AMERICAN EUROCOPTER

MEETING GOVERNMENT REGULATIONS FOR ASSET MANAGEMENT

QUICK FACTS

Industry
Aerospace and defense

Revenue
US$800 million

Employees
900

Headquarters
Grand Prairie, Texas

Web Site
www.eurocopterusa.com

SAP® Solutions and Services
SAP® Enterprise Asset Management solution

Implementation Partner
SAP Consulting

American Eurocopter Corporation manufactures, sells, supports, and provides training solutions for Eurocopter rotary-wing aircraft in the United States for civilian, law enforcement, military, and homeland defense purposes. The SAP Enterprise Asset Management solution helps the company manage its assets more efficiently and in compliance with government regulations, enabling it to grow its market share in the U.S. defense industry.

Key Challenges

- Automate and improve asset management by eliminating duplicative and error-prone paper-based processes
- Streamline capital expenditure processes
- Receive and place aircraft in inventory
- Maintain data on government-furnished equipment and material to comply with government regulations
- Track maintenance and services performed

Why SAP Was Selected

- Satisfaction of all requirements through standard functionality without customization
- Ability to integrate inventory management, accounting, procurement, and plant maintenance processes without interfaces
- Leveraging of existing investment and prior positive experience with SAP software
- Lower cost of ownership compared to competitive solution

Implementation Best Practices

- Secured executive-level sponsorship
- Established a team of business users to define requirements and evaluate options
- Used an internal IT implementation team
- Established strong project governance to avoid customizations and scope creep
- Performed extensive integration testing
- Allowed adequate time for training
- Funded phase 2 with phase 1 savings

Low Total Cost of Ownership

- Retired legacy asset management software
- Leveraged existing IT investment
- Lowered implementation costs with a 12-week rollout
- Avoided interfaces to minimize IT effort and maintenance costs
- Used standard functionality without customization

Financial and Strategic Benefits

- Improved efficiency and productivity by integrating asset management processes including capitalization, transfers, depreciation, and capital expenditure workflow
- Enhanced visibility into asset management lifecycle processes
- Increased business opportunities with government by complying with regulations to track equipment and materials

Operational Benefits

Key Performance Indicator	Impact
Data entry time	-80%
Paperwork	-78%
Automation of asset management	+58%
Improvement of inventory accuracy	+50%

AMERICAN EUROCOPTER
AN EADS NORTH AMERICA COMPANY

"As we continue to grow our business with the Department of Defense, the SAP Enterprise Asset Management solution helps us comply with strict regulations while improving our ability to track assets."

Doug Hamilton, Senior Director, MIS, American Eurocopter Corporation

www.sap.com/contactsap

With plans to increase its scope of work with the Department of Defense, Texas-based American Eurocopter Corporation had to ramp up its software infrastructure. The maker of rotary-wing aircraft needed to comply with Defense Federal Acquisition Regulations Supplement (DFARS), but its legacy asset management software was not up to the task. To secure government contracts, American Eurocopter had to track government-furnished equipment and material throughout its lifecycle, receive and place assets in inventory, track maintenance and services performed, and depreciate the items.

Feeling the Pain of Manual Processes

American Eurocopter was running the SAP® ERP application but its asset management software was not integrated into the enterprise software environment. The company's finance and facilities staff members were tracking assets on spreadsheets, making depreciation calculations in the legacy software, and then manually inputting the data into SAP ERP. "If an auditor had asked to see the records on an asset, we would've had a hard time," says Doug Hamilton, American Eurocopter's senior MIS director.

The company's process for capital expenditures was equally cumbersome. "We would do an equipment request, then an appropriation request, then a purchase request, and then a purchase order. We did all this on paper and tracked it manually," Hamilton says. The same request could circulate four different times depending on the signing authority and the dollar amount.

Envisioning an Asset Management Solution

American Eurocopter assembled a team of business users to define the requirements for an integrated asset management solution. "We wanted to be able to load our capital budgets and manage all of the steps involved in consuming and tracking items in one software solution," Hamilton explains.

After viewing demonstrations from several vendors, the SAP Enterprise Asset Management solution and Maximo Asset Management software made it to American Eurocopter's short list. The team made a unanimous decision to implement SAP software. "It had the functionality we needed and we wouldn't have to maintain interfaces," Hamilton says. "Plus, from a total cost of ownership perspective, it was the more cost-effective solution."

Implementing Ahead of Schedule and Under Budget

With the backing of executive-level sponsors, American Eurocopter initiated the implementation, supported by SAP Consulting. The team of business users and IT personnel identified a road map and followed a phased rollout approach. Phase one focused on capital expenditures and tracking equipment and materials. Phase two focused on automating the work flow to consume capital budgets.

The project had strong governance so the software was installed without customizations, keeping the budget and time line in check. The project was running ahead of schedule, so the team spent extra time on testing and training. Even with these extra steps, phase one was complete three weeks early and was under budget by approximately 25%. "We were able to fund part of phase two with the savings," Hamilton explains.

Ready for Takeoff with Defense Industry Contracts

American Eurocopter has integrated and improved its asset management processes including capitalization, transfers, and depreciation. Automation has increased 58%, and inventory accuracy has improved 50%. The company has also automated its capital expenditure workflow. Signing authorities now receive an e-mail alert to approve requests. Overall there is 80% less data entry and 78% less paperwork.

With more robust asset management capabilities, American Eurocopter is able to meet government acquisition regulations. Hamilton adds, "Could we have done it without SAP? Maybe, but it would have been difficult."

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