



### Business challenge

Safaricom sells phones, contracts and airtime through a vast network of dealers. How could Safaricom improve its dealer service to increase loyalty and revenues?

### Transformation

Rapid growth placed Safaricom's manual business processes under strain and risked fraying dealer relationships. To nurture customer loyalty with better service delivery, the company engaged IBM® Global Business Services® to implement an integrated suite of Oracle applications—driving efficient process automation and boosting customer satisfaction.

### Business benefits:

**200%**  
acceleration of payment processing times, moving from days to minutes

**Enables**  
optimum utilization of space and resources with greater inventory visibility

**<1 hour**  
to complete Interbank Funds Transfers

# Safaricom

## Successfully connects customers, employees, suppliers and processes to fuel revenue growth

Safaricom, part of the Vodafone Group, provides mobile voice, data and payment services to more than 23 million customers in Kenya. The company is growing at around 11 percent annually, and sells through 270,000 retailers, 450 dealerships, and a network of 81,000 M-PESA mobile payments agents. Employing around 4,000 people, Safaricom generates annual revenues of approximately KES144 billion (USD1.6 billion).

*“IBM provided excellent support during the transition to Oracle solutions, and brought in many resources to make the project a success.”*

Thibaud Rerolle  
Chief Technology Officer  
Safaricom

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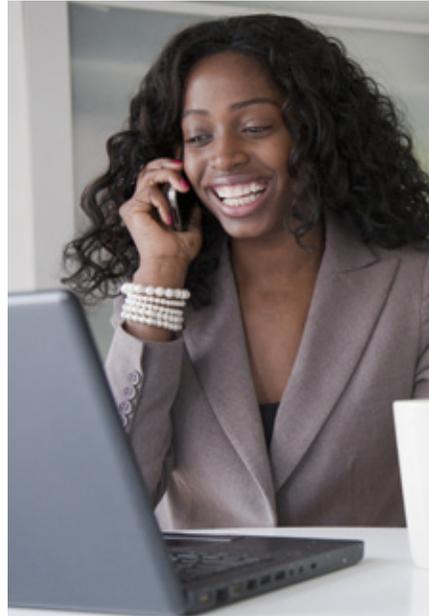


## Removing barriers to growth

Safaricom sells phones, contracts, airtime and services through dealers, so growing the dealer network is paramount to its commercial success. However, if dealers do not get the levels of service they want, they will move their trade elsewhere. With around two million new customers at stake each year, Safaricom knows that its continued growth depends on its ability to provide efficient, high-quality service to dealers.

For around ten years, Safaricom had been using [Oracle E-Business Suite R11i](#) for business processes across finance, supply chain management and human capital management. The company was using many of its business functions, with manual links and reconciliation processes. However, Safaricom recognized that this method of working could no longer support the needs of its rapidly expanding business, which required the re-engineering of business processes.

John Tombleson, Former Chief Financial Officer at Safaricom, recalls: “In the past, payments from dealers for products and services such as airtime and warehouse operations could not be completed automatically, since data had to be manually manipulated and transferred between several systems. This caused delays to completing the bank transactions and reconciling the stock positions.



“Not only did this offer poor service to dealers—there was also potential for error and occasionally fraud, affecting dealer and customer relationships and ultimately threatening to impede Safaricom’s growth.”

Safaricom set out to introduce automation to speed up operations, reduce manual work, improve business controls, and enhance the quality of its information on finance and other critical parts of the business.

*“We have started using Oracle GRC and can see good benefits, enabling us to detect a number of issues.”*

[David Nyamai, Head of Business Analytics & Financial Systems, Safaricom](#)

*“Whenever any potential hurdles appeared, IBM were quick to escalate to ensure we hit the tight deadlines we demanded.”*

[Thibaud Rerolle, Chief Technology Officer, Safaricom](#)

## Committing to and reaching stretch goals

Having already invested in comprehensive Oracle technology and applications, Safaricom issued an RFP to help design the company’s future strategy, and selected [IBM Global Business Services](#) for this critical piece of work.

David Nyamai, Head of Business Analytics & Financial Systems at Safaricom, adds: “IBM demonstrated the ability to define requirements in clear, crisp language, and to make it easy for an implementation team to pick up the project and deploy the solution effectively.

“We were looking for high-level analysis and scope, and IBM Global Business Services additionally brought thought leadership to help us achieve our objectives.”

John Tombleson comments: “IBM offered leading consultancy capabilities and gave us confidence in their ability to communicate clearly with our people—and that if we had a problem, IBM would come to the rescue.

“If we cannot sell airtime, our revenue comes to a halt, and IBM understood the importance of the project and the need to get it right.”

The three-month requirements analysis and definition concluded that migration to Oracle E-Business Suite R12 offered the best route, and that the new functionality would enable significant automation and integration of business processes.

Safaricom ran a second RFP for the solution deployment, and determined that IBM was the natural fit.

David Nyamai comments: “Safaricom and IBM engaged at senior executive level, and committed to a 1st September deadline to coincide with our half-year reporting; if we missed the timing even by a day we would, in effect, lose six months. We developed a structure that gave clear visibility, responsibility and accountability, and IBM was ready to work hard and provide resources when necessary to hit that deadline.

“IBM offered in-depth resources capable of meeting these highly ambitious timescales. The first phase covered migrating all existing functionality to Oracle E-Business Suite R12, including historical data.

“This would then be followed by extension into new business areas to complete the integration of formerly separate systems.”

The migration was designed to enable Safaricom and the dealer network to switch to the new applications without noticing the change. The team migrated around 500 million records held in 38,000 fields from 32 applications. Ensuring a clear, single cutover to the new single, updated instance enabled Safaricom to avoid the costs of running two systems side-by-side.

## Extending solutions to the dealer network

Once Phase One was complete, Safaricom looked to take advantage of new functionality to automate key processes, including payments processing, stock management, governance and human resources. The aims were to improve operational efficiencies, enhance service delivery and greatly improve management reporting.

Safaricom and IBM chose to re-implement the existing Oracle environment to provide a clean start, and extend it with the new applications. The re-implementation was completed within ten months, totaling 33 components rolled out across finance, supply chain management and human resources.

The first rollout program included dealer orders, requisitions, purchase orders, supplier invoices, postpaid bill payments and taxi vouchers.



The second program covered administration issues including salary advances, expense claims and leave management.

The final rollout covered time cards, payroll, pay slips, and property management.

*“Working with IBM brought clarity, confidence and on-time delivery, and Safaricom is delighted with the result.”*

John Tombleson, Former Chief Financial Officer, Safaricom

## Payment reconciliation cut from days to minutes

One of the key improvements targeted was an improvement in the M-PESA mobile payments system.

David Nyamai remarks: “Millions of customers and dealers prefer to pay using the M-PESA mobile payments system; in some cases, customers might want to pay with a mix of cash, credit, M-PESA and loyalty points. In the past, we struggled to reconcile this kind of payment mix, and dealers found it frustrating that customers willing to buy could find the process difficult or even impossible.

“IBM migrated complex existing integrations from Oracle E-Business Suite R11i, some of which connect to third party banking applications using Tibco and provide an interface to the Oracle ERP processes.

“Even the most complex payment processes can be completed quickly, accurately and automatically.

“For example, if a customer uses M-PESA to pay, the transactions are captured to the ERP solution and converted to cash. IBM also deployed [Oracle Fusion Middleware](#) to handle dealer sales and retail sales online.”

He continues: “Banking payments that previously took one to two days are now completed between one and 15 minutes depending on the bank. By making the process simple, reliable and risk free, we have made dealers happier and able to transact more efficiently, helping Safaricom grow its business.

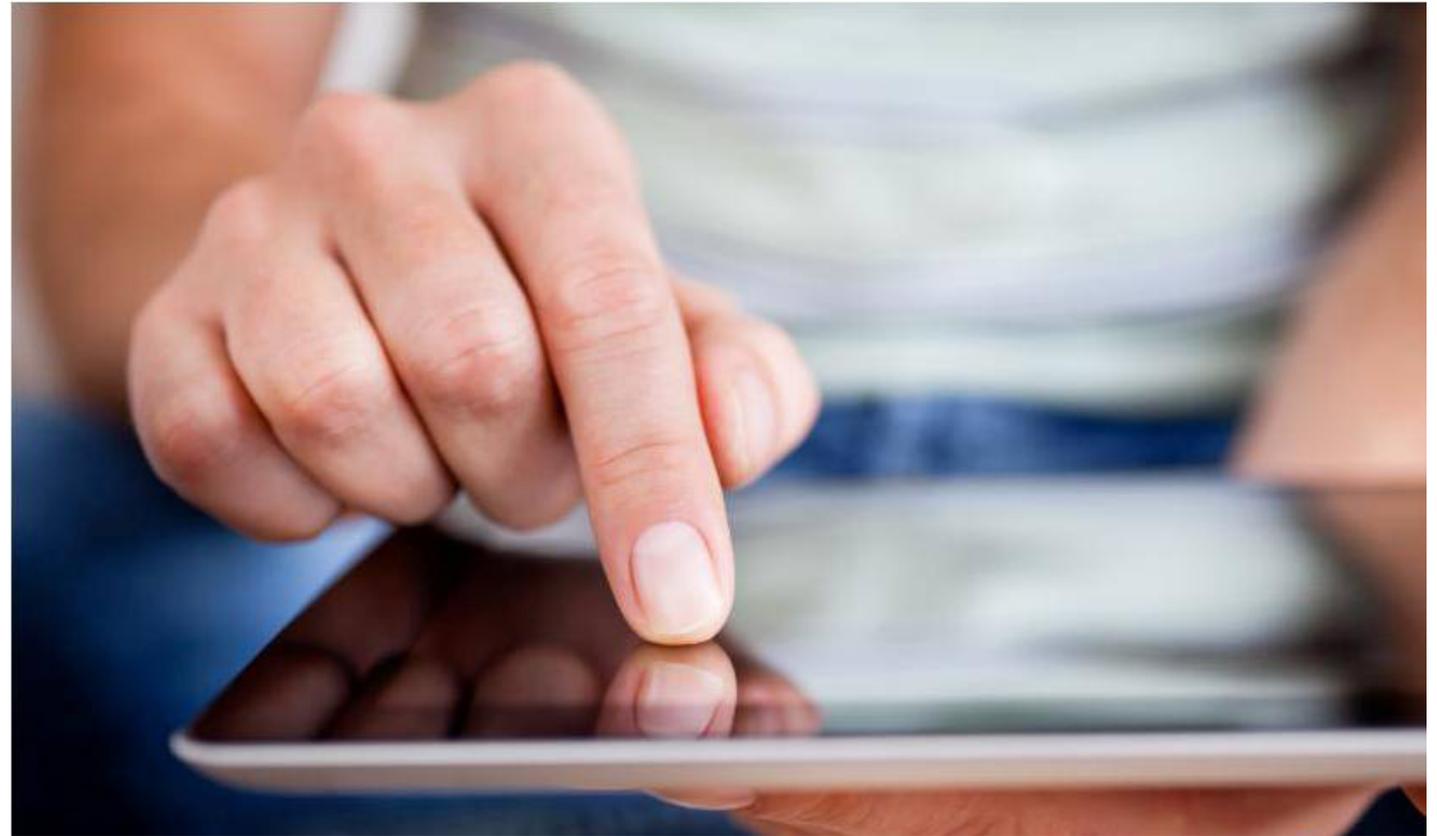
“This complex integration with the banks had been created on Oracle E-Business Suite R11i and was successfully migrated to Oracle E-Business Suite R12.”

## Unlocking major efficiency gains

Francis Murabula, Head of Supply Chain Management at Safaricom, states: “The project enabled us to consolidate the end-to-end supply chain processes, from sourcing to contract management to distribution, onto one platform.

“This created a high level of transparency and operational efficiency whilst eliminating costly manual processes and saving time.”

With ongoing assistance from IBM, Safaricom continues to roll out new functionality, always with automation and process integration in mind.



David Nyamai adds: “Dealers usually place their orders online, directly into the ERP solution. In the past, the order produced a paper slip for physical pick, pack and ship, which was then used to update the warehouse solution; at the end of the process, we printed shipping documents.

“By using Oracle ERP inventory and order management modules, Safaricom has eliminated the manual process steps, connecting orders, logistics and payment and electronically sending picking and shipping documents.

“We estimate that this has cut order process times, and given us much greater visibility into the current stock position.”

He continues: “Another key advantage of integrated Oracle ERP is that we have far deeper insight into key areas of our business through improved master data management. For example, in the past the same product appeared under a different Stocking Keeping Unit – a product identification code that enables an item to be tracked for inventory—depending on which system you were using, making it difficult to track or move stock and understand the underlying finances.

“This led to mistakes such as overstocking. Migrating to the improved master data management process within Oracle Inventory, has enabled us to significantly reduce overstocking between devices held for loyalty and sales, generating cost savings.”

Safaricom has implemented [Oracle Governance, Risk and Compliance \(GRC\)](#) solutions to embed process controls into the business, helping to prevent fraud by automating audit reports.

David Nyamai comments, “We have started using Oracle GRC and can see good benefits, enabling us to detect a number of issues. Right now, from a reporting point of view, these insights help us to monitor activities across the business in a way not possible before.

“A related concern has been around identity management. With about 4,000 employees, all of whom have access to the ERP solutions, it is important to know that when employees leave the company we manage their exit. Working with IBM, we have rolled out [Oracle Identity Manager \(IDM\)](#) to help us make sure we keep account of every employee, what they are doing on our system, and that we have adequate control.”

Single sign-on has been achieved through IDM and [Oracle Access Management](#), delighting end-users as they no longer need to remember different passwords for different applications.

Onboarding processes have become more efficient, and turnaround times to grant application access were reduced from weeks to hours.

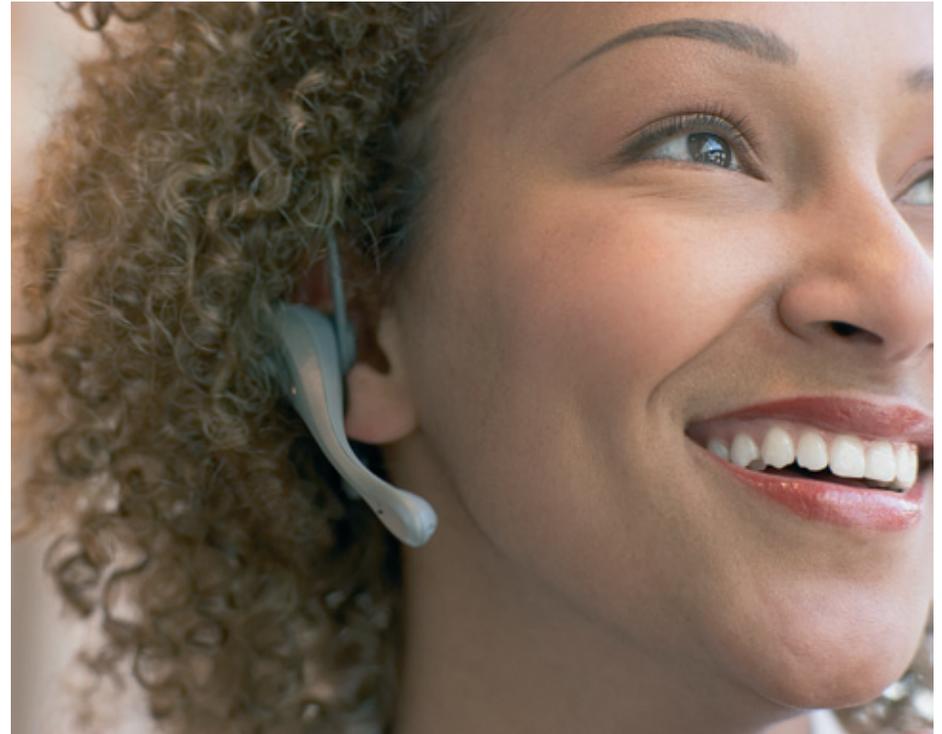
IBM Global Business Services assisted Safaricom with the implementation and development of the [Oracle Business Intelligence Enterprise Edition \(OBIEE\)](#) platform for ERP.

David Nyamai confirms: “OBIEE has been our main data warehouse, and all our different systems pump data in— from our billing solutions and network applications—and it will extend to cover a wide footprint of solutions such as customer experience management. Ultimately, OBIEE will become the main supporting tool for all analytics.”

## Process improvements

In Phase Two, new functionalities were introduced in the form of a collaborative framework, such as an online platform to carry out all the supplier-related business processes: supplier registration and onboarding, pre-qualification, tendering, RFP, invoice submission and advanced shipment notice.

Safaricom achieved seamless collaboration between Customers & Repair vendors through Depot Repair and iSupplier ensuring minimum repair lead time and increased customer satisfaction.



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Francis Murabula, , Head of Supply Chain Management, Safaricom

Since implementing its integrated suite of Oracle applications, Safaricom has been busy utilizing the new functionalities it has acquired.

With the Depot Repair module, the company has seen a significant improvement in spare parts handling and repair processing, achieving better management and visibility into the progress of repairs.

With the Asset Management and Asset Tracking Modules, Safaricom has made asset tracking across its warehouses and sites much more efficient, and streamlined maintenance operations. What's more, warehouse automation with mobility has helped the company to make the best use of its space and resources.

David Nyamai states: "To overcome shortcomings in the existing dealer manager application, we used the Oracle Incentive Compensation module for accurate and quick commission management for our dealers. Several rounds of testing on data and logic enabled us to deploy around 20 KPIs. The Oracle Incentive Compensation module will provide flexibility to business in configuration of new rules without undergoing change in code once fully implemented."

With the implementation of Oracle Treasury, Interbank Funds Transfer time has been reduced significantly to less than an hour.

Through HR Payroll to Bank interface, transfer of Payroll file from Safaricom to Bank has been automated thereby reducing overall process time.

Looking to the future, Thibaud Rerolle, Chief Technology Officer at Safaricom, adds: "IBM provided excellent support during the transition to Oracle solutions, and brought many resources on board to make the project a success.

"Whenever any potential hurdles appeared, IBM was quick to escalate to ensure we hit the deadlines. We have reached a significant landmark, and with IBM we are now ready to take the next steps in Safaricom's transformation."

John Tombleson concludes: "Completing the detailed Phase Zero scoping exercise was central to our success, as it set up the metrics that we used for the implementation RFP and the subsequent deployment. Working with IBM brought clarity, confidence and on-time delivery, and Safaricom is delighted with the result."

## Solution components

- Oracle Business Intelligence Enterprise Edition
- Oracle E-Business Suite
- Oracle Governance, Risk and Compliance
- Oracle Fusion Middleware
- Oracle Identity Management
- Oracle Treasury and Compensation
- IBM® Global Business Services®

### Take the next step

To learn more about IBM Global Business Services, please contact your IBM representative or IBM Business Partner, or visit the following website: [ibm.com/services/us/gbs/consulting/](http://ibm.com/services/us/gbs/consulting/)

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