

Lotte's cloud strategy
sweetens the employee
experience and
increases agility

CUSTOMER
LOTTE Co., Ltd.

LOCATION
Japan

INDUSTRY
Consumer and Retail





Challenge

- Enhance the employee experience, increase profitability and enable innovation
- Position for future growth and unpredictable change with scalable, flexible hybrid IT and cloud infrastructure
- Reduce time required for infrastructure maintenance and operation



Solution

- Developed a phased approach to migrate employee devices from on-premises to VMware Cloud on AWS
- Simultaneously upgraded operating systems for 2,500 devices from Windows 7 to Windows 10
- Provided employee support for the global virtual desktop environment both in a cloud and on-premises environment



Results

- Enabled a hybrid virtual desktop environment without increasing the operational load
- Implemented first phase of cloud implementation within 8 months despite COVID-19 resource challenges
- Created an optimized hybrid IT operation



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— Hisaaki Ogata
General manager, ICT Strategy Department



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Lotte, one of Japan’s leading confectionery manufacturers, is known for its dedication to customer enjoyment and its corporate culture of “Lotte-novation,” which has produced innovative products such as xylitol gum and Coolish drinkable ice cream. After the merger of three Lotte group companies into one corporate entity in 2018, the company needed to accelerate its digital strategies to further improve the employee experience while enabling agility and revenue growth.

“Lotte is trying to create new value through the use of digital technology, while accelerating decision-making and business speed on a company-wide level, and promoting communication that goes beyond departmental boundaries,” says Hisaaki Ogata, general manager of Lotte’s Information and Communications Technology (ICT) Strategy Department.

Lotte looked to DXC Technology to migrate its virtual desktop infrastructure (VDI) to cloud, but with a hybrid operation that would optimize both public cloud and on-premises resources. DXC answered with an innovative approach using the VMware Cloud on Amazon Web Services (AWS). DXC’s worked with Lotte’s global teams to create a hybrid infrastructure, reliable operations, and a sweeter experience for employees — with a move to Windows 10 and enhanced service desk support.

A phased transformation to cloud

“With the various changes underway in our business, customer needs and the market environment, we concluded that a drastic shift to the cloud was essential to develop the infrastructure for digital



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transformation and realize a business foundation to adapt to unpredictable change in the future,” Ogata says.

The newly merged company had already begun adopting cloud tools for some of its major processes, including SAP S/4HANA as its core integrated manufacturing and sales system and Google Workspace as its collaboration and productivity groupware.

“We were very conscious of the need to reduce the effort required for infrastructure maintenance and operation by shifting to the cloud, and the ICT Strategy Department itself had to become the driving force for promoting transformation,” Ogata says. “We will further promote the shift to the cloud with both back-end systems and employee environments.”

Migrating desktops to the cloud by leveraging global knowledge

The next step in the transformation was to migrate Lotte’s 2,500 VDI units, which were first implemented on VMware Horizon in 2011 and updated in 2016. This virtual infrastructure had played an important role in strengthening Lotte’s IT governance and business continuity and has continued to support the company’s flexible, location-independent work style.

For the updated VDI infrastructure, DXC proposed VMware Horizon on VMware Cloud on AWS, which allowed Lotte to keep the same underlying platform as the on-premises environment. VMware Cloud on AWS is a cloud service managed by DXC that enables a VMware vSphere environment to be used with bare metal resources on AWS.

“When we started considering this, there were no published examples of VMware Horizon built on VMware Cloud on AWS in Japan. DXC Technology carefully selected experienced engineers from around the world to support us. We proceeded to steadily build and migrate the system while solving the problems associated with the public cloud, such as specification restrictions, one by one,” Ogata says.

The impetus for the VDI update was the termination of Windows 7 support in 2019, and it was essential for Lotte to migrate to Windows 10 to strengthen the company’s VDI resources. DXC proposed that Lotte migrate in two phases, leaving 1,500 units on-premises until the maintenance of the infrastructure equipment expired. This hybrid approach enabled the migration to proceed while allocating resources to Windows 10 both in the cloud and on-premises.

The company rapidly built each of the AWS, VMware Cloud and Horizon systems, and in 2020, migrated 1,000 employees to the new cloud VDI environment, despite challenges due to COVID-19.

“We believed DXC was best able to help us harness the latest cloud technology, improve the employee experience and maximize business profitability.”

— Hisaaki Ogata, general manager of ICT Strategy Department, Lotte Co., Ltd.

“The cloud VDI environment has enabled us to expand our resources in a short period of time, and we have been able to respond promptly to support our employees during the rise in teleworking requirements,” Ogata says. “This migration project has received full support from DXC’s global team.”

Supporting employees to maintain business continuity

With the remaining 1,500 devices scheduled to move to the cloud in 2021, DXC is providing comprehensive managed services to Lotte, including service monitoring, backup, maintenance, and service desk support.

“For many years, DXC has been supporting us with the monitoring, operation and maintenance of our entire private cloud infrastructure. During the process of shifting to the cloud, we cannot avoid hybrid operations with on-premises systems.

One of the issues we had to face was to control the operation load and cost without making the operation complicated,” says Ogata.

DXC responded to Lotte’s needs by effectively utilizing its global resources. DXC’s offshore group in Malaysia formed teams for cloud operations, on-premises operations and service desk support, and established a system to work closely with DXC’s onsite team at Lotte’s head office in Japan.

Primary inquiries from employees are handled in Japanese by DXC’s Malaysian service desk staff. The operations teams consist of engineers with advanced technical and trouble-shooting skills, who work together with both AWS and VMware to escalate and resolve high-level incidents.

“It’s a big success that DXC’s managed service has eliminated our concerns about the operations in the hybrid environment. They were also fully supportive of employee inquiries during the migration process,” Ogata says.

Envisioning the future

DXC's advisory services also helped Lotte establish key technology strategies in areas such as shifting to an asset-less/OPEX model, gaining agility and scalability in the cloud, securing hybrid infrastructure, and establishing a roadmap from lift-and-shift to cloud-native applications.

"In developing our mid-term ICT management strategies for 2019-2023, we worked with DXC to understand the current state of ICT infrastructure and security, and to envision what the future should look like," Ogata says.

"We chose DXC as our partner because we believed DXC was best able to help us harness the latest cloud technology, improve the employee experience and maximize business profitability."

"The foundations for digital transformation are in place, and Lotte is ready for new challenges and growth," Ogata says. "We have also started AI-based data analytics, taking advantage of our integrated manufacturing and sales business processes, and are looking to the smart factory as a theme for transformation at our production sites. We look forward to leveraging DXC's world-leading expertise as we continue to transform and respond to the changing needs of our market."

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