



## OBS

# SAP® BUSINESS ONE HELPS REDUCE COST AND INCREASE EFFICIENCY

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Do-Kyun Kang, Chief of IT Staff, OBS

### QUICK FACTS

#### Company

- Name: OBS
- Headquarters: Bucheon, Korea
- Industry: Media
- Products and services: Television broadcast production
- Revenue: US\$50 million
- Employees: 250
- Web site: [www.obs.co.kr](http://www.obs.co.kr) (Korean only)
- Implementation partner: Morning Data Communication Co. Ltd.

#### Challenges and Opportunities

- Consolidate lines of business
- Simplify project management
- Manage budget and income for individual broadcast programs more effectively
- Respond rapidly to sudden changes in the media environment
- Create more efficient accounting systems
- Analyze production costs for individual broadcast programs
- Integrate information about production costs and broadcasting

#### Objectives

- Ensure competitiveness via effective financial management
- Implement a flexible, scalable solution for managing company growth
- Support strategic decision making with an integrated information system

#### SAP® Solution and Services

SAP® Business One application

#### Implementation Highlights

- Smooth implementation despite challenging start-up environment
- Consolidation of lines of business

#### Why SAP

- Ease of use and reliability
- Expansion capability

#### Benefits

- Enabled faster decision making and reduced risk and cost through real-time access to financial information
- Increased user productivity by 30%
- Reduced production costs, leading to improved product quality
- Streamlined business processes based on best practices
- Integrated core systems with broadcasting information system
- Improved management of resources (broadcasting and art facilities)
- Increased competitiveness through better cost management

#### Third-Party Integration

- Database: Microsoft SQL Server 2005
- Hardware: HP ProLiant DL380
- Operating system: Microsoft Windows Server 2003



OBS, a television broadcast production start-up in Korea, needed to control costs for its individual broadcast programs. Specifically, OBS management needed to ensure competitiveness via effective cost management, and it needed the capability to make rapid decisions for program planning and production purposes.

The company identified the need for strong budget and income management for each of its broadcast television programs so that it could respond rapidly to sudden changes in the media environment. To manage production costs more efficiently with a robust broadcasting information system and to help manage growth through strategic decision making, OBS turned to the SAP® Business One application.

### Need for Accurate Cost Accounting

The groups at OBS are highly fragmented and the company had not consolidated its lines of business, which prevented upper management from understanding and managing the true risk profile of the organization. The production department in particular needed an infrastructure that would enable fast, accurate cost accounting in order to apprise management of the status of various projects and their adherence to cost targets. Given the impacts of risk on the decisions made by every group in the organization, this fragmentation made it necessary for everyone at OBS to make significant efforts to increase visibility of the risks they were managing in their day-to-day work.

In choosing a vendor, OBS identified the need for a solution that was scalable for future expansion, and was superior in terms of capability, reliability, and ease of use. Management faced some resistance from production teams and administrative staff, who considered the implementation of an enterprise resource planning (ERP) solution to be an extravagance. OBS management worked hard to obtain buy-in to the project throughout the company by emphasizing the long-term view that, for a start-up company, establishing a transparent financial structure and sound business processes based on best practices would deliver benefits that justified the investment in an ERP solution. The depth of commitment shown by the management team would be a key factor in the success of the project.

### SAP Business One: Comprehensive and Affordable

Given the company's start-up status, OBS could not afford to invest such a significant capital outlay with the wrong vendor. Other than SAP, OBS considered working with two South Korean firms and other international vendors.

"We wanted to work with a vendor that had a strong brand and track record of implementing solutions successfully for companies of our size," explains Do-Kyun Kang, chief of IT staff at OBS. "Also, because of our small IT organization, we needed an implementation and software maintenance that was straightforward."

OBS chose SAP because the managers felt that, compared to other business management solutions, the SAP Business One application would deliver most optimally what the company was looking for: superior expansion capability, reliability, and ease of use. "Although the domestic vendors we considered were a strong fit, given the ease of working with another South Korean company, their solutions and services were clearly inferior to those of SAP," says Kang. Moreover, SAP already had experience of working with one of the largest domestic media firms, Korean Broadcasting System (KBS), and OBS wanted to establish a high level of confidence at the outset of the project. "SAP Business One offers a comprehensive, affordable application that was designed for small businesses like OBS," confirms Kang. "We were confident it



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would help management by providing timely, accurate information and, crucially, help accelerate growth.”

### Smooth Implementation in a Difficult Environment

OBS reduced the implementation time and risk by using a media industry-specific implementation methodology from SAP and Morning Data Communication Co. Ltd., a Seoul-based SAP channel partner specializing in consulting,

was already deployed. The company has a total of 30 users in HR, finance, accounting, purchasing, administration, and production. As a start-up company, the pressures of establishing itself in a competitive market meant that only a few people could be involved in the project; as a result, very few users had been trained on the new solution prior to implementation. “The intuitive SAP Business One user interface meant we were able to go live with minimal training,” reflects Kang. Since the solution has

resource management efficiency. “SAP Business One has been instrumental in generating business results faster, increasing user productivity, and maximizing the effectiveness of resource and organization management in each department,” confirms Kang.

OBS has learned how to reduce barriers between production and finance departments, thereby achieving greater transparency. In addition, managers now enjoy enhanced business insight, with faster access to up-to-date management information. “SAP Business One reduces work time by establishing clear lines of work responsibility between production and finance,” says Kang. “Workflow organization in these departments has greatly improved, and the staff time required to perform tasks has decreased. Productivity has increased by 30%, and by leveraging cost savings through transparent budget execution, the production department can focus on content quality. With more reliable media output, the trust in OBS from not only the viewer but also our partners has improved.” In fact, as a mark of the company’s success, other South Korean media companies are now using the OBS approach as a benchmark for ERP.

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development, installation, and support for SAP Business One. By leveraging best practices that were further enhanced by the previous SAP experience at KBS, the implementation team carried out a smooth project in an environment made difficult by the lack of consolidation between the lines of business in the newly launched company. Also, because OBS was a start-up, the lack of historical data prevented deep analysis – as did the scope of information needed and the time required to gather it. “Key personnel were extremely busy with day-to-day operational concerns and were thus unable to concentrate on business analysis,” reflects Kang.

OBS needed to link the ERP solution with its broadcasting information system, which

been in place, management has made a strong push for education and change management. Now, the key capabilities OBS is using include analyzing the broadcasting programs’ production costs and income statements for each program according to a chart of accounts.

### Greater Efficiency and Enhanced Competitiveness

OBS has implemented best practices-based business processes with an eye to boosting competitiveness through greater efficiency and reduced costs, thereby establishing a solid foundation for future business expansion. The integrated solution connects with the broadcasting information system and accounting data, resulting in enhanced

The SAP application has increased the efficiency of OBS’s core business processes and, as a result, reduced expenses. As it is now possible to access financial data in real time, OBS has reduced unplanned expenditure substantially. “By deploying the predictive and analytic reports from SAP Business One,

our decision making has improved and we're able to proactively mitigate risk factors in the business," explains Kang.

### Breaking Down Information Silos

OBS has overcome the silo effect – various kinds of data separated by disconnected applications – by instituting business processes to achieve greater transparency. Since the implementation, the management team has enjoyed more visibility and, therefore, greater control. "The solution allows more effective control of core business procedures through real-time monitoring," says Kang. By increasing integration of business processes beyond the production department and across different functions, the SAP Business One application enhances a "culture of belonging" in the company and has improved employee satisfaction.

### Lower Costs

OBS's SAP Business One application reduces operating costs and expense ratios in the finance and production departments through an automated,

integrated process. The company is already more competitive through the effective management of costs, profits, and losses. Its ERP solution reduces production costs through transparent claims processes against receipts and production cost controls. And the solution itself was cost-effective. "SAP Business One cost less compared to other software integration solutions," claims Kang. "Also, we spent less than we would have on building a homegrown system with independent consultants and developers."

"Now that OBS can analyze each broadcast program's production costs and income, with costs separated into specific categories, savings are beginning to accrue," concludes Kang. "Over time, we will be able to track specific levels of cost reduction more closely to determine actual savings."



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