

Case Study



Managing a Post-Merger Integration Program with SAP

Abstract

A leading manufacturer of multi-industrial components was looking for a solution to facilitate its post-merger integration activities and simultaneously create a strong foundation for standardization of infrastructure across all its units. Infosys partnered with the client to assess its existing legacy systems and work out an appropriate SAP implementation approach. The project being located in Spain, there were a number of challenges such as language and localization issues, lack of documentation etc. that had to be addressed. The Infosys team worked closely in collaboration with the end users to revamp the IT infrastructure and redesign the existing business processes to align with it. Being the first Post-Merger Integration (PMI) project, there was no global governance setup or moderator to do the balancing act. Infosys designed its own methodology based on ASAP Methodology & Global Delivery Model to ensure a seamless transition to a completely new IT infrastructure, avoiding any losses or disruptions in the migration process..

The Client: Overview and Business Context

The client is a leading manufacturer of multi-industrial components. It provides energy-saving solutions across 125 locations worldwide. This segment of the Client acquired a USA-based company, of its equal size. This resulted in a large “Post Merger Integration Initiative”. IT infrastructure (hardware, software and applications) was supported by a Joint Venture Partner in Spain who would no longer support the legacy system. The company sought the services of Infosys to migrate the existing IT infrastructure to their own and migrate all applications into SAP.

Being part of the global supply chain, this plant receives demands from various branches of the client and distributes the finished goods through its stocking units to other client entities as well as its external customers. The operations range from in-house manufacturing and distribution of parts (sheets, piping etc.) to procurement from external suppliers and assembling of the final products. Any delay at any level could amount to significant business losses. Therefore, the supply chain network had to be scalable and flexible enough to meet the needs of the organization.

The client was planning to eventually use this plant only for selling to its internal customers who would in turn manage sales and service to end customers in their countries. Hence the manufacturing portfolio was also expected to undergo a change. From the existing range of unitary products (make-to-stock) and chillers (make-to-order) the unit was expected to move towards manufacturing of engineer-to-order kind of products. So the IT solution had to support these developments.

Setting the Objectives

The client had to go through a PMI and Change Management exercise and also create a completely new IT infrastructure. It was planning to go through a standardization program across all its units. It was looking at creating a structure for global governance and process harmonization. This program would facilitate the integration of multiple disparate systems across the organization and make the PMI process easily executable.

The Spanish Plant of the client needed immediate attention as its IT infrastructure had to be quickly replaced. It decided to shift the existing legacy applications (AS/400 and SIP) to a standard ERP solution like SAP R/3. It was looking for an integrated IT solution, which could cater to its core business processes such as Production, Planning, Finance, Sales and Distribution etc.

Key Challenges

Use of Spanish language

The plant being located in Spain, most of the project interaction had to be done in Spanish. It was also supposed to adhere to some specific legal and compliance needs. Therefore a key requirement for implementation was an understanding of Spanish language. It was decided to initiate the SAP deployment for this plant in English, but all outputs covering external entities i.e. Purchase Orders, Sales Order, Delivery notes etc. had to be developed in Spanish to meet the needs of local customers and suppliers. User documentation, training materials etc. also had to be developed in Spanish.

No local IT organization

The client's IT systems (AS/400 and SIP) operated as two independent information silos and a number of business functionalities for ordering, billing, supplying etc. were not completely automated. Since there was no local IT organization present, Infosys had to understand the unique systems and processes being used and replicate them onto a standardized platform.

Documenting Processes

The client had low levels of documentation existing on its current application. This led to a number of problems in understanding how the system works.

Global SAP template

Being the first PMI project, there was no global governance setup or moderator to do the balancing act between standardizing issues and localizing requirements. Completely disparate legacy systems existed with data that were from millions of sources, and this needed to be collated, validated and also checked for quality.

The Solutions Approach

Infosys carried out an independent assessment of the current setup and worked out the SAP implementation approach. A project plan was developed in collaboration with the end users and data was collected from various sources. The Infosys team also reworked the existing business processes and redesigned them according to the new IT setup. This helped build-in scalability and align the existing processes with the needs of the business functions.

As part of the SAP deployment initiative, the following business functions and modules had to be implemented: Finance and Controlling, Production Planning, Materials Management & Sales and Distribution.

For SAP implementation across the enterprise, Infosys designed its own methodology based on ASAP Methodology & Global Delivery Model for lower TCO. Infosys also supported the customer organization in setting up a Center for Excellence (CoE) in the US to drive this initiative for all its other units across the globe. The industry-specific best practices & templates built by CoE are leveraged for rapid implementation.

The Infosys SAP implementation methodology has evolved over the years and leverages its invaluable industry experience. It uses a systematic approach covering the entire range of deployment activities – building applications, process execution, data migration, integration, testing, project governance, and so on. It used a unique blend of onsite and offshore delivery models, with high-quality offshore resources towards selected responsibilities.

The Change Management strategy included an extensive training and awareness program for the employees. It was decided to involve a few Spanish-speaking people in the implementation team to make it easier to communicate with the employees. A number of initiatives were taken to achieve an internal buy-in and ensure that business was aligned with IT. An internal newsletter was created to familiarize the employees with the new system. Other web-based channels of communication were also created to address their queries and concerns. A training program was conducted for the key business users to help them understand the new infrastructure. An iterative, prototype-based design and development process helped accelerate business-user interaction, demonstrate functionality and identify gaps.

Value Delivered

Infosys' technical expertise and business understanding combined with its experience in executing such complex projects has ensured that the project is delivered on time within the stipulated budget. The client did not ask for any alterations and the execution was completely in sync with the business requirements. Some of the key business benefits are:

- About 50% reduction in time spent on book closure and other financial activities.
- Improved ability to manage operations across various functions – engineering, distribution, manufacturing, after sales, marketing etc.
- Significant cost savings and lowering of overall TCO with automation of key business processes that were earlier being executed manually.
- Extremely satisfied business users provided a firm assurance to the overall program viability in this successful technical implementation.
- Seamless transition to a completely new IT infrastructure. This helped in avoiding losses that could have resulted due to disruptions in migration of technology. Key business functions like financial, shipments and production continued without any change in average daily volume of transactions.

This project has paved the way for similar rollouts across other business units. As the standardization process covers other units, the organization will be able to achieve more scalability and flexibility across its operations. With improvement in collaboration across locations, the company can now implement a combined business strategy for all its units.



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