

Turkish Conglomerate Targets International Markets and High Growth Using an Evolving Web Foundation

Executive Summary

CUSTOMER NAME
Eczacibasi Group, Turkey

INDUSTRY
Manufacturing

BUSINESS CHALLENGES

- Ambitious growth targets embracing disparate business sectors
- Need for improved collaboration and better information sharing
- International expansion built on common infrastructure and shared applications

SOLUTIONS

- Total Web foundation concept supported by best-practice models
- Strong governance enabling progressive development of new methods
- Portal development projects with multiple functionality

BUSINESS RESULTS

- Improved operational efficiency, cost savings, and projected ROI by more than 50 percent
- Increased customer and staff satisfaction
- Online collaboration to share business innovations among companies

With a spread of interests ranging from pharmaceuticals to bathroom fittings and ambitions for a period of rapid global expansion, Turkey's Eczacibasi Group has aligned its business and IT strategies to make the best possible use of technology in fulfilling its business aims.

Business Challenges

Founded in 1942, [Eczacibasi Group](#) has grown to become a major Turkish industrial conglomerate comprising 37 companies and employing more than 8,500 people. Its core sectors are pharmaceuticals, building materials, and consumer products—which together account for some 80 percent of sales—along with significant interests in finance, IT, and welding technology.

A major player in the Turkish home market, Eczacibasi also sees international partnerships as a major element in its growth strategy. It has nine international joint ventures and almost 50 cooperation agreements with leading international companies in all its core businesses, serving export markets across Europe, the Middle East and Far East, and the United States. In 2005, sales were up 15 percent to US\$2.55 billion.

By 2004 Eczacibasi was seeking rapid growth, reduced costs, improved productivity, and accelerated international expansion. It decided to launch a groupwide e-transformation program to sharpen its competitive edge. The initial aim was to align business and IT strategies, achieving greater business agility and making optimum use of technology.

In pursuit of greater efficiency and standardization, Eczacibasi wished to establish joint infrastructures and shared resources across its divisions, while quickly developing new staff skills and common methodologies. In the light of ambitious international growth targets, it also required solutions that would scale easily.



Cisco Internet Business Solutions Group (IBSG)

Solutions

Working closely with his new CIO, Levent Kiziltan, Dr. Erdal Karamercan, Eczacibasi CEO, directed the company's e-transformation project. Kiziltan had recently undertaken a similar project for another Turkish company and was keenly aware of the potential benefits. The Cisco® [Internet Business Solutions Group \(IBSG\)](#) had supported Kiziltan in his previous role and Cisco quickly became a trusted adviser to Eczacibasi.

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Dr. Erdal Karamercan
CEO
Eczacibasi Group

There was a clear digital divide among the diverse Eczacibasi businesses, with a wide range of applications in use—there was a lack of standardized communication and collaboration tools at the disposal of staff in different areas, and a lack of coordination in IT spending led to further inefficiencies. Another challenge was the need to share information more effectively.

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Eczacibasi already had a fairly well-developed IT architecture, with a groupwide WAN, LANs in individual companies, and common enterprise resource planning software implemented across many of the larger businesses. Further development was needed for operational efficiency and cost savings—including renovations to the data center and hosting services, upgrades to WAN and security operations, and building a disaster recovery center. Yet the Eczacibasi vision of a total e-transformation also required powerful, conceptual tools to create a complete Web foundation for its business.

The Eczacibasi engagement with IBSG began in September 2004. To set the e-transformation process in motion, a series of workshops was held to brief the management teams on how to use the Internet to enhance business processes. In the early stages, Eczacibasi used the [Cisco](#) “service portfolio management” concept and best-practice models at the senior level, backed by clear projections of ROI, to formulate its own e-transformation framework.

Once this was in place, the next essential step was to create a governance system that would enable e-transformation to proceed smoothly. Eczacibasi implemented a two-tier structure. An e-transformation team of four Group executives was set up, reporting to the CEO. A steering committee—consisting of the CEO, CIO, and the heads of each business division—began to meet monthly to keep its members informed on joint projects and provide brief summaries on work being undertaken by individual companies.

Net Readiness surveys were carried out and the results were presented to each company to raise awareness. The surveys were followed up by workshops with individual companies, focused in all cases on three key questions: What makes

your business difficult to deal with for customers? What makes your business difficult to deal with for employees? What makes your business difficult to deal with for suppliers? The results were evaluated and used to formulate individual Web foundation roadmaps.

To provide early proof of the many future benefits of the new Web foundation and encourage staff usage, Eczacibasi established a group intranet portal as soon as it had determined the top priorities for information sharing across member companies. This became a common platform for establishing company portals under each division.

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Levent Kiziltan
CIO
Eczacibasi Group

The portal provides collaborative tools and employee self-service functions. IBSG offered advice and best practices to develop the portal applications at the design stage. At the same time, Eczacibasi began to develop new external Internet channels for improved information exchange with suppliers and customers.

“The group is expanding geographically both in Turkey and abroad,” says Kiziltan, “and the opportunities for collaboration provided by the portal are useful in this respect. The project strongly supports the workplace transformation strategy, since every employee finds some useful function in the portal. It is used to create a dynamic workplace that enhances workforce effectiveness and productivity.”

The next step in a demanding program was to decide the sequence for implementing individual company roadmaps. Given the diversity of the Group’s interests, a phased approach was necessary, monitoring each stage closely and using feedback to adjust and refine the next. The process, still ongoing, will be completed in three waves.

Each member company now has its own e-business steering committee operating at general manager level. These committees receive quarterly reports from the e-transformation team, thus maintaining a common focus across the business, while they report once a year to the CEO on progress within their individual companies.

Business Results

Eczacibasi is well advanced in fulfilling its early e-transformation objectives. The first wave of individual company projects embraced five companies in the building materials and consumer products divisions, along with the Eczacibasi Group corporate center. All were identified as above-average IT users with good technology deployment. The next wave of projects covered a more diverse group of eight companies—ranging from hospital and supply industries to welding technology, industrial raw materials, and finance. Companies in the pharmaceutical division are due to begin the process early this year.

E-transformation is already yielding results from the first wave, chosen for its high-growth potential. Eczacibasi Group is now pursuing its most ambitious investment program of the last two decades, with the building materials division strengthening its international presence and sales (in 2005, it relocated and increased tile production in Ireland, acquired a company in Germany, and is now expanding its flagship Vitra product line into a global brand).

Standardized business processes, data, and IT systems support the value chain, while Eczacibasi is able to use the same business-to-business portal in different languages for order management and after-sales service. Business information is consolidated and reporting cycles have been reduced, enabling timely analysis of data. “We see our e-transformation program as a catalyst for saving time and money when expanding into new markets because it ensures we have the right tools with standard business applications, IT services, and communications,” says Dr. Karamercan.

Eczacibasi hopes to also spread this catalytic effect beyond its own companies, as e-transformation embraces suppliers and distributors in a process known as “hyperintegration.” In emerging markets, it creates a feedback loop that can, in turn, accelerate the transformation of small and medium-size Eczacibasi businesses, as well as speeding up wider, national adoption of Web-based methods across entire markets.

Specific e-initiatives are also strengthening the drive for new markets through customer-centric projects to improve service and customer satisfaction. These include a partners’ club, a customer care project for A-Class customers, a Web-based application for after-sales service to track and resolve complaints, and the use of PDAs with bar-code scanning to check product IDs and availability.

Eczacibasi has been equally swift to capitalize on the potential of the Internet to improve staff recruitment, retention, and training, while increasing employee satisfaction. Online applications help reduce or eliminate time-consuming administrative tasks and inconsistent processes across business units and geographical locations. The Eczacibasi portal already offers self-service functions such as a company directory, e-purchasing, quotations for internal sales of company cars, team rooms, and human resources (HR) functions such as training courses.

Vitra launched an e-learning initiative in 2005, allowing employees to take courses any time, anywhere, at their own pace and with multimedia facilities to enhance the appeal. Language and software training are now offered, and the learning management system has been integrated with HR programs. The company has been able to add Internet Protocol Television (IPTV) to its armory of internal corporate communications, which is thought to be the first implementation of its kind in Turkey.

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Another benefit has been the ability to use IT as an enabler for innovation, setting the framework for online collaboration and supporting the transformation of business models. It is supplemented by the e-transformation governance system, which invites champions of e-transformation from each company to present their ideas at a Group session led by the CEO, thus channeling innovation by an individual company into Eczacibasi as a whole.

Eczacibasi anticipates ROI of 50 percent on most of the projects launched to date, with much higher returns as the business transforms itself progressively. Related technological development, using a Multiprotocol Label Switching network upgrade, has led to 20 percent saving on telecommunications costs.

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps Global Fortune 500 companies and public organizations transform the way they do business—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that improve customer experience and revenue growth.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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