ISS CONSULTING
INTEGRATED SOFTWARE SOLUTIONS

American Standard

A Success Story

American Standard Korea - A Success Story

Reasons for R/3

American Standard Korea is part of American Standard, one of the world's leading providers of sanitary ware with a combined revenue of 6 Bio US$ 1996. American Standard Korea, Inc. or ASKI was the first company in the group in Asia-Pacific to implement R/3 after American Standard decided for SAP as a global solution.

ASKI was chosen as a pilot site in Asia for the following reasons :

- strong commitment from Management. The business leader, Karl-Heinz Zwick was very much in favour of R/3 to replace ASKI's current system. ASKI was partly using manual procedures and a unix-based solution to capture sales orders and deliver products to the customer. This led to many shortcomings which ASKI was eager to overcome, and R/3 promised to be the solution for those insufficiencies.

- small and easy controllable environment. American Standard Korea intended to start with 15 users. There are about 3000 different materials and only hundreds of customers and vendors. Therefore change of current procedures was anticipated to be easy manageable.

Business issues

Some of the business issues that ASKI was facing that encouraged the company to push for a fast implementation start with R/3 were

- missing details of current inventory data. Not all materials ASKI was using were captured in an computerized inventory system. This lead to discrepancies between book inventory and existing stock. ASKI required to have a complete and detailed inventory listing of all materials in stock. The goal was to have accurate, real-time information of all inventory data available.

- monthly time required for reconciliation. In the current environment the modules accounts receivable, accounts payable and general ledger were in different systems. This led to inconsistencies, which had to be resolved during month-end closing with extensive overtime. It was planned to reduce the time required for reconciliation from 4-5 days to hours.

- detailed cost and profit analysis. As the current system was mainly manual, assignments to and from various cost centers were tedious and only delayed available. Using SAP's Profitability Analysis functionality, ASKI anticipated to have detailed and on-line information of the profitability of the various products any time readily available

- availability of "better" data. Currently most of the data required for business decisions was only accessible at month-end. If specific information was required, reports had to be written and data was collected manually from various Excel spreadsheets. This was a time-consuming process and at the time the information was available, it was already outdated. Using R/3 ASKI hoped to get real-time information on-line without delay, allowing for better informed business decisions to act faster in a competitive environment.

Obstacles and stumbling blocks

The timing for the SAP implementation could not have been worse. The following factors were working against a successful implementation, some of them already anticipated at project start, some unexpected :

- Limited availability of key users. ASKI does not have enough personal to allow for full-time participation of key users in the project. The people that were allocated to the project had to support the ongoing business operations.

- American Standard Korea went at just the same time through a certification process of demand flow technology, which required the same key-users in the project. Given the fact that ASKI has altogether 150 employees, the majority of which is in production, it became clear that the availability of key users to the project would become an issue.

- The economic crisis in Asia-Pacific hit American Standard like all the other Korean companies unexpected, and all efforts were required to steer ASKI through this difficult time. Key users that were allocated to the project were needed to run the business.

- The project was supported from the regional team of American Standard (based in Singapore) and ISS Consulting (based in Malaysia). American Standard decided not to use translators, as information might have gone lost during the process of translation. Language problems were obvious, and this slowed the project progress considerably down.

- Small IT Team. ASKI has only **one** person to support the complete infrastructure of information technology. There are no business analysts, programmers, database specialists or anyone similar available.

Project Start-up

ASAP Training and Certification

Already before the initial start of the R/3 project in Korea, consultants from ISS Consulting went to San Francisco to attend one of the first official trainings conducted by SAP America in the ASAP Methodology. Equipped with this training and the ASAP CD provided by SAP that contains the templates for a successful R/3 ASAP Implementation, the consultants were ready to make use of their knowledge in North-East Asia.

Scoping

After an initial evaluation phase that concluded that American Standard Korea would be the first site in Asia-Pacific to implement SAP, a feasibility study was conducted at ASKI to understand the scope and the size of the project. This was done in July with the help of ISS Consulting within one week. During this time the consultants went through the list of R/3 3.0 standard business processes together with the questionnaire from the ASAP Methodology. This exercise helped ASKI to quickly get an overview of the functionality provided by R/3 and it enabled the consultants to understand the scope and the limitations of the project. The outcome of this scoping exercise was documented and given to ASKI as a starting point for the upcoming implementation.

Project Scope and Kick-Off

The project was officially kicked off on 13th July 1997 with a meeting of all the members of the project team. At that point in time a project room has been found and the team members were identified. The scope of the project was clear, and the team members were allocated to the project. The scope of the project was identified as follows :

* SD
  - Sales (incl. Credit Limit Processing and ATP)
  - Shipping
  - Invoicing
  - Sales Information System SIS

* MM
  - Purchasing
  - Inventory Management

* FI
  - Accounts Receivable, Accounts Payable, General Ledger
  - Assets Management
  - Investment Management

* CO
  - Cost Center Accounting
  - Profitability Analysis

* Special
  - Korean front-end language support (English and Korean screens)
  - Korean supplementary functions, supported with the country specific version.

Project Staffing

In order to enable the implementation of this scope, the following team members were identified that were available and dedicated 100% to the project :

2 SD :	– 1 External consulting – 1 ASKI key user
2 FI/CO :	– 1 External consulting – 1 ASKI key user
3 MM :	– 1 External Consulting – 1 Regional IT – 1 ASKI key user
2 Basis :	– 2 Regional IT Team

Additionally to those full-time team members, several other key-users were identified to work with the team on a part-time basis. The most important issue during the implementation was training, and it was necessary that the users began to work familiarize themselves with the system as soon as possible.

Project Plan

The project plan for the implementation was drawn out, the planned going live date was 12th January, 1998. For the creation of the project plan ASAP provides a detailed project plan template with all the steps necessary. In version 3.0 (1.2) of ASAP, the template project plan provided contained thousands (!) of steps, and the expected time frame for the steps were not included in the template. It was decided to only use the project plan as a rough guideline for the major steps in the implementation as it would have been impossible to plan every step as meticulously as suggested by ASAP. Another adaption of the methodology to fit ASKI's requirement was to put the phases "Simulation" and "Validation" together (for the purpose of the project plan) in one step we plainly called "Configuration". As the key users work were supposed to work with the consultants very closely on the project to ensure proper knowledge transfer from day one, and as the size of ASKI was very small (compared to other SAP implementations), it was decided not want to break the configuration and testing apart.

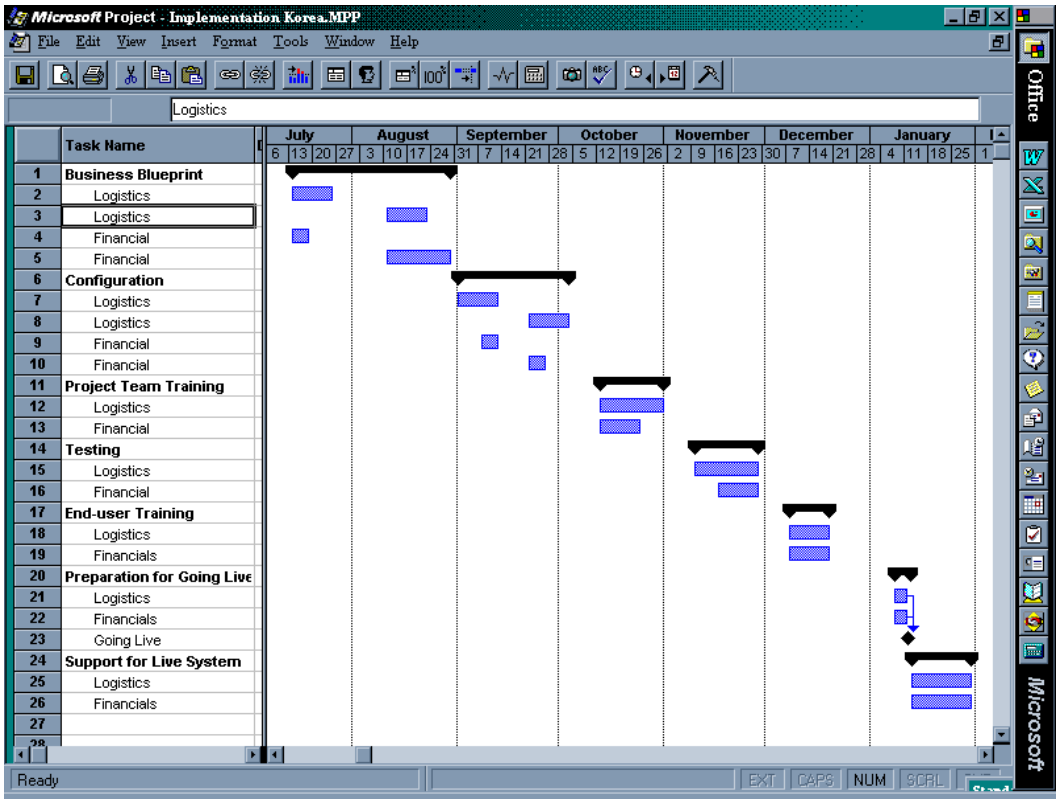

Fig 1 : Project Plan (consultants schedule) of American Standard Korea R/3 Implementation

Life in the project

During the business blueprint phase the templates of the ASAP methodology were used. The templates for the business blueprint were changed as not all of the chapters were utilized. Only those chapters relevant for the implementation at ASKI were kept. The advantage of the business blueprint templates were the possibility to capture the current As-Is description (as business requirement) and the future To-Be description (business process description) on one paper. The As-Is description was necessary to ensure the key users that their business

requirements were understood by the consultants and it helped to ensure the understanding of the business needs.

Other forms (accelerators) that were used during the implementation was the issue log, change request form, enhancement / report justification and the sample layout for the client concept. The ASAP Methodology provides much more forms and templates that can and should be used in a straight-forward project with limited access to resources, so it is crucial to understand "when to stop". The temptation is to just use every accelerator provided, but doing so would only slow down the progress and drown the project members in formalism. Very important is at this point in time to map the required formalism with the tools provided by ASAP ("Just enough to cope").

A very useful tool proved to be the road-map itself, as it contained detailed information about each step in the project. No step was left out, and the project team was sure that things were looked into early enough in the process.

During the configuration phase it became clear that the amount of resources allocated to the project were not sufficient for a successful implementation according to the initial scope. In November and December the project team was increased by 4 additional consultants from the regional IT Team of American Standard and ISS Consulting to support the implementation in areas such as SAPscript, reports, configuration, testing, and extensive user training.

The release used (3.0f) proved to be very reliable and only minor problems with the Korean version were detected. At the end of December it was decided that R/3 could go live as scheduled with the complete scope as initially planned.

Going Live and Support

After the going live date all consultants were at the customer site for one additional month to ensure a complete success of the project. Some initial difficulties that were anticipated occured, but R/3 started to become accepted by the user community. It was not until a successful month-end closing that the new system was fully part of the new procedures of American Standard.

On January 12th, when R/3 went live in American Standard Korea, it was the first ASAP project to go live using the ASAP methodology in Asia. It also went live before the US implementation and was therefore a huge success inside the American Standard group of companies.

"Implementing SAP in Korea in this short time frame would not have been possible if not for the expertise of ISS Consulting and their knowledge of R/3 and the ASAP methodology" so Alexander Abbassi, Director of Information Technology of American Standard Asia Pacific. "The people from ISS Consulting did an excellent job and we are very pleased with the results."

Next Step : American Standard Thailand

Based on this success ISS Consulting has been chosen as the implementation partner of American Standard in Asia-Pacific. The next company in Asia to use R/3 is American Standard Thailand. For the implementation of this project the new ASAP Version 3.1 is being used, which has some major improvement compared with the released used at ASKI. American Standard Thailand started on March 2nd with the project preparation phase, which ended at March 16th. Currently ASTL is in the Business Blueprint Phase and is scheduled to go live on January 1998.