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AT A GLANCE

Company

- Name: mobilcom AG
- Locations: Büdelsdorf and Erfurt, Germany
- Industry: Telecommunications
- Products and services: Telecom service provider
- Revenue: €2.0+ billion
- Employees: 3,000
- Web site: www.mobilcom.de
- Implementation partner: IBM Business Consulting Services

Challenges and Opportunities

- Reduce billing errors
- Enable a clear overview of standard processes, transaction security, and transparency for customers
- Sharpen competitive edge

Objective

Implement a standardized IT platform to improve contract account invoicing and logistics processes, as well as integrate financial accounting processes

Solutions and Services

- SAP® Revenue Management and Contract Accounting application
- SAP software for enterprise resource planning
- SAP E-Commerce application

Implementation Highlights

- Rapid, successful implementation in only 12 months, from initial design and go-live
- High level of acceptance from employees

Why SAP

- Comprehensive standard functionality
- Long-term security of IT investment
- Flexibility and scalability, enabling integration of new solutions in the future

Benefits

- Ability to settle complex contract accounts for 2.46 million customers and counting
- Higher quality and more transparency of service processes, leading to improved customer satisfaction
- Faster month-end closing and insightful reporting for optimal enterprise management
- Reduced administration costs
- Integrated logistics processing

Existing Environment

Slow, error-prone non-SAP software

Third-Party Integration

- Database: Oracle
- Hardware: Sun
- Operating system: Sun Solaris

MOBILCOM

Software from the SAP for Telecommunications Solution Portfolio Helps German Telecom Giant Optimize Billing for 2.46 Million Customers

“SAP is an innovative and reliable partner that convinced us of the strengths of an integrated industry-specific solution for telecommunications service providers,” says Christoph Steffens, IT manager at mobilcom AG, explaining the reason why Germany’s second-largest telecommunications company chose software from the SAP for Telecommunications solution portfolio.

mobilcom’s top goals were to improve contract account invoicing and logistics processes, as well as integrate financial accounting processes. “To achieve our strategic goals, we had to significantly raise transparency in our service processes and organize our operational business to be efficient and of the highest quality. The SAP software helped us increase quality and productivity,” says Dr. Thorsten Grenz, chairman of the executive board of mobilcom AG.

mobilcom now uses the SAP® industry solution to invoice customers and manage its logistics and financial accounting. A user-friendly Internet portal based on the SAP E-Commerce application – which is found in the mySAP™ ERP application – enables mobilcom to automatically process incoming orders from many of the company’s dealers and shops.

Modern Telecommunication and Information Technology for All

mobilcom serves 4.56 million cell phone customers from its locations in Büdelsdorf and Erfurt, Germany. Of those customers, 2.46 million subscribe to telecommunications contracts, while 2.1 million customers prepay. mobilcom markets cell phone

connections for the T-Mobile, Vodafone, and E-Plus networks. Qualified dealers market mobilcom's innovative products and services at franchised stores scattered throughout Germany. The company's subsidiary, freenet.de AG, operates as a service provider to the fixed network and ISP segment. Around 3,000 employees help the company achieve annual revenues of more than €2 billion.

At Your Service

mobilcom's goal was to have at least 4.8 million customers by the end of 2005. "To achieve this target, we needed to build on our strategic competitive advantages: launch attractive new products and capitalize on new customer segments. Efficient, transparent processes are as important as creative products and highly committed employees," says Christoph Steffens, mobilcom's IT manager.

A key part of its strategy involved streamlining monthly billing processes: With around 2.46 million bills to manage, mobilcom had to ensure that all direct debits and incoming payments are quickly and accurately processed, and that dunning notices are created, sent, and posted efficiently and securely. Additionally, it needed to provide customers access to up-to-date account information 24x7.

"Although our previous system covered almost all of our needs, it was prone to errors and was too slow during peak loads. We couldn't post incoming payments quickly, and dunning notices were often sent too late. We had reached the point where we could no longer accept these problems," says Steffens. "We wanted a complete billing arrangement that would allow a clear overview of standard processes, transaction security, and transparency for our customers."

A Clear Connection: mobilcom and SAP

mobilcom's management decided to launch a project to optimize its enterprise resource planning (ERP) processes and chose SAP as its new strategic partner. Zsuzsanna Rudeloff was named mobilcom's SAP project manager, with external support coming from IBM Business Consulting Services.

In total, 120 employees contributed to some or all of the project. The lightning-paced 12-month project was divided into four-month periods for design, implementation, and testing, respectively.

"The crucial goal during the implementation was to keep all of the company's processes running at all times so that our customers and business partners would not be affected by the ongoing work," says Steffens. "With the SAP solution, we were able to achieve that goal."

And to the company's delight, everything continued to go smoothly from thereon out.

Rudeloff explains: "We had planned crisis management measures for the time immediately after the go-live to be on the safe side. We never needed them. The meetings were generally short –

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Zsuzsanna Rudeloff, Project Manager, mobilcom AG

there were no critical problems that needed to be discussed. In the very first week with the new system, in the booming shopping frenzy ahead of Christmas, we were delivering cell phones to our customers precisely on time."

The go-live heralded the start of the SAP era at mobilcom – and underscored SAP's influence in the German telecom community. "SAP software sets the standard in Germany because it provides great security for the future as well as optimal functionality," says Grenz, who then adds, "Our employees quickly accepted the SAP system as their own."

Complex Billing Processes on a Single Platform

The industry solution from the SAP for Telecommunications portfolio, combined with the SAP software for financial accounting and logistics, works in a continuous process chain with the billing system. The SAP Revenue Management and Contract Accounting (SAP RM-CA) application is at the core of the new system and manages the high volume of complex contract account settlements. The SAP RM-CA application provides multifaceted data structures for mapping customer relationships and individual contracts, enabling easy administration of customer and contract data. All of the accounting processes that follow, such as incoming payment processing, direct debit, dunning procedures, and installment plans, are now automated.

The up-to-date account balances create transparency and enable a service that mobilcom's customers value highly. "Having direct access to clear, relevant data has made communication with our customers a great deal easier. When they inquire about open items, we can retrieve the necessary information very quickly from the SAP system," says Christian Speck, the operations manager at mobilcom. "The SAP system makes it easy to post credit memos, so that our hotline agents can quickly post them while they are still speaking to the customer, without having to go through the accounting department. Not only does this shorten and speed up the process, it also creates more transparency." At the same time, by interlinking its business processes, mobilcom is saving costs in administration because there is less correspondence with customers, as well as fewer callbacks and complaints.

Operational business is not the only area in which mobilcom uses the SAP solution to organize complex procedures – it also uses the software to ensure that contract accounts are processed and evaluated in a consistent manner and that closing is completed rapidly and securely. Gert-Hartwig Lescow, mobilcom's financials manager, is confident: "We can rely on SAP software."

Merging Modern Accounting and Insightful Reporting

mobilcom replaced its previous system with SAP R/3® software (functionality now found in the mySAP ERP application) to ensure that its business processes and transactions in financial accounting and logistics are handled reliably. Because of the high

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level of integration between the individual SAP components, the company's departments can work together to efficiently process business transactions of any kind. As the plausibility of the data is monitored constantly, data quality has also improved.

Overall, mobilcom realized every one of its initial requirements in the form of tangible benefits. Many ideas for streamlining business processes were put into practice, leaving the project team with positive feedback from all areas of the company.

"The menu structure and the usability are definite improvements over the old system. The new system clears the way to faster period-end closing and greater transparency," says Lescow. Consolidated monthly reports will now be available much sooner than in the past. Evaluations, key figures, and analyses will be available directly and will enable optimal enterprise management. Due to the multidimensional structure of reports, mobilcom's management will be able to examine its financial statements from a wide variety of perspectives.

A Firm Grasp of Logistics

Cell phones and subscriber identity module (SIM) cards arrive at mobilcom and are received, stored, and prepared for shipment according to a clearly defined system. The SAP software for ERP (materials management, warehouse management, and sales and distribution) takes care of the rest.

mobilcom significantly enhanced its picking activities with the introduction of a two-phased procedure. The warehouse workers' new handhelds are equipped with barcode scanners and mini-computers that exchange data directly with the SAP back-end solution.

Each product can be precisely traced using its serial number. Detailed stock information keeps dealers happy and improves the whole process governing the flow of goods. "Without any interfaces, we mapped these important functions in the SAP system and created continuous, tight business processes," says Volker Bade-Legrum, the logistics manager at mobilcom.

In the past, dealers often received several shipments on the same day if they had submitted multiple orders. Today, the SAP solution consolidates the individual orders into a single shipment, thereby saving shipping costs, keeping the dealers satisfied, and making it easier for mobilcom to plan its own personnel resources. The integrated information chain that stretches from the goods receiving department through to invoicing allows for up to 500 cell phones to be prepared for shipment every hour.

"Having clearly structured processes that reach across departments has made us stronger. Only a company that can deliver quickly and on time can increase its competitiveness," says Bade-Legrum.

A Complete Success

mobilcom can now map all ERP processes throughout the company in a single system with a consistent user interface, and will easily be able to integrate future solutions. For Rudeloff and her team, "the implementation is already yesterday's news," and they have moved on to new activities.

"We achieved our goals completely with SAP software. Some 1,000 users work with the SAP solution at mobilcom. It's all working without a hitch," says Rudeloff, before emphasizing the importance of the project team. "My colleagues in the specialist departments deserve special mention for displaying great dedication and extraordinary motivation in supporting the implementation's success. We also appreciate the very active involvement and support that mobilcom's management provided at all times."