



## RETAILER STREAMLINES HR DELIVERY AND CUTS COSTS

### COLES GROUP LIMITED

/// CASE STUDY



Multiple systems and databases challenged payroll and HR administration services at Coles Group Ltd. EDS, an HP company, successfully restructured the service in the largest business process outsourcing program of its kind in Australia.

#### CLIENT PROFILE

[www.coles.com.au](http://www.coles.com.au)

Coles Group Limited is one of Australia's largest retailers with stores throughout Australia and New Zealand that include food, liquor, department stores, electrical goods, office stationery, petrol and auto. The group consists of various high-profile retail brands, including Coles, BI-LO, 1st Choice Liquor, Liquorland, Kmart, Officeworks and Target.

**Industry:**

Consumer Industries & Retail

**Founded:** 1914

**Headquarters:** Melbourne, Australia

**Sites:** 2,900

**Employees:** More than 165,000

**Business Need Addressed:**

Productivity

#### Retailer wanted to streamline payroll and HR services

With more than 165,000 employees working at 2,900 sites across Australia, the Coles Group is one of Australia's biggest retailers. However, the scale of the business brought challenges. Managing payroll and HR services had become increasingly cumbersome and complex.

Coles had expanded through acquisition and operated four different payroll systems, including more than 10 implementations and multiple databases. This meant numerous interfaces with legacy computer systems and paper-based processing in some states. The disparate, aging technology infrastructure made it increasingly difficult for Coles to generate an accurate, up-to-date analysis of its work force and operating costs. What's more, fractured reporting, as well as the quality and currency of information failed to meet business objectives.

The Coles Group realized change was critical. While the existing technologies and systems were an impediment, the business needed to identify key goals and objectives for a business solution, and decide what could be retained, discarded or outsourced.

#### EDS implemented Australia's largest SAP payroll rollout

EDS Australia demonstrated to the Coles Group that complete business process outsourcing (BPO) of its payroll and associated HR administration services would be the most cost-effective and productive solution. The proposal involved building an HR platform and merging existing technologies into one SAP payroll system for processing of all employee data.

Already running one of the largest SAP sites in Australia, EDS was chosen because it possessed the proven capability to manage Australian labour rules, which are among the most complex in the world.

*“Outsourcing our payroll services has resulted in significant cost savings and allowed Coles Group to focus on its core retailing activities.”*

**Glenda Ralph**  
General Manager  
HR Business Support  
Coles Group Limited

Before embarking on the transformation, EDS worked closely with the Coles Group to map out its strategic goals. The principal objectives of the outsourcing and technology overhaul were to reduce duplication and costs, simplify business administration, provide a single data source and improve the quality and timeliness of information. The company also wanted to integrate a high degree of self-service functionality for both employees and managers. But above all else, it was vital that the Coles Group gain a single view of its organisation - which comprised about 15 separate businesses - to support future business decision-making.

The broad outsourcing and technology transformation encompassed infrastructure hosting of both hardware and communications, business continuity planning, call centre, payroll processing, and the redesign and standardisation of all systems. The geographic scope was extensive - including regional, national and global initiatives - and the electronic services provided by EDS involved virtually all payroll and HR administrative requirements. These included:

- Benefits administration
- Full payroll management
- Relocation and assignment services
- Expense reimbursements
- Absence management
- Compensation management
- Recruitment and staffing
- Work force development, analysis and management
- Business intelligence

The complex implementation involved restructuring multiple business processes to support an extremely disparate employee environment that included large numbers of full-time, part-time and casual employees, as well as contractors. By focusing on business outcomes - as opposed to process inputs - EDS was able to configure the system in accordance with various business rules. This included more than 40 different federal and state pay awards and agreements.

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## **BEST-IN-CLASS HARDWARE AND SOFTWARE**

The SAP payroll system runs on Sun Microsystems-Unix hardware hosted at the EDS Burwood Data Centre in Sydney, ERP infrastructure technologies and SAP software. The Melbourne BPO Human Resources Processing Centre works with SAP and Sun. The centre is supported by EDS-leveraged capabilities and infrastructure: help desk and CRM from the Adelaide Contact Centre, application support from New Zealand and Melbourne, and infrastructure monitoring support from Sydney and Malaysia.

## **QUALITY FOCUS AT THE EDS HR PROCESSING CENTRE**

Payroll and HR administration services for the Coles Group are managed at the EDS BPO Human Resources Processing Centre in Melbourne, which currently provides support for clients throughout Australia, New Zealand, Malaysia, Hong Kong and Singapore. The centre processes 31 million payroll transactions every year, distributing more than AUD\$2.4 billion to employees and third parties. Workforce planning at the centre is achieved using Active Operation Management processes and software, while quality management is supported using the Lean Six Sigma framework.

At all stages, EDS worked in close collaboration with the Coles Group. When the SAP rollout began in late 2005, it was the largest and most complex ever undertaken in Australia.

The solution is now managed at several EDS sites - the BPO Human Resources Processing Centre in Melbourne, Data Processing Centre in Sydney, Call Centre in Adelaide and application and maintenance support from New Zealand.

To meet the business demands of the Coles Group, EDS set forth on an aggressive rollout schedule and modified the time line to ensure timely delivery.

## Transformation improved payroll visibility and administration

Today, a single SAP payroll system processes all aspects of employee data, resulting in fewer IT interfaces and lower costs. For the first time, the Coles Group has a single view of its entire work force and a more accurate understanding of payroll and HR administration costs. This enhanced visibility enables the company to be more responsive to HR issues.

In the payroll division, the solution slashed the number of pay cycles per month from 45 to three. In addition, electronic form submission and document storage significantly reduced time-consuming paper processes.

Having a single, centralised SAP system ensures fewer redundancies and enables greater enterprisewide automation. The solution also enables a wide range of self-service capabilities for employees and managers. For instance, managers can now generate queries both quickly and accurately. Plus, they receive operational reports electronically on the same day that employees are paid instead of having to wait up to a week for a hard copy.

EDS also introduced disaster recovery and embedded continuous improvement strategies into the BPO delivery. A higher level of system integrity helped cut downtime and improve overall efficiency. The EDS-managed call centre also demonstrated a credible success rate of 90 percent of queries resolved on the first call.

Cost savings was a key motivator for the partnership, and the Coles Group achieved this goal throughout the company's payroll and associated HR division. In addition to the removal of substantial administrative overhead costs, the overall cost of each payroll transaction has been reduced. Future costs to the company have also been lowered with the Coles Group now responsible only for software licences. The responsibility for infrastructure maintenance and refresh, as well as any software upgrades, belongs to EDS.

*"In the past, we ran multiple payroll programs, many of which needed upgrading at substantial cost. By outsourcing to EDS, the Coles Group has been able to eliminate duplication of services and benefit using the latest payroll technologies."*

**Terry Court**  
IT Delivery Manager  
Coles Group Limited

*"EDS brought strength of leadership, outstanding technical and project management knowledge, as well as a genuine desire to achieve a win-win outcome for both our organisations."*

**Ian Clubb**  
Group General Manager  
Human Resources  
Coles Group Limited

## PAYROLL SOLUTION RESULTS IN HIGHEST SAP CERTIFICATION

SAP recognised the complexity of the Coles Group payroll undertaking by awarding EDS two levels of certification in Asia Pacific for BPO and Provider Competency Centre (PCC). Such certification is rarely awarded and only after rigorous assessment.

EDS had to prove to SAP that its solutions were repeatable and would result in cost savings for clients. The functionality of the EDS help desk, and the integrity of the infrastructure and data centre also came under close scrutiny during the assessment. The certification confirmed EDS' SAP hosting and outsourcing capabilities in the realm of processing services for large volumes of employees.

## Services featured

- Applications Management Services - Enterprise
- Enterprise Application Hosting Services
- Enterprise Application Implementation Services
- HR Outsourcing Solution Services
- Payroll Services

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## About EDS

EDS, an HP company, is a leading global technology services provider, delivering business solutions to its customers. EDS founded the information technology outsourcing industry more than 46 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to customers in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries, and to governments around the world.



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