



EMIRATES STEEL INDUSTRIES

GEARED FOR SUSTAINABLE BUSINESS GROWTH WITH SAP® ERP

QUICK FACTS

Industry

Mill products – primary metals manufacturers

Employees

1,500

Headquarters

Abu Dhabi, United Arab Emirates

Web Site

www.esi-steel.com

SAP® Solutions and Services

SAP® ERP application, SAP Extended Warehouse Management application, ASAP methodology, SAP Solution Manager application management solution

Implementation Partner

Mahindra Satyam

Key Challenges

- Support transition from rerolling operation to integrated steel plant
- Enhance cross-enterprise visibility for timely decision making
- Deploy integrated software solution to manage end-to-end business processes
- Integrate proprietary production systems with SAP® software
- Harmonize processes across 5 plants

Implementation Best Practices

- Deployed on time – in just over 7 months – and within budget
- Received support from CEO and CFO
- Performed early feasibility study and preimplementation review
- Consulted with industry peers, enhancing business buy-in
- Trained more than 300 users

Financial and Strategic Benefits

- Enabled automated data flow, allowing online, real-time access to production, inventory, and financial data
- Enhanced ability to manage employee attendance
- Harmonized processes across 5 plants
- Integrated proprietary production automation systems with SAP ERP

Why SAP Was Selected

- Recommendation of independent consulting firm
- Reputation of SAP as software of choice for steel manufacturers
- Proven scalability of SAP software

Low Total Cost of Ownership

- Standardized software deployment using the ASAP methodology
- Retired legacy systems, reducing IT maintenance costs
- Deployed project quality and change management plan to achieve project excellence
- Recreated key documents in Arabic

To meet demand for construction in the burgeoning Middle East, Emirates Steel Industries (ESI) is expanding in a phased approach. The single integrated steel manufacturer in UAE, it is gearing up to increase annual steel production from the current two million metric tons to over six million tons by 2013. To support this transformation and handle sustainable growth, ESI deployed the SAP® ERP application, reducing costs and boosting efficiencies.

Operational Benefits

Key Performance Indicator	Impact
Need for additional staff for expansion	-10%
Monthly close cycle	-60%
Payroll processing time	-63%
Online data generation time	Eliminated



“With the real-time information we now have available from our SAP ERP software, management can quickly identify opportunities for driving efficiencies and take rapid, decisive action.”

Soumyajit Ghosh, Controller and Business Planning and ERP Manager, Emirates Steel Industries

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Rapid business growth provides both opportunity and risk. Emirates Steel Industries (ESI), a government-owned steel plant in Abu Dhabi, United Arab Emirates, needed to meet demand for new construction in the burgeoning Middle East region without compromising product quality or customer satisfaction. To support its transformation from rerolling operation to fully integrated steel plant, ESI deployed the SAP® ERP application.

Founded in 2001, ESI originally produced reinforcing steel bars and wire rods. Facing growing demand, the company developed plans to build four additional plants to manufacture a variety of steel products.

However, proprietary production, warehouse management, and weighbridge systems prevented the company from cost-effectively harmonizing its processes across all plants. ESI needed a business solution to enable cross-enterprise process visibility, from the purchase of iron oxide pellets to the manufacturing and sale of fabricated steel products.

Creating Efficiency

The company performed a feasibility study to select the best software for its needs. A steering committee recognized SAP ERP as the preferred software for steel manufacturers.

Eight key business process owners visited an industry peer that uses SAP ERP. “That visit helped achieve buy-in from the process owners, and it gave them ownership of the project,” says

Soumyajit Ghosh, controller of ESI, who is also the business planning and ERP manager.

After conducting a brief preimplementation study to finalize project scope, ESI worked with implementation partner Mahindra Satyam. The team deployed SAP ERP within budget and on time – in just over seven months. The company also fast-tracked the deployment of the SAP Extended Warehouse Management application, which was needed to enable location control of thousands of spare parts.

“By using standard implementation approaches, including the ASAP methodology and the SAP Solution Manager application management solution, we reduced project risk, the total cost of implementation, and the total cost of ownership,” says Saleem Ahmed, IT manager.

The company trained more than 300 users from all areas of the business. To maximize acceptance of the software, ESI recreated internal HR forms and certain external-facing documents in Arabic.

Reinforcing Value

The SAP software helped ESI realize multiple business benefits. Automated data flows provide online access to production, inventory movement, and financial data. Integration between SAP ERP and biometrics tools allows ESI to manage more effectively employee attendance and related HR tasks, such as payroll and overtime payments.

Standardized, harmonized processes across all plants enhanced efficiency and

streamlined material movement. As a result, the company was able to reduce the need for additional staffing of the expansion by 10%.

The monthly close process was reduced from 10 working days to 4, and payroll processing shrunk from 8 to 3 days. Reports that previously took 1 to 3 days to distribute are available instantly. Retiring the legacy systems reduced IT maintenance costs and headcount by up to five people.

Looking ahead, ESI plans to implement additional SAP software functionality.

“As we move from a make-to-stock business model to a make-to-order model, the increased insight that we get from SAP ERP will help us become more agile, reduce working capital and stock inventories, and become a more profitable enterprise,” says Ghosh.

For now, however, ESI is pleased with the value delivered by the SAP software and the opportunities it enabled. “By providing real-time decision-support information about our business, SAP ERP gives management the insight they need to sustain our continued growth,” says Ahmed.

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