



KAWASAKI RAIL CAR

AT A GLANCE

Profile

Industry	Industrial machinery and components
Revenue	US\$150 million
Employees	317
Location	Yonkers, New York
Web Site	www.kawasakirailcar.com
Solution & Services	mySAP™ ERP application
Implementation Partner	IBM Global Business Services

Kawasaki Rail Car Inc. (KRC) is the U.S. subsidiary of Kawasaki Heavy Industries Ltd. KRC's Yonkers, New York, plant is equipped for complete fabrication, assembly, rehabilitation, and functional testing of all types of passenger rail cars. KRC also maintains a state-of-the-art manufacturing facility in Lincoln, Nebraska – the first in the United States capable of building different types of rail cars.

Key Challenges

- Limited ability to allocate resource and material costs to projects
- Inadequate cost information to bid on projects
- Implement the timely review of budget and actual costs
- Unable to forecast and procure parts in a timely manner for make-to-order contracts
- Poor compliance with customer and regulatory requirements for subassembly and serial number traceability

Why SAP Was Selected

- Integrated project management functionality
- Breadth of functionality
- Support for industry best practices
- Good fit with company culture
- Software maps to company's business processes

Implementation Best Practices

- Documented processes before selecting software vendor
- Strong support from senior and business management
- Full-time dedicated project team, ensuring good communication between IT and the business
- Minimal customization
- Focused, 10-month implementation with no scope creep

Low Total Cost of Ownership

- 10-month implementation
- Minimal customization required of SAP® software
- Leveraged use of SAP Best Practices offerings
- Tightly managed product scope
- World-class implementation partner (IBM)

Financial and Strategic Benefits

- Grew a new aftermarket parts business
- Raised customer delivery rating with a key customer
- Improved decision-making ability for labor management
- Complied with customer and regulatory traceability requirements
- Vastly improved quality and inspection audit results
- Improved visibility into project cost tracking and real-time budget monitoring
- Improved project profitability
- Significantly improved cost center control

Operational Benefits

KPI	Impact
Increased revenue (spare parts business)	US\$6 million after 2 years
Facility consolidation	Combined 3 offices
Run multiple simultaneous projects	33% increase in capacity
Time to complete transit audit	20% reduction in administrative effort
Administrative costs for finance	20% reduction



“Our SAP implementation was on time, without business interruption. Control of scope was key.”

Michael Doyle, Senior Vice President of Operations, Kawasaki Rail Car Inc.

“We have an improved decision-making capability, and we are able to manage human capital more effectively.”

David LaSanta, Senior Manager, HR, Kawasaki Rail Car Inc.

Kawasaki Decides to Transform

A legacy system at Kawasaki Rail Car Inc. (KRC) limited the company's growth and ability to improve its operations. Without a system that could handle invoicing and parts tracking for an aftermarket parts business, KRC risked losing a key customer because of customer service problems and could not meet new contract requirements. Nor could the company quickly retrieve data for audits, forecasting, and analysis.

With a clear mandate for change, KRC embarked on an ambitious overhaul: to convert from a silo to a process mentality. To accomplish this goal, KRC decided to implement an integrated management information and control system designed to deliver major advancements in all functional business areas. The system also had to be user-friendly, interface with Kawasaki Heavy Industries, optimize company resources, and improve KRC's ability to compete successfully in the North American market.

Top business and IT personnel were dedicated to the project and worked closely together. The team mapped all business processes out on paper in the form of business process flow charts (high and middle level) before starting the software selection process, then challenged each potential software vendor to explain how its solution would handle those processes. KRC chose the mySAP™ ERP application because of the breadth of its functionality and the ability of mySAP ERP to map its business processes completely.

The project team implemented mySAP ERP with minimal customization to reduce interfacing costs. Strong business management support and close communication between

business and IT members of the dedicated project team helped to ensure success. And the team leveraged paper process maps to prevent scope creep, completing the implementation in just 10 months.

Big Benefits from Best Practices

With mySAP ERP, KRC has created an environment to drive change throughout the company, and it has reaped the financial benefits of those changes both as lower costs and higher profits. Not only did KRC start and grow its aftermarket parts business to US\$6 million in just two years, it also combined corporate, project, and manufacturing offices under one roof to improve synergy and lower costs. Customer satisfaction improved because the company could track delivery dates and ship products in a timely fashion; KRC went from a D to an A audit rating with a key customer – retaining a major source of revenue. mySAP ERP also helped KRC integrate its rail car shell operations in Nebraska with its New York operations, providing visibility into everything from workforce to inventory.

The ability to retrieve and analyze information has provided significant benefits. KRC can better forecast service and parts requirements, helping the company further expand its new aftermarket parts business because it can closely track rail car maintenance schedules. With better forecasts, the company can institute service maintenance programs with its key customers, providing another strong revenue stream. And the company has better visibility into project costs with tracking and real-time budget monitoring, giving it improved control over its cost centers and project profitability.