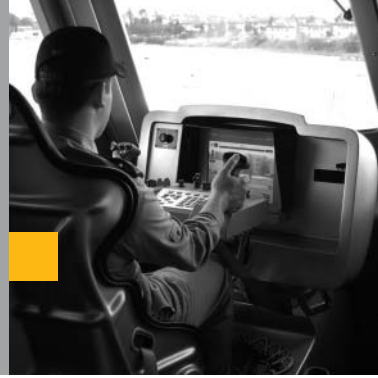


SAP Customer Success Story Aerospace and Defense



“Our software is now much better aligned to our business goals, and we are well on our way to establishing an enterprise service-oriented architecture.”

Fatih Bilgi, IT Director, Aselsan Inc.

AT A GLANCE

Company

- Name: Aselsan Inc.
- Location: Ankara, Turkey
- Industry: Aerospace and defense
- Products and services: Military and civil electronics
- Revenue (2006): TRY 489.33 million (€266.02 million)
- Employees: 3,060 (August 2007)
- Web site: www.aselsan.com.tr
- Implementation partners: Elsys Consulting Services, MBIS Consulting, and SAP® Consulting

Challenges and Opportunities

- Shift of focus from production-only to project delivery
- Aggressive growth strategy
- Better integration of business processes

Objectives

- Establish a single, company-wide enterprise resource planning solution
- Standardize and integrate business processes across the organization
- Improve visibility of information required for decision making
- Support collaboration with third-party suppliers
- Enable proactive management of software applications

SAP Solutions and Services

- SAP ERP application
- SAP Advanced Planning & Optimization component
- SAP NetWeaver® Business Intelligence component
- SAP Solution Manager application management solution
- SAP Safeguarding services

Implementation Highlights

- Rapid, phased rollout completed to meet deadline for Turkish currency changeover to new Turkish lira (TRY)
- Extensive planning input provided by SAP Consulting prior to implementation
- End-user training given by the SAP Education organization to ease transition

Why SAP

- Availability of local expertise
- Determination to achieve challenging objectives
- In-depth understanding of Aselsan's operations
- Comprehensive suite of integrated applications

Benefits

- More efficient working practices, thanks to standardized, integrated business processes
- 50% reduction in the time required to prepare annual plans
- 45% acceleration in month-end closure operations
- 40% decrease in approval duration for engineering change orders
- Support for better-informed management decisions

Existing Environment

Legacy software

Third-Party Integration

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

ASELSAN

Defense Manufacturer Supports New Project-Based Business Model with SAP® Software

Setting tough goals and then making them happen is a corporate way of life at Aselsan Inc. based in Ankara, Turkey. And when the military and civil electronics company decided to embark on a challenging SAP® software implementation, its approach was no different.

With its business model shifting from a production focus to project management-based operations, the company's existing IT infrastructure needed improvement. "A lack of integration between our existing software solutions made it difficult to access the information we need to manage large, complex projects," explains Fatih Bilgi, IT director at Aselsan. To improve the efficiency of its operations, Aselsan embarked on an ambitious, enterprise-wide implementation of SAP software – linking business processes, improving collaboration between business units and third parties, and enabling informed decision making.

Aiming High

As the largest military electronics manufacturer in Turkey, Aselsan's ambition matches its rank. Having experienced phenomenal growth over the last decade, its employees are driven by a desire to make the TRY 489.33 million (€266.02 million) company one of the leading players in today's global defense market.

When it was founded in 1975, Aselsan focused entirely on production of equipment ranging from military communications and electronic warfare devices, to motorway traffic management systems. But now, customers increasingly require Aselsan to take a project management role that involves design, system engineering, and liaison with third-party subcontractors. Aselsan's disparate legacy solutions couldn't handle it. They couldn't provide an integrated view of finance and budgeting, of supply planning and scheduling, or of production and operations data for specific projects. This made it difficult for teams to work together and reduced operational efficiency. "The information needed for effective project management is getting more and more complex, and we needed an integrated solution to support that," comments Bilgi.

Positive Approach

The search for an appropriate solution began in 2001 with a detailed selection process that identified key requirements and graded software offerings on each. SAP came out on top. Independent benchmarking analysis by market analysts endorsed the decision. "The SAP team had a good understanding of our requirements and were able to demonstrate that they could provide the functionality we needed," confirms Bilgi.

The availability of local expertise and the positive approach of the SAP consultants were also decisive factors. "I was impressed by their belief in the project," says Bilgi. "They were determined to deliver on challenging objectives – just as we were."

"No-Miss" Deadline

Local experts from SAP Consulting worked closely with Aselsan personnel to design the ideal solution, while training provided by the SAP Education organization ensured that the 140-strong implementation team had the knowledge they needed to ensure a smooth transition. As Bilgi explains, with the imminent switchover of the Turkish currency to new Turkish lira, it was critical that project deadlines were met. "Our old software could not handle the new currency, so it was important that the new

solution was up and running in time for the transition," confirms Bilgi. "Otherwise, we would suffer massive disruption to our operations."

Supported by local SAP partners Elsys Consulting Services and MBIS Consulting, a phased rollout saw the implementation of the SAP ERP application over an 18-month period – and the

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solution was live before the currency switchover. This was followed by an implementation of the SAP Advanced Planning & Optimization component, as well as data warehousing functionality within the SAP NetWeaver® Business Intelligence (SAP NetWeaver BI) component.

Overcoming Obstacles

Although completed successfully, the project was not entirely without difficulties. "During this period our revenue doubled, creating many challenges for the team," explains Bilgi. "In addition, a new subsidiary – Aselsan Net – was formed, so we had to include this company in the implementation scope."

Bilgi believes that the success of the project owes a lot to the caliber of the SAP consultants involved. "The team from SAP Consulting had a broad skills base, so they understood how the various solution elements fit together. In a complex project like this, such comprehensive knowledge was really helpful," remarks Bilgi. "In addition, we were able to access expertise from across the SAP ecosystem to resolve any issues that did arise."

From 1,300 employees initially, the user base for the SAP software has now increased to 2,150 across seven locations – and continues to grow. The new solution involved a significant change in working practices. “Our staff had been using the old software for a long time, so the new solution required a big adjustment for them,” says Bilgi. “However, people are becoming more familiar and comfortable with it as time goes by.”

Efficiency Improvements

The introduction of an integrated solution across the organization has brought many benefits for Aselsan. A single unified data platform and standardized business processes have eliminated data entry redundancy and saved valuable administrative time. In addition, seamless integration of production and finance information has resulted in significant productivity increases. For example, the time required for the preparation of annual plans has decreased by 50%, and month-end closure operations by 45%.

New, smarter working practices have also delivered productivity gains. The engineering change management approval process is just one example. Time needed for the product design change-approval process was reduced by 40%.

Informed Decision Making

Thanks to data warehousing functionality within SAP NetWeaver BI, employees across the organization are now able to access the information they need to do their jobs effectively using easy-to-use reporting tools. “Before it was difficult to allocate costs to individual projects but now users can drill down to the information they need,” says Bilgi.

Using the strategic enterprise management functionality of SAP ERP, managers can also compare forecast and actual budgets, helping them to monitor performance both of individual projects and at a corporate level. Simulation functionality also enables management to analyze multiple balance sheet scenarios, helping them to make better-informed decisions.

Life has also been made easier for IT personnel with the SAP Solution Manager application management solution because of the comprehensive software administration support it provides. “Automatically generated reports within SAP Solution Manager allow me to identify potential issues and bottlenecks,” explains Bilgi. “It means we can solve issues before they become problems.”

Evolving Infrastructure

Aselsan’s IT infrastructure continues to evolve. The company has recently gone live with an installation of the SAP Advanced Planning & Optimization component, with the result that supplier collaboration during projects is much improved. An implementation of the SAP NetWeaver Portal component is also planned,

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as are a number of maintenance and upgrade projects using SAP Solution Manager. In addition, SAP Safeguarding services from the SAP Active Global Support organization provide ongoing access to expert advice and guidance.

Bilgi believes that SAP will help Aselsan to achieve its ultimate objective: to be one of the leading global players in the defense industry. “Our software is now much better aligned to our business goals, and we are well on our way to establishing an enterprise service-oriented architecture,” concludes Bilgi. “SAP will continue to play a major role in supporting us as we grow.”

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