LENOVO
GOING GLOBAL WITH STANDARDIZED BUSINESS SYSTEMS

QUICK FACTS

Industry
High tech

Revenue
US$16.6 billion

Employees
22,200

Principal Locations
Beijing; Morrisville, North Carolina; Singapore

Web Site
www.lenovo.com

SAP® Solutions and Services
SAP® Business Suite software including functionality for enterprise resource planning, supply chain management, customer relationship management, and business process management; SAP MaxAttention™ services

Implementation Partners
SAP Consulting, IBM

Lenovo is a multinational computer company that has grown far beyond its Chinese roots. After acquiring IBM's PC division, Lenovo saw its global footprint expand exponentially, and the company wanted to standardize international operations on a single business platform. Lenovo chose SAP® Business Suite software and SAP MaxAttention™ services to help enable a new business strategy and ensure greater process efficiency.

Key Challenges
- Enable a global business model
- Deploy comprehensive and consistent business processes worldwide
- Reduce complexity and cost associated with acquired legacy systems
- Improve operational speed, efficiency, and flexibility
- Build internal IT capabilities and skills

Why SAP Was Selected
- SAP® software used by Lenovo's successful Chinese operations prior to acquisition
- Proven solution for enterprise-wide integration
- Global resources available to support worldwide rollouts

Implementation Best Practices
- Focused on business transformation rather than solely on automation
- Established clear IT road map and governance
- Used SAP MaxAttention™ services to ensure peak performance
- Leveraged external expertise while developing internal capabilities

Low Total Cost of Ownership
- Centralized operations on single, global system instance
- Optimized processes based on business model
- Used lessons learned to reduce ongoing project spend

Financial and Strategic Benefits
- Established a standardized and comprehensive business solution platform in more than 100 countries
- Gained greater ability to respond effectively to global financial situations
- Established a world-class IT organization

Operational Benefits

Key Performance Indicator	Impact
Cost of leasing legacy systems	-60% to date
Average cost per unit	-29%
Order-to-delivery cycle time	-3% to -4%
IT expense-to-revenue ratio	-50%

lenovo

SAP®

"As the foundation for Lenovo's global IT strategy, SAP software enabled us to move quickly away from acquired legacy systems and to support our worldwide operations with consistent and flexible business processes."

Xiaoyu Liu, GM of Global Application Development, CIO/BT Organization; VP, Lenovo Group

www.sap.com/contactsap

Chinese Computer Company Goes Global

Lenovo has a straightforward goal: build the world's most exceptionally engineered personal computers. And with brands such as ThinkPad laptops, the company is setting the gold standard in PCs.

Lenovo – originally based solely in China – significantly expanded its global footprint when it acquired IBM's PC manufacturing division in 2005. The company is now one of the world's largest makers of personal computers with a presence on six continents. Lenovo wanted to integrate operations quickly after the acquisition, but the Chinese manufacturer faced several challenges. For example, the combined company had different business models for its commercial and consumer markets, and international facilities were supported by disparate IT systems. At some locations, Lenovo had to lease existing legacy systems to ensure business continuity.

To enable a new strategy for its worldwide business, Lenovo chose SAP® Business Suite software to establish a centralized business platform that could support comprehensive business processes at all its subsidiaries.

Partnership Drives Business Transformation

Lenovo's leadership was confident of their choice. They recognized that many multinational companies run SAP solutions and that SAP has the expertise and widespread presence to handle large-scale global implementations. And the company's Chinese operations already ran successfully on SAP software before the acquisition.

Lenovo's project team devoted significant effort to the initial system design – leveraging both existing business best practices and addressing local needs. The company also developed a clear road map and implementation templates to guide the phased rollouts at Lenovo's global locations.

Lenovo leaders point to strong partnerships as another success factor in this extensive project. Initially, Lenovo's own IT group had limited capability for delivering global business systems. As a result, the company bolstered the project team with SAP MaxAttention™ services as well as consulting services from SAP and IBM. Lenovo's IT staff worked closely with these experts to build internal skills.

The Benefits of Efficiency and Flexibility

Lenovo has rolled out the SAP solutions in more than 100 countries so far. Today the company is running many of its facilities with integrated functionality, supporting operations that range from financials and sales to supply chain and customer relationship management. Lenovo is well on its way to establishing a single centralized IT platform for the entire company. By doing so, it has eliminated the need for the legacy systems at many former IBM locations, reducing associated leasing costs up to 60% to date.

The company is also seeing improved efficiency in key business processes. This includes reduced order-to-delivery cycle times as well as reduced pricing and costing calculation time. In total, the average cost per unit at the PC manufacturer has dropped by 29% according to company officials. Moreover, Lenovo has reduced its IT expense-to-revenue ratio 50% while increasing its effectiveness in supporting the business.

Standardization and greater efficiency have also helped provide Lenovo the flexibility needed to weather global financial storms. For example, the company was able to maximize business results by quickly modifying its business-to-business and business-to-consumer models in response to the recent financial crisis.

The Road Ahead

Lenovo continues to shape the future of computer technology with innovation and new thinking. Standardized business systems will play an important role in this vision. In fact, the company expects to manage all of its worldwide operations with integrated SAP software by 2012.

50 105 058 (11/06)

©2011 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP BusinessObjects Explorer, StreamWork, 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 Software Ltd. Business Objects is an SAP company.

Sybase and Adaptive Server, iAnywhere, Sybase 365, SQL Anywhere, and other Sybase products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Sybase, Inc. Sybase 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.

THE BEST-RUN BUSINESSES RUN SAP™