



**SAP BUSINESS TRANSFORMATION STUDY**

**AT A GLANCE**

<b>Industry</b>	Media; telecommunications – satellite radio
<b>Revenue</b>	US\$15.6 million (2006)
<b>Employees</b>	500
<b>Location</b>	Silver Spring, Maryland
<b>Web Site</b>	www.worldspace.com
<b>SAP® Solutions &amp; Services</b>	SAP® Business Suite; SAP solutions for GRC; SAP Hosting
<b>Implementation &amp; Production Support Partners</b>	Siemens Information Systems Ltd. and Accenture

WorldSpace Inc. provides commercial-free music and programming through its satellite network to consumers in Asia, Africa, and Europe. It is the only satellite radio service provider outside of North America, South Korea, and Japan. Combining local programming, original content, and content from leading global brands, WorldSpace delivers music, news, sports, and talk to an expanding marketplace. With a satellite-ready receiver and a modest monthly subscription, consumers in 3 continents can enjoy WorldSpace content.

**Key Challenges**

- Rapid expansion that caused WorldSpace to outgrow its previous Microsoft applications
- Requirement as a public company for accurate compliance tracking, reporting, and enforcement
- Disparate global legacy systems that made reporting and tracking difficult
- Need for compliance with the U.S. Sarbanes-Oxley Act due to IPO in 2005

**Why SAP Was Selected**

- Integrated solution reduces maintenance and data quality issues
- SAP's global presence supports international operations
- SAP® Hosting services simplify IT infrastructure requirements and reduce IT expenditures
- SAP was selected over Oracle based on level of integration and technology road map

**Implementation Best Practices**

- Adopted ASAP methodology for project management
- Used strategic mix of onshore and offshore resources
- Benefited from strong executive support
- Interviewed other SAP customers and incorporated key lessons learned into the implementation plan
- Leveraged the SAP Ramp-UP program for additional rollout support

**Low Total Cost of Ownership**

- Implemented SAP software successfully in 6 months
- Flat IT spending even as subscriber base has doubled in the last 2 years
- Utilized Siemens Information Systems Ltd. (SISL - India) as low-cost implementation partner
- Leveraging services of Accenture Bangalore for ongoing support
- Continued mix of onshore and offshore support structure

**Financial and Strategic Benefits**

- Ability to close books quicker than before
- Tighter integration of functions and geographies, facilitating a culture of operational control
- Platform scalable with business growth

**Operational Benefits**

- Reduced time to close books – from 35 days to 12, and will soon reach target of 7 days
- Reduced cost of close – estimated savings of 60%
- More control over fixed asset and inventory records – substantial savings achieved through reduction of personnel costs
- 5%–15% spending reduction in ground systems, receiver manufacturing, and marketing



**“SAP offered the out-of-the-box integrated solution required to run our business more efficiently as we grow rapidly. Implementing the solution in six months has accelerated our time to benefit.”**

Michael Berkley, Chief Information Officer, WorldSpace Inc.

**“I thought implementing SAP software would be a complex, costly, and time-consuming project for a company our size. I was pleasantly surprised that it wasn’t.”**

Vincent Loiacono, Chief Accounting Officer, WorldSpace Inc.

### **Growing Satellite Radio Company Outpaces Legacy Business Systems**

The mission of WorldSpace Inc., founded in 1990 by Noah A. Samara and located in Silver Spring, Maryland, is to provide digital satellite audio, data and multimedia services to the world. The company offers a variety of high-quality programming through a subscription-based service that uses low-cost portable satellite radios and is available in underserved markets that lack programming choices. WorldSpace is the first and only company with rights to the world’s globally allocated spectrum for digital satellite radio. Its broadcast footprint covers over 130 countries, including India and China, all of Africa and the Middle East, and most of Western Europe – an area that includes five billion people and more than 300 million automobiles. The company’s two fully operational satellites and ground infrastructure are based on proprietary and patented technology.

From a systems perspective, WorldSpace faced the classic post-start-up challenge: while business was growing in scope and complexity, the IT infrastructure was inadequate. A number of the global applications were implemented (or inherited) to solve specific business issues. Legacy systems were cobbled together on an ad hoc basis and often did not speak to each other. Inevitably, this resulted in inadequate functionality, controls, and reporting capability.

WorldSpace averaged between 25 and 35 days to close its books every month, and the process involved dozens of people, many of them across the world. There was little by way of effective planning and budgeting capability. Accounting properly for physical and human assets was largely manual and often inadequate. Vendor selection and management was regional in nature, with little effective coordination across countries.

### **WorldSpace Chooses SAP for Integrated, Scalable Solution**

In 2005, with an IPO on the horizon and continuing subscriber growth, senior management at WorldSpace realized that its existing IT infrastructure, left underinvested, would become a hindrance to business success. A strategic decision to scale for growth was made. Michael Berkley, former CIO of RCN (a competitive local exchange carrier telco) and Erol’s Internet, was hired as CIO in 2005 and given charge of transforming its IT investment into an enabler of corporate growth.

WorldSpace began the process of vendor selection almost immediately. Proposals were received from Oracle, SAP, and Microsoft Dynamics (Axapta). After extensive due diligence, which included speaking with the vendors’ customers, the company chose SAP because it had the best integrated solution across functions, was best suited to scale globally, and offered a hosting solution that enabled a quicker time to market and production support.

### **SAP® Solutions Channel Improved Controls and Processes at WorldSpace**

A strong governance structure was put in place to manage the implementation for the SAP® solutions for governance, risk, and compliance. WorldSpace adopted the ASAP methodology and worked with Siemens Information Systems Ltd. as the implementation partner. The close partnership between the finance and IT functions at WorldSpace was critical to a quick and successful implementation – about six months.

While WorldSpace’s subscriber count has doubled in the last two years, IT spending has been flat. Further, SAP solutions are the common thread that link all the company’s functions and vast geographies together. More stringent controls and procedures are in place, leading to quicker month-end close. Most important, the people at WorldSpace are now able to channel more of their energy to the one thing that drives the company – bringing music to the ears of the world.