

## SAP Customer Success Story Engineering, Construction, and Operations



**“To enable us to standardize our business processes across all our operations, we needed a top ERP solution as the backbone.”**

Gerry Morrissey, Group Finance Director, Mercury Engineering

### AT A GLANCE

#### Company

- Name: Mercury Engineering
- Location: Dublin, Ireland
- Industry: Engineering, construction, and operations
- Products and services: Electrical and mechanical infrastructure for factories and buildings
- Revenue: US\$840 million
- Employees: 2,500
- Web site: [www.mercury.ie](http://www.mercury.ie)
- Implementation partner: Morse PLC

#### Challenges and Opportunities

- Rapid growth of operations demanding a more robust, enterprise-wide solution
- Multiple, large-scale engineering projects requiring standard procurement, financial reporting, and labor costing and management processes
- Project information silos, making it difficult to view overall corporate performance in a timely manner
- Inability to share labor information in a corporate-wide manner, hindering effective labor management

#### Objectives

- Implement an enterprise solution with contract and labor management functionality for global rollout
- Standardize processes for financial reporting, labor costing, procurement, and human resources
- Provide greater management visibility into day-to-day operations and corporate-wide performance by eliminating project-related information silos

#### SAP® Solutions and Services

- SAP® functionality for engineering, construction, and operations
- SAP ERP application

#### Why SAP

- Strong match with needed functionality
- Scalability to support future growth
- Straightforward integration of mission-critical 3rd-party applications
- Proven reliability and long-term stability of solution and vendor

#### Benefits

- Immediate and detailed financial overview of corporate operations
- More accurate project costing through dynamic analysis of labor and material costs
- Improved labor management
- Data capture for calculation of business's key performance indicators

#### Existing Environment

Legacy systems

#### Third-Party Integration

- Database: Microsoft SQL 2000
- Hardware: Dell
- Operating system: Microsoft Windows 2003

## MERCURY ENGINEERING

### Irish Engineering Firm Uses SAP® Solutions to Gain Visibility and Standardization for Engineering Projects

Founded in 1972, Mercury is a privately held company with annual revenues in excess of US\$800 million. The company employs about 2,500 people. Leveraging the same quality of service and expertise that fostered steady growth for over 30 years in its home country, Mercury now has major projects active in the United Kingdom, eastern Europe, the Middle East, and North Africa. Managing numerous distant projects like Mercury's would test any organization.

“When you are setting up new projects,” says Michael Kennedy, chief operating officer at Mercury, “that potentially have hundreds of staff and often run for no more than 12 months, you need processes and systems to ensure efficient, high-quality, and consistent delivery to the client.”

#### Finding a World-Class Solution

To examine all aspects of its business, Mercury conducted a comprehensive business process analysis. The analysis produced recommendations not only for the next steps necessary to sustain continued growth, but also for changes to the company's IT infrastructure. As a product of the study's analysis and recommendations, Mercury developed “emerge” – a project whose primary mandate was to implement world-class business processes and supporting information systems. “We have always taken great pride in the quality of our work and our commitment to our clients here in Ireland,” says Kennedy.



After looking at several of the world's leading enterprise solution vendors, the team at Mercury narrowed the list to a handful whose solutions potentially met the company's requirements. "We looked at a lot of vendors, but SAP won through because of

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Barry O'Gorman, Project Director of emerge, Mercury Engineering

its combination of global presence, specific functionality, and consulting partnership," says Barry O'Gorman, project director for the company's emerge initiative.

Mercury chose SAP® software to support its growth and create an integrated source of information for managing procurement, finances, contracts, and labor. Specifically, Mercury decided to implement the SAP industry-specific solutions, based predominantly on functionality in the SAP ERP application.

### **Solution: A Single Integrated IT Environment**

Having found the first-class solution it was looking for – and with help from its implementation partner Morse PLC – Mercury implemented a number of key SAP applications. Mercury deployed SAP functionality to satisfy a host of requirements for effectively managing its numerous overseas projects. The implementation created the single integrated IT environment Mercury wanted.

Having one centralized source of data enabled Mercury to improve some key processes. One example was contract management. Mercury's legacy system did not provide an integrated overview of contracts. "Senior managers wanted to see monthly reporting and analysis across all their projects to make sure we were hitting our targets," explains Michael Horgan, Mercury's project manager for emerge. "Being able to view all our contracts in one system with all relevant project information is critical to the success of our operations."

### **Breaking Down Information Silos**

In the past, Mercury's project-related data resided in different applications and systems. Now, the new SAP solution provides the company with an integrated data system to plan and budget projects, compare planned with actual costs, manage commitments and contracts, monitor progress, calculate earned value, and produce the reports managers need to make sound decisions.

Mercury's financial processes also harness the power of SAP software, which the company uses extensively to manage its controlling and profit center accounting operations. As a result, the company can keep a close eye on the bottom line – project profitability. "We have used the implementation of the SAP software to revamp monthly reporting and provide the data required for calculating key performance indicators across the business," adds Gerry Morrissey, group finance director at Mercury.

Effective time management – for hourly paid and salaried employees, as well as for subcontracted labor – is critical for Mercury's projects. Here, the SAP cross-application time-sheet functionality – a single point of entry for all business processes requiring information on employee and subcontractor activities – enables Mercury to conveniently track and invoice labor costs.

Mercury has to calculate hourly rates for all workers on a project and, at the same time, take into account vacation time, overtime, insurance, and other personnel-related factors. To meet this need and complement the SAP time management functionality,

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Barry O’Gorman, Project Director of emerge, Mercury Engineering

Mercury implemented an add-on application from Dassian Incorporated. Dassian is an independent software vendor providing applications that have certified integration with SAP solutions. The vendor’s add-on is based on the SAP NetWeaver® technology platform and provides the functionality critical for making Mercury’s calculation processes seamless.

Mercury managers also needed convenient ways to process routine HR operations, such as receiving and approving leave requests from employees. The self-service options that SAP software offers enable managers to handle these processes quickly and easily. In addition, service management options allow Mercury to effectively manage maintenance contracts and deliver proactive services, control its own costs, and better serve its customers.

### **Accurate Billing of Labor Costs**

With labor generating such a large part of project costs, being able to dynamically calculate site-specific labor costs, compare those costs to budget projects, and make adjustments accordingly is critically important to Mercury. In addition, accurate and efficient billing processes are a key part of Mercury’s customer relationship management. “The solution includes a cumulative billing application from Morse,” says O’Gorman, “and that helps us control billing to our customer and from our subcontractors. Billing can be done cumulatively, based on either dates or milestones.”

### **Building a Solid Foundation for Future Growth**

Mercury has rolled out the SAP solutions to all its locations in Ireland and the United Kingdom. In the next phase of the project, Mercury will expand the rollout to all other international locations. Says O’Gorman, “The SAP solution provides a platform that enables us to standardize business processes and drive efficiency throughout the group.”

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