



Transnet Engineering: Driving Lean Six Sigma with SAP® Portfolio and Project Management

As part of a continuous improvement program, South Africa's Transnet Engineering adopted Lean Six Sigma principles to operate more efficiently. By implementing the SAP® Portfolio and Project Management application, Transnet Engineering has **improved the efficiency, insight, and governance** of hundreds of key projects and sees substantial ongoing savings.

Executive overview

Company

Transnet Engineering

Location

Pretoria, South Africa

Industry

Transportation and logistics –
railways

Products and Services

New and refurbished build,
and maintenance of rolling
stock and rail-related products

Employees

13,000

Revenue

US\$1.557 billion

Web Site

www.transnet.net



BUSINESS TRANSFORMATION

The company's top objectives

- Project pipeline management
- Project tracking and workflow management
- Enforcement of governance and approval processes
- Monthly reporting and project transparency

The resolution

- Use the SAP® Portfolio and Project Management application to manage projects, financials, resources, and reporting
- Enforce governance through workflow and stakeholder approvals
- Automate manual collection and analysis of project data

The key benefits

- Reduced cost through operational improvements
- Greater transparency and access to all project data
- Improved efficiency using dashboards and visualizations
- Tighter control from initial idea collection through project completion

Read more ►

TOP BENEFITS ACHIEVED

\$62 million

Visible savings in
two years

99%

Faster time for financial
reporting

2,100

Recorded innovations

See more metrics ►

“SAP Portfolio and Project Management allows TE’s project managers to link ideas and strategies with the project data, workflows, and business processes needed to manage portfolios and projects smoothly.”

Richard Vallihu, Chief Executive, Transnet Engineering

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Achieving excellence in all aspects of operations

Transporting goods within South Africa requires an extensive freight logistics chain in which Transnet Engineering (TE) plays a critical role. TE is responsible for the maintenance of the country's railway fleet and the building of new rolling stock assets for its customers. It's a division of Transnet SOC Limited, a public company fully owned by the South African government that operates the country's major transport infrastructures.

TE has nine product-focused businesses, 132 depots, six factories, and around 13,200 employees countrywide. The organization is dedicated to in-service maintenance, repair, upgrade, conversion and manufacture of freight wagons, coaches, and locomotives, as well as wheels, rotating machines, rolling stock equipment, auxiliary equipment, and port services.

As part of Transnet's overall market demand strategy for expansion, TE embarked on a journey of continuous improvement. The company rolled out a Lean Six Sigma program to eliminate waste and increase efficiency across operations.

After rolling out Lean Six Sigma with SAP software, TE had a portfolio of approximately 838 projects underway – 453 Lean, 61 Six Sigma, and 324 "Just Do It" within the financial cycle. A critical success factor for the program was to implement a solution that supported all of the company's project management methodologies and helped quantify financial returns.



Executive overview

Company objectives

Resolution

Business transformation

Future plans

Increasing proficiency in approach to project management

To track and manage the company's projects, TE was using various software solutions, including Excel, Microsoft Project, and the project management functionality in the SAP ERP application. "There was no centralized view of savings other than in spreadsheets," explains Thoba Majoka, general manager of strategy and marketing at TE. "Everything was tracked manually, which was extremely time consuming and did not enforce governance or reviews at various project phases."

To identify software that met the company's objectives, TE applied Gartner's MarketScope for Project and Portfolio Management Applications (formerly the Magic Quadrant). SAP Portfolio and Project Management emerged as the best choice with a reporting engine running on the SAP NetWeaver® Business Warehouse application with SAP BusinessObjects™ Dashboards software.

TE engaged a local partner to implement the software solution within 3 months, nearly half to a third of the typical implementation timeline for a project of this scale. By following careful methodology and staying focused on the project, TE was able to meet its timeline.

One of the key lessons learned is the importance of change management. A basic level of proficiency in standard project management principles had to be established for users to fully adopt the software. By implementing SAP Portfolio and Project Management, TE was able to identify gaps in its project management discipline across the business and deploy training teams to focus on basic project management principles.

"SAP software supports our long-term vision. It provides the functionality we need and enables a higher degree of integration and greater depth of information to provide the visibility we want."

Thoba Majoka, General Manager, Strategy and Marketing, Transnet Engineering



Executive overview

Company objectives

Resolution

Business transformation

Future plans

Gaining real-time visibility from inception to profitability

Since implementing SAP Portfolio and Project Management, TE's project managers are able to manage their portfolios and projects more efficiently. The software helps quantify expectations and provides a clear, real-time overview of the project from inception to ultimate profitability.

Where projects were manually tracked before and shared via e-mail, all the tools and information they need are now readily available. "Now we can log in and manage projects using a template and defined workflow that ensures proper reviews and approvals

are secured," Majoka says. "Financial information is automatically captured. We can pull up any report and access dashboards to look at the transactions executed each month by cost center to gauge our level of savings."

Even the shop floor employees can use the software to record ideas for improving efficiency and profitability, ensuring that the correct person is acknowledged for the suggestion.

KEY BENEFITS

\$62 million

Visible savings in two years

2,100

Recorded innovations

6 months

Time to achieve savings target

99%

Faster time for financial reporting

100%

Increase in project transparency



Executive overview

Company objectives

Resolution

Business transformation

Future plans

Fast-tracking savings for all projects with SAP software

Looking ahead, TE will maintain its focus on continuous improvement while contributing to Transnet's market demand strategy. The company is on a journey of maturity in its project management methodologies and proficiency with SAP Portfolio and Project Management. It is now expanding the use of the software to support capital expenditure projects. TE is also planning to manage information communications and technology projects and revenue-generating projects with SAP Portfolio and Project Management.

"Large Lean Six Sigma and capital expenditure projects are composed of numerous elements with high levels of complexity," Majoka explains. "SAP Portfolio and Project Management helps ensure that no detail is overlooked."



© 2013 SAP AG or an SAP affiliate company. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP AG. The information contained herein may be changed without prior notice.

Some software products marketed by SAP AG and its distributors contain proprietary software components of other software vendors. National product specifications may vary.

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.

SAP 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.

Please see <http://www.sap.com/corporate-en/legal/copyright/index.epx#trademark> for additional trademark information and notices.



The Best-Run Businesses Run SAP™