

## Case Study: Royal Philips Electronics



### The Customer

With sales of €27 billion in 2007 Royal Philips Electronics is the market leader in medical diagnostic imaging and patient monitoring systems, energy efficient lighting solutions, as well as lifestyle solutions for personal wellbeing. It has headquarters in the Netherlands and offices located in 60 countries worldwide. With over 1,000,000 consumer products bought everyday, Philips is committed to partnering with industry pioneers to speed up the creation and adoption of technologies that make life easier, more enjoyable and more productive.

### The Challenge

Philips maintains its market leading position by maximizing the selling window, getting its products to market first and hence maximizing revenue. It also undertakes strategically aligned mergers and acquisitions. However, through innovation and growth, Philips acquired mass volumes of product data which over time came to place a heavy burden on its multiple operational systems (ERP). The data became incorrect, incomplete and non standardized.

In an effort to address the issue of poor product data, Philips compiled a master database which contained essential standardized product information, e.g. classification codes. However users did not refer to this database, nevertheless its multiple ERP systems contained duplicated and inconsistent product details. With a global supplier network of more than 16,000 vendors detailing 1,000,000 parts, the disarray in its product data, including

manufacturer code numbers, free form text descriptions and classification data, was giving rise to higher inventory costs and poor supply management.

### The Solution

As part of a cost reduction program to streamline the value chain, Dataactics was requested to match and cleanse its ERP systems. In addition, to ensure that the master database contained high quality product data at all times, Dataactics was requested to implement a quality control application to filter poor product data prior to entering the master database.

To successfully achieve these goals, Dataactics was deployed to process and manage Philips' high volume of product data.

**"Philips manages in excess of 1,000,000 pieces of supplier data e.g. manufacturer code numbers, text descriptions and classification data provided by over 16,000 vendors. Dataactics technology identifies, validates and matches product data with master source, ensuring no duplications and highest quality of product data. Ease of use and high performance have made my work life easier and Philips can secure its leader position by efficient spare parts data management."**

**Ray Knapen**  
Database Manager of Industrial Standardization  
Philips General Purchasing

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To cleanse the data held within its multi ERP systems, Dataactics parsed, standardized, validated and matched contents with the correct and standardized data contained in the master database. Consequently, over 30% duplications were removed along with other inconsistencies. Using Dataactics solutions, Philips acquired accurate, complete and uniform product data.

To prevent poor product data from entering the master database, Dataactics profiled, validated, and matched supplier data against the source data. An inherent characteristic of any database is that all records have a unique number. However within Philips' master repository the key identifier was the internal Philips 12NC article number and linked manufacturer part number, which is effectively a free text field and can take any format. Dataactics' powerful matching algorithms enabled Philips to validate and match millions of records quickly and to ensure with minimum effort that duplicates were not created due to variation in the input of the manufacturer's part number and that quality product data is accessible in real time. This proven methodology allowed non repetitive part product data to be added to the source database. Dataactics' scalability meant the solution was future proofed as it could adapt to the organization's rapidly growing product data.

## Applications:

Business Intelligence

Data Quality Management

Master Data Management

**Product Data Management**

Purchasing Data Consolidation

Regulatory Compliance

Secure Vetting

Single View of Customer

## The Benefits

Philips has a long and rich tradition of meaningful innovation. Today, advanced embedded technology is at the heart of its user focused healthcare and lifestyle products. For Philips, Dataactics maximized the effectiveness of its in-house ERP systems by loading them with a reliable, complete and timely source of product part data. As a result it enables Philips to exercise high performance spare parts data management. With accurate and standardized product data, the organization can monitor vendor performance and identify 'best fit' suppliers to add value to its business proposition.

In essence, an effective value chain has enabled the organization to work together as One Philips in a more structured and harmonized way, leading to quality improvements and costs reductions, while at the same time leveraging the value creation opportunities that come from acting as 'One Philips', namely to:

- Increase purchasing leverage
- Reduce direct material spend
- Rationalize supplier base through selection of 'Best Fit' suppliers
- Access high quality supply market intelligence
- Streamline the quote to cash process
- Enable users to make informed business decisions
- Lower inventory costs

Ray Knapen, Database Manager of Industrial Standardization within Philips General Purchasing stated "Philips manages in excess of 1,000,000 pieces of supplier data e.g. manufacturer code numbers, text descriptions and classification data provided by over 16,000 vendors. Dataactics technology identifies, validates and matches product data with master source, ensuring no duplications and highest quality of product data. Ease of use and high performance have made my work life easier and Philips can secure its leader position by efficient spare parts data management."

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