



P.O.INT Purchase Order INTegration

- ✓ Real-time order update
- ✓ Order tracking
- ✓ Optimized exception and anomaly management (delivery date/quantity change)
- ✓ End-to-end digitalization of the billing management cycle
- ✓ Significant efficiency increase in the interaction processes with suppliers

Overview

COSTA CROCIERE (www.costacrociere.it) is the **Europe's n. 1 cruise company** and since more than 60 years it offers the best of the Italian hospitality, gastronomy and entertainment worldwide ensuring a dreamy holiday dedicated to relax and fun.

It's fleet boasts a total of 15 ships, which all sail under the Italian flag. Another new ship has been ordered from Fincantieri and will be delivered in October 2014. Costa Crociere was certified by RINA (Italian Shipping Register) with the BEST4, an integrated system of voluntary certification of corporate compliance with the highest standards governing social accountability (SA 8000 issued in 2008, thanks to the first voluntary pilot program in the maritime industry), environment (UNI EN ISO 14001 issued in 2004), safety (OHSAS 18001 issued in 2007), and quality (UNI EN ISO 9001 issued in 2008). All ships of the Costa fleet were assigned the "Green Star" by RINA, certifying that they meet the highest environmental protection standards.

Costa Crociere S.p.A., with circa **revenues amounting to 3.1 billion Euros** and 2.3 million total Guests in 2011, is largest Italian cruise operators, owns the brands Costa Crociere, AIDA Cruises and Iberocrueros. Costa Crociere S.p.A. belongs to Carnival Corporation & plc (NYSE/LSE: CCL; NYSE: CUK), a global cruise company and one of the largest vacation companies in the world.

Key requirements and project objectives

Costa required a procurement process ensuring a timely vessel loading process of supplies and goods, enabled through a web-based information system open to suppliers and able **to manage the comprehensive purchase order cycle**, from the requisition publication to the confirmation by the supplier.

Moreover, it was required **to manage the exceptions** to the standard process, typical of the Costa activity, such as tolerances concerning the procurement quantity or issues of additional orders for "exceptional" requirements and requests coming from the ship.

The Procurement department of the Costa Cruise Operations area expressed to TESISQUARE the following requirement: a single Web-based system able **to manage the whole process linked to food, beverage and hotel products purchase orders to be sent to suppliers**. With this system Costa intended to avoid unstructured information exchange with the suppliers (phone fax, emails asking for changes,..... i.e. extremely time-consuming and error-prone activities as well as a mass of manual processes to be carried out following order confirmations, data changes, additional notes, etc.

The Solution

After an intensive software selection activity, Costa Crociere decided to adopt the **TESI** SCM Web-based software and to realize the “P.O.INT. - Purchase Order INTe gration” project in order to **design and automatize the procurement process** by streamlining data and information interaction and exchange with its suppliers:

- after the relevant completion in the Costa ERP, the purchase orders of the Cruise Operations area are published in real time so that the suppliers can receive a prompt notification via email
- by accessing the portal, suppliers are able to immediately indicate any proposals of order changes with reference to the delivery date and/or the quantity
- **TESI** SCM automatically checks that the order confirmation meets the tolerance thresholds and highlights any exceptions that – if accepted – are shared with the other ships
- moreover, the procedure supports Costa in managing the critical issues resulting from delivery date changes.

The solution has been successfully deployed with all current suppliers in the Food & Beverage area; subsequently it has proven to be suitable for the **downstream integration in the billing management process**:

- the supplier attaches the invoice in pdf format to the PO published in **TESI** SCM

- the Costa OCR (Optical Character Recognition) software automatically processes this document that, after a verification by the Finance operator, is entered into the accounting system, ready to be paid; the process is then completed with the management of documents in “substitutive storage” through a completely “paperless” cycle.

Advantages/Benefits

- **Increase in the level of service** provided to the ships resulting from a better management capability of procurement exceptions
- Significant **efficiency improvement** of the Procurement and Finance departments:
 - higher efficiency in order transmission
 - higher rapidity and accuracy of the order confirmation management
 - rapid dialogue features with suppliers with regard to the order change management and the relevant tracking
- With reference to the suppliers the following was achieved:
 - an increase in their ability of **performance monitoring**
 - a **better collaboration** resulting in mutual advantages that can be extended to other processes

The customer says...

Mr. Luca Mattazzi - Supply Chain Systems Director

*“The P.O.Int. project has been a **breakthrough in the performances** of the Procurement processes in the Food & Beverage area: from a paper-based “management” with more than 70,000 documents per year to the possibility to accurately analyze the procurement exceptions by increasing the level of service delivered to our fleet. The project has been deployed within the defined realization times and without relevant criticalities. Also the **portal acceptance level by our suppliers** – a crucial aspect of the project – has not generated any problems in practice. The application solution integrated with the Costa ERPs has proven to be robust and did not require specific maintenance activities. Currently Costa aims at **extending this TESISQUARE solution** in an horizontal way and replicate the POInt project in further procurement commodity categories (the solution go-live concerning the procurement in the Technical Operation area is expected in 2013); Costa also plans a vertical extension of the sourcing processes in the BID, catalogue and RFQ management area.”*



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Tesi SpA is
ISO 9001 certified

Key figures

- Procurement process complexity: 15 ships for about 55 home ports for 50 commodity categories
- About 500 suppliers located in five Continents
- 30 minutes to activate a new supplier through a simple phone call
- 6,000 orders processed monthly
- 30% reduction of follow-up and recall activities with reference to the suppliers
- 25% increase in efficiency of the Procurement department