CUSTOMER SUCCESS STORY

ACH Food Companies (ACH)

EXECUTIVE SUMMARY

PRODUCTIVITY IMPROVEMENTS

- Less time spent managing voice-mails, emails, and fax for all employees (through unified messaging)
- Higher quality communications with improved customer service applications, unified messaging, wireless mobility and on-demand video conferencing.
- IT department's response time SLA for telephony-related trouble tickets reduced from 24 hours to 15 minutes
- Improved customer responsiveness, shorter time-to-resolution, and more effective agent training at three call centers

DIRECT COST SAVINGS

- Significant reduction in travel expenses to-and-from corporate headquarters for the sales team
- Elimination of $45,000 in external PBX maintenance fees at headquarters alone
- Elimination of $50,000 annually on inter-company calls to Mexico
- Elimination of $35,000 annually for audio conferencing facilities
- Significant reduction in the $100,000 per year the company currently spends on cell phone bills for its 85 regional salespeople
- Significant reduction in required travel expenses to-and-from the Mexico facility

Company Overview

ACH Food Companies (ACH), a subsidiary of Associated British Foods plc, is a leading provider of branded, foodservice, and proprietary brand edible oils and specialty grocery products in North America (including Mazola cooking oil, Argo corn starch, and Karo corn syrup). It has three main business divisions: Consumer, Commercial, and Industrial.

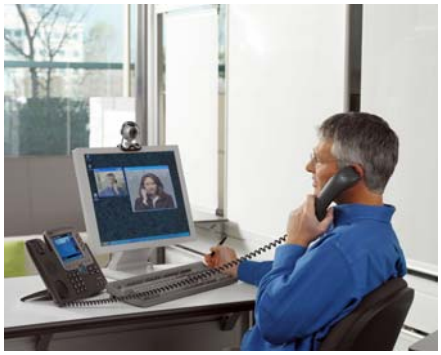
Business Challenge

ACH's existing voice communications system was an Avaya private branch exchange (PBX) solution at its corporate headquarters and a wide variety of different key telephone systems and PBX equipment at its other manufacturing plants, laboratories, and offices. The company realized little in the way of consolidation or cost savings in terms of maintenance, support, or overhead. Each company site and each telephony system operated on a stand-alone basis, with different resellers providing outside support and maintenance as needed. Furthermore, there was no integration of non-telecom networking or software applications into any part of the voice communications system. The company knew it needed to standardize and consolidate its communications systems on an enterprise-wide basis, especially since it was planning on further acquisitions in the coming years. In order to consolidate and streamline the network and management of its voice communications systems, it formed a board of management stakeholders who, in conjunction with the company's IT department, set out to evaluate its options and quickly determined that it wanted an IP-based communications solution.

The Solution

The company sent out a request for proposals (RFP) for the installation of an IP communications solution to 13 vendors and evaluated bids or conducted demonstrations with all vendors including Cisco Systems®, Avaya, and Nortel.

Although other vendors' products provided lower initial deployment costs, the ACH team calculated that, because it offered a pure IP communications system, the Cisco IP Communications solution would ultimately provide a lower overall total cost of ownership (TCO).



According to Christopher Kerstell, ACH's director of IT Infrastructure, the

longer-term financial benefits of a pure IP solution made for a more substantial return on investment (ROI). “My feeling was that we would lose some of the advantages and momentum that we would gain by deciding on a [pure IP] implementation if we remained hybrid. My research showed that, in comparing the existing hybrid system to a pure IP implementation, the IP system would provide the best cost benefits over the long term.”

ACH chose the Cisco IP Communications solution, and the first deployment went live on October 8, 2004. By May of 2005, the company had deployed the solution at four locations and has 425 IP phones active across the organization. At its corporate headquarters, approximately 300 employees now use IP phones, while some 100 employees at the company’s facility in Mexico are currently using IP communications, and its sales and marketing office in Oakbrook Terrace, Illinois migrated to IP communications in May 2005 with 25 users. In the near future, ACH plans to add another 250 IP phones at its largest plant locations in Argo, Illinois and Ankeny, Iowa. The company plans to extend IP communications to all remaining company locations in 2006.

ACH has also deployed the Cisco Unity™ Unified Messaging system, Cisco VT Advantage video telephony application, Cisco Conference Connection audio conferencing, and Cisco IPCC Express Edition for its contact center application. The end-goal is to have an enterprise-wide Cisco IP Communications deployment with all handsets at all locations being integrated into the centrally managed system.

Benefits

Only six months into the initial deployment, ACH has already realized numerous ROI benefits from its Cisco IP Communications solution. Some of the most tangible benefits include the streamlined operation and maintenance of communications infrastructure, improved sales force productivity, reduced time spent managing messages for all employees, higher levels of customer response, and improved collaboration with the Mexican facilities.

(1) Streamlined System Maintenance and Operation

Outsourced maintenance and operation fees to external telecom providers have been eliminated. At the corporate headquarter locations alone, these amounted to US$32,000 per year for the standard PBX maintenance contract, and an average of $15,000 in additional expenditures annually for moves, adds and changes (MACs).

The Cisco IP Communications deployment has enabled the IT department to commit to a 15-minute response time (from when an employee calls the help desk until the problem has been submitted and begun escalation) to any telephony system requests, as all requests can now be handled internally. Previously, response times ranged anywhere from 15 minutes to 24 hours because ACH’s IT department had to defer them all to the company’s external maintenance and support provider.

The company’s IT staff now functions as a single, coordinated organization, and IT staff travel between company locations has been significantly reduced as a result of the company’s ability to conduct bi-weekly video conference meetings using the Cisco VT Advantage. Today, the travel budget for the IT staff is “well below the norm for the rest of the company,” according to Donnie Steward, the company’s chief information officer. On-demand desktop video conferencing will allow all departments to similarly reduce travel expenses.

(2) Improved Sales Force Operations and Productivity

The company’s sales force has realized similar benefits as a result of the IP Communications deployment**.** ACH has 85 regional salespeople who work from remote small offices or home offices using company-provided cell phones for the bulk of their voice communications with headquarters and other sales executives. The year prior to deploying Cisco IP Communications, the company spent approximately $127,500 in wireless carrier expenses. Today, however, ACH is deploying a virtual private network (VPN) based on Cisco technology, including Cisco 7940 IP phones and the Cisco VT Advantage video telephony solution at all of its employees remote locations, which will greatly reduce the need to use company cell phones. Although the sales force will still use company cell phones while traveling to visit clients, now their PBX extensions will automatically forward incoming calls to their cell phones in these instances so that they are more accessible. The IT group anticipates that cell phone usage and the corresponding carrier costs will drop dramatically once this solution is fully deployed.

Another benefit of extending the Cisco IP Communications solution with Cisco VT Advantage to all remote sales offices is an increase in the frequency of virtual meetings among the sales staff and, consequently, less travel for sales meetings.

Finally, the deployment of Cisco VT Advantage Web cameras and software clients on the laptops of salespeople will enable them to establish a real-time video conference with laboratory scientists in order to address client questions about the company's products. According to Kerstell, "[A salesperson] may be with a buyer at Wal-Mart or at McDonald's, [and they'll be able] to make that connection from the customer's LAN back to our science lab to provide real-time interaction for questions that are coming from the client about, for example, the protein make-up or fat content of an oil product." This capability, according to Kerstell, will be an industry-leading sales capability in its field and should greatly shorten the sales cycle.

(3) Less Time Spent Managing Messages (Cisco Unity)
One of the most successful features of the entire Cisco IP Communications deployment to date has been the unified messaging enabled by Cisco Unity, according to Kerstell, who says user feedback indicates that "Unified messaging is, perhaps, the most successful feature of the Cisco IP Communications system." Users can now check and manage voice mails and incoming faxes through their email inboxes, and Kerstell personally estimates that it saves him as much as 20 minutes per day in managing voice mails and e-mails. In a typical day, he will receive an average of 100 actionable emails and roughly 10 voice-mails. "That's very significant, in my opinion," he says.

The text-to-speech conversion capabilities of Cisco Unity have proved particularly useful to help traveling employees manage their communications more quickly and effectively. The ability to check e-mail over the phone "has become not only a requirement, but also an expected part of interacting with voicemails," he says. ACH employees can also listen to downloaded voice messages offline, saving the company more in telephony costs and providing more communications flexibility.

An additional productivity benefit for ACH has been the software-based auto-attendant application included in the Cisco Unity solution. Although it had auto-attendant capabilities with its previous PBX system, the software-based Cisco IP Communications system allows its front desk to handle a greater volume of calls more effectively and enables administrators to quickly build new audio-text applications. When auto-attendant menus changed, the company was dependent on a third party for updates, which increased cost, complexity and lead time. The Cisco Unity auto attendant feature is integrated with the company's corporate directory and runs on a platform with an intuitive Web-based administration console that ACH's support staff find easy to manage and administer.

(4) Higher Levels of Customer Satisfaction in the Call Centers (Cisco IPCC Express Edition)
Another major area of return on investment from the IP Communications deployment will be in ACH's three call centers. The company has two external call centers for commercial and consumer products as well as an internal IT solution center for employees. The company chose Cisco IP Contact Center Express Edition (IPCC Express) to improve internal and external customer service and responsiveness and gain greater visibility into the performance of its contact centers. There are currently 30 call center agents and three call center managers using Cisco IPCC Express.

When employees call the internal IT help desk, Cisco IPCC Express enables solution center agents that answer the calls to access the company's database to determine the customer's trouble ticket history. It can also allow the customer to interact directly with the database through Interactive Voice Response (IVR). The net result is a much higher level of customer interaction, according to Kerstell.

For the commercial and consumer products contact centers, ACH is integrating Cisco IPCC Express with its existing PeopleSoft EnterpriseOne customer relationship management (CRM) database so that the system can recognize incoming numbers and automatically pull up customer records and payment histories. Cisco IPCC Express is also enabling a much more granular level of visibility into the operations and performance of its call centers. According to Kerstell, "We'll be developing metrics that help us measure our customer service and responsiveness. In the past, that was largely based on customer feedback or perception. [With Cisco IPCC Express,] we'll be able to drill into specific reports and measurements."

Additionally, ACH has equipped 20 of its call center stations with the Cisco 7920 Wi-Fi capable phones. "In the past, when these employees had to leave the area, they unplugged their headsets," Kerstell explains. "Someone else would have to cover the calls that came in to that particular extension, or those calls went into a queue, which caused delayed customer-service response. Today, employees can simply answer the phone wherever they are in the building."

ACH's customer service levels are already outstanding, with an average time to respond of 15 seconds, first agent resolution incidence of 70 percent, and satisfaction ratings of 95 percent from customer feedback

surveys. The deployment of Cisco IPCC Express, however, will allow customers to get connected to agents more quickly in addition to improving the internal training and quality-control process of its call center agents.

(5) Improved Collaboration with International Facilities
ACH has realized significant carrier savings and improved IT staff productivity by incorporating its Mexican facilities into its Cisco IP Communications system over the company WAN. The company acquired Unilever's holdings in Mexico in March 2004, and brought these locations online with its Cisco IP Communications system in January 2005. Kerstell anticipates annual savings from inter-company, international long distance calling of approximately $50,000 per year. All phones in the Mexico facilities are now reachable via four-digit extension dialing from all US company locations that have IP phones.

Conclusion
The Cisco IP communications solution and the productivity enhancements it has afforded have quickly become necessities of doing business for ACH. For company's management, the recurring cost savings from toll bypass, company-wide instant conferencing, lower cell phone charges, reduced travel, and lower maintenance fees are substantial. The consensus from both management and employees, however, is that the greatest benefits from the Cisco IP Communications system are convenience and productivity for all employees using the system. As Donnie Steward, the CIO of the company, says: "I don't think people care as much about the savings as they do the convenience and really making everybody feel a part of the corporate office." The deployment has changed the way ACH does business, and it will continue to integrate its expanding Cisco IP Communications deployment with new productivity applications and new business processes.

For more information
www.cisco.com/go/ipc
www.cisco.com/go/voice

This interview for this story was conducted and documented by Sage Research, and sponsored by Cisco Systems.

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