignment to critical business objectives
- Rapid collaborative decision making
- Focus on employee training

Low Total Cost of Ownership

- Single global instance of SAP software
- Rapid global deployment within 12 months
- Centralized management of global IT operations
- Rapid growth without comparable IT cost increase
- Minimal IT team supporting deployment (5 people)
- Less need for custom work with expanded functionality

Financial and Strategic Benefits

- Ability to respond to market conditions more flexibly and quickly
- Greater visibility of demand changes
- Ability to manage up to 50% variance in supply forecast
- Wider and more diverse customer base (e-commerce)
- Real-time analyses and reporting
- Ability to track individual customer purchases
- Increased availability of financial, supply chain, and customer data
- Higher fulfillment rates

Operational Benefits

Key Performance Indicator	Impact
Inventory levels	- 30%
Warehouse space requirements	- 38%
Month-end financial closing process	- 5 days
Days sales outstanding (DSO)	- 44%
Staff devoted to receivables and collection	-34%
Sourcing lead times	- 33%
Customer service, warehouse, and credit headcount	0% increase with >100% growth in sales

“The SAP implementation has been a great success. We can easily retrieve important financial, supply chain, and customer data whenever we need it. We can respond more quickly to our customer and supplier needs and are more competitive.”

Jim Walsh, Vice President of IT, Tumi Inc.

“In the last five years, Tumi has grown from a US\$100 million to a \$350 million company. It will eventually grow into a \$1 billion company, and no one is talking about what the impact on IT will be.”

Jim Walsh, Vice President of IT, Tumi Inc.

Tumi Improves Global Operations with SAP® Business Suite

Tumi Inc. distributes its luxury brand of travel, business, and lifestyle accessories through multiple channels around the globe. When seeking to replace its homegrown IT solution with one that could keep up with its plans for expansion, Tumi began a search for a quality, state-of-the-art software solution. The company needed a clear window into its financial, customer relationship management (CRM), and supply chain operations to improve forecasting, inventory control, and customer service. It also wanted to move into e-commerce, expand its sales, warehousing, and distribution operations globally, and improve its ability to manage importation of goods from overseas. Tumi selected the SAP® Business Suite family of business applications to reach its goals.

Seamless Implementation

Tumi implemented the SAP ERP and SAP CRM applications and the SAP NetWeaver® platform, including the SAP NetWeaver Business Intelligence component and the knowledge management functionality found in the SAP NetWeaver Portal component. The implementation was completed without a hitch, thanks to a cooperative team environment, Tumi's adherence to a carefully blueprinted and executed implementation plan, and the company's commitment to leverage best business practices – even if that meant changing its ways. A substantial amount of reengineering took place, including creating companywide standards, replacing disparate business processes, and streamlining a multitude of protocols.

Single View, Broad Perspective

With the SAP software, Tumi gained a single view across its supply chain and its retail and consumer customer relationships, enabling the company to improve planning, forecasting, and logistics; shorten product-to-market cycle time; and improve

gross margin performance. Tumi managers can now easily access and analyze information and share data globally. A desktop dashboard lets them conduct detailed and up-to-date profitability analyses based on real-time data.

Improved Access to Data – Improved Manufacturing

Currently running one instance of SAP ERP, Tumi manages its global manufacturing operations as if all the plants were in its backyard. Tumi is able to optimize its manufacturing operations by closely managing raw-material suppliers. It is also able to provide its manufacturers and retail customers with accurate information on stock levels and changes in the marketplace. This means, for example, that Tumi manufacturers can adjust manufacturing operations accordingly, enabling them to save time and money. Overall, Tumi has improved the accuracy of its warehouse management processes – enabling it to gain greater inventory control, significantly reducing stock levels and increasing inventory turns.

Closing the Loop for Customers

To improve customer service, Tumi has linked its retailers to its SAP CRM application, giving them instant access to information regarding pricing and product availability. The company also uses the CRM software to track individual consumer purchases. This helps Tumi follow market trends and respond to customers' changing needs.

Future Plans

With the SAP software as a base, Tumi is planning on enhancing its relationships with all its suppliers by launching a number of business-to-business strategies. Significant business expansion plans are in the works as well – supporting more diverse product lines and further geographical expansion. Thanks to standardized processes and a common IT platform, Tumi now has the capability – and flexibility – for continued growth and success.

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