



SK TELECOM

STREAMLINING PEOPLE PROCESSES WITH SAP® BUSINESS SUITE AND SAP NetWeaver®

QUICK FACTS

“With automation of manual tasks and integrated systems operation, business efficiency has improved, translating to annual cost savings of about 600 million won [US\$600,000].”

Lee Jung Hun, Team Manager, E-Management Team, Information Technology R & D Center, SK Telecom Ltd.

Company

- Name: SK Telecom Ltd.
- Headquarters: Seoul, Korea
- Industry: Telecommunications
- Products and services: Mobile communication and multimedia services, wired and wireless network service solutions, and global roaming
- Web site: www.sktelecom.com
- Implementation partners: Deloitte Consulting, aMplus Consulting, SAP® Consulting in Korea, SNS (HR), and SK C&C

Challenges and Opportunities

- Implement best practices, managerial accounting, decision-making support, and version upgrades and maintenance
- Enable data integration with SK Group and with each group affiliate

Objectives

- Provide strategic HR support for various business environments
- Provide timely access to data
- Integrate HR with other systems

SAP Solutions and Services

- SAP Business Suite software, including the employee and manager portals in the SAP ERP application
- SAP NetWeaver® technology platform
- SAP NetWeaver Portal component
- SAP NetWeaver Application Server component
- SAP EarlyWatch®, SAP EarlyWatch Alert, and SAP GoingLive™ Check services

Implementation Highlights

- Time to implement improved with every phase
- 5,100 users served

Why SAP

- Wide range of functionality
- Superior integration
- Best practices incorporated in software

Benefits

- Real-time HR data access, with strong data analysis functionality and decision-making support
- Solid integration and security of data
- Improved efficiency of HR operations and service quality
- Cost savings of US\$600,000 annually

Existing Environment

- SAP ERP application
- SAP Supplier Relationship Management application
- SAP Supply Chain Management application

Third-Party Integration

- Database: Oracle
- Hardware: HP
- Operating system: HP-UX 11

SK Telecom

SAP Customer Success Story
Telecommunications



When the Internet began to support enterprise solutions in the late 1990s, SK Telecom Ltd., a Korean telecommunications company offering mobile communication and multimedia services, wired and wireless network service solutions, and global roaming, decided to build a Web-based system for human resources. The company created Web-HRIS in 1998 and set up an internal customer center to process HR requests on a shared basis. However, it soon found that independent systems were being used for different core processes, making the resulting data less than effective.

“Many legacy systems lacked integration and data consistency,” recalls Lee Jung Hun, team manager of the e-management team within the information technology R & D center at SK Telecom. “It was difficult to provide strategic HR support to respond to varying business environments, and the organization wanted synergy through integration with other systems, such as finance. Lack of access to timely information led to delays in decision making, and much manual work was required to collect and validate data.”

At the same time, Lee says, the increasingly stable intranet environment had led to rising demand for a Web-based system for general employees. “The client/server architecture-based system was used mainly by HR staff,” he explains. “It was difficult for general employees to use.”

The solution was to carry out a comprehensive revamping of business processes. SK Telecom wanted a solution that provided overall functionality but that also included best practices, man-

agerial accounting, decision support features, and an IT environment and legacy interface, as well as version upgrades and maintenance. Partner utilization, pricing and payment terms, and vendors’ capabilities and reputations were also considered. In addition, the solution had to enable data integration with the parent SK Group and allow integration with each group affiliate.

SK Telecom first formed an enterprise resource planning (ERP) team that evaluated the various criteria. A separate business strategy committee then comprehensively reviewed and validated the final decision to implement SAP® Business Suite software.

SAP Software Wins on All Fronts

The evaluation led SK Telecom to SAP software, which stood out because of its wide range of functionality, superior integration, solution stability, and the huge number of best practices, says Lee. “With the flexibility and scalability to satisfy the needs of a rapidly changing telco business, we expected that

SAP [solutions] would enable us to respond nimbly to changes in the business environment,” he says.

Partners were then chosen to guide the implementation. According to Lee, partners had to have “sufficient understanding of SK Telecom, a lot of experience with SAP Business Suite, superior execution capability, many skilled consultants available, and active technology transfer to ensure project success.” Deloitte Consulting, along with experienced consultants selected from aMplus Consulting, SAP Consulting in Korea, SK C&C, and SNS, a professional HR service, worked on the SAP implementation.

The resulting solution, implemented in phases, has made SK Telecom the largest SAP reference site in Korea. SK Telecom now has a company-wide ERP infrastructure, customized for its particular needs, enabling a speedy, flexible management system. “SAP supports system operations, delivers best practices, and has transferred knowledge of new technology and methods of implementation,” Lee notes.

Employee Benefits

An employee competency assessment system was set up within the ERP framework to ensure accurate assessments and increase the use of relevant data in related processes like promotion and compensation. On the end-user side, an HR Web portal based on the SAP NetWeaver® Portal component provides a single point of access for all employee information regarding personnel administration, appraisal, or requests. At the



“Many legacy systems lacked integration and data consistency. It was difficult to provide strategic HR support to respond to varying business environments, and the organization wanted synergy through integration with other systems, such as finance. Lack of access to timely information led to delays in decision making, and much manual work was required to collect and validate data.”

Lee Jung Hun, Team Manager, E-Management Team, Information Technology R & D Center, SK Telecom Ltd.

same time, the company established an HR IT infrastructure that could be easily adapted from the core telecommunications competence to other businesses like wireless Internet and satellite digital multimedia broadcasting, ensuring flexibility and scalability as HR environments, systems, and processes evolve.

Swifter Implementations Each Time

With the ASAP methodology and services such as SAP EarlyWatch®, SAP EarlyWatch Alert, and SAP GoingLive™ Check in place, SK Telecom has become more experienced with each phase. The most recent phase – implementing appraisal, compensation, and promotions and transfers under HR – typically takes 11 months to complete. Instead, it took just eight months to prepare the annual announcements of new positions, benefiting both full-time employees and temporary staff.

“More than 90% of the design was realized with the actual business process implementation,” says Lee. “User satisfaction was over 3.7 out of 5.” The secret was organizing an ERP HR task force of experienced and skilled project members, including line-of-business personnel, IT staff, and consultants. In addition, all consultants were required to have both HR business and ERP experience.

The task force not only enabled cross-department collaboration but also promoted effective coordination and communication internally. Preventive project management was put in place to minimize impacts on the project’s schedule.

According to Lee, the initial requirement definitions had been unclear, resulting in a working prototype that underwent frequent changes in each implementation phase. This required time-consuming discussions among departments to reach consensus. Among the measures taken to remedy this was the creation of prototypes that directly illustrated changing processes and ensured process feasibility, as well as preanalysis of legacy systems that enabled implementation modeling and flexible schedules. Interdepartmental communication was expanded, the timeline was better defined and enforced, and user needs were surveyed, says Lee. “For HR implementations, the design of the working prototype must be flexible to accommodate future possibilities such as internal process improvements, particularly for businesses like telcos that go through rapid and frequent environmental changes,” he notes.

Lee also advised that all designs had to be made with maximum user convenience in mind. For example, change management activities were differentiated according to user level, such as via a steering committee or presentations. At the same time, internal tools were used to improve user understanding of the ERP system and collect feedback, eventually leading to greater system utilization.

SAP Solutions Improve Quality of Service

SAP Business Suite has enabled integrated information and thus increased SK Telecom’s competitiveness. “The

flexibility of the system enables us to meet various customer requests and makes it easier to develop new services and launch new business,” says Lee. With the SAP NetWeaver Application Server component, new content for HR services could be developed using Java.

The HR implementation in particular has enabled history management, close integration of processes with data, and more efficient operations. For example, the employee and manager portals in the SAP ERP application have improved online efficiency and partnership services, automating the processing of various requests. Employee satisfaction and motivation for self-development has also increased.

“The ERP HR infrastructure enabled performance- and competence-oriented human resource management, resulting in greater employee value and competency,” he says. “Legacy data cleansing and conversion has ensured ERP data consistency. There is now a fast system response to HR policy changes and flexibility in applying policy changes.

“Manual tasks that resulted from platform complexity and lack of system support were eliminated to simplify business execution and enhance efficiency,” he says. “The operational relationship with other ERP areas was enhanced to maximize benefits from integrated business management.”

Lee is also pleased with the overall total cost of ownership equation. “Our key business operations, such as financials, logistics, and HR, are supported in a single integrated system. In addition,

SAP provides future-oriented technology. That's the global standard that SK Telecom aspires to," he says.

SAP-Powered Expansion

SK Telecom's strategy with the integrated HR system implementation is to establish an enterprise-wide infrastructure that lays the foundation for responsible business management. To put this strategy into action, continuous system enhancements are planned, as well as process and policy improvements.

Although it is difficult to estimate the overall figures, Lee expects a payback within a few years for the HR implementation. "Given the additional investments we plan to make in 2005 for HR system functionality and process improvements, we'll likely see around 176% in ROI and 40% in internal rate of return," he says. It is not hard to see why, with HR underpinning all activities. "SAP Business Suite laid the foundation for performance- and competency-oriented people management, supporting decision making to maximize people value," Lee concludes. "Enterprise-wide management infrastructure supports responsible management."

Deloitte.

50 055 360 (09/01)

©2009 by SAP AG.

All rights reserved. SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects S.A. in the United States and in other countries. Business Objects is an SAP company.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.