AL-MANSOUR AUTOMOTIVE

SAP® SOFTWARE HELPS FIRM MAINTAIN LEADING POSITION IN MARKETS

"With SAP software, we have managed to achieve our growth plans without adding a commensurate amount of headcount."

Khaled Ismail, General Manager, Information Technology, Al-Mansour Automotive Company

QUICK FACTS

Company
- Name: Al-Mansour Automotive Company
- Headquarters: Alexandria, Egypt
- Industry: Automotive
- Products and services: Motor vehicles, parts, and service (distribution and dealerships)
- Revenue: US$1 billion
- Employees: 1,000
- Web site: www.almansourauto.com

Challenges and Opportunities
- Support growth while improving efficiency
- Align IT with business strategy

Objectives
Install a single, standardized solution with automotive-specific functionality

SAP® Solutions and Services
- SAP® Business Suite software, including the SAP Customer Relationship Management application
- SAP Vehicle Management for Automotive package
- SAP Warranty Management application
- SAP NetWeaver® Business Warehouse component
- SAP Enterprise Support services

Implementation Highlights
- Implementation of best practices
- Large data migration
- Strong change management effort
- Executive management support

Why SAP
- Market leader, with primary focus on enterprise applications
- Long-term product vision and strategy of SAP
- The software's superior technology architecture
- Streamlined integration of SAP software components
- Comprehensive, industry-specific functionality
- Lower total cost of ownership

Benefits
- Enabled growth plans without a commensurate increase in headcount
- Maintained highest operational key performance indicators of any regional General Motors distributor or dealer
- Optimized cash flow, improved receivables management, and reduced risk of bad debts
- Enhanced inventory control
- Improved customer satisfaction via on-time delivery, and shortened delivery times

Existing Environment
Mix of customized, standardized software and in-house developed applications

Third-Party Integration
- Database: DB2
- Hardware: IBM
- Operating system: IBM OS/400

MANSOUR GROUP

Al-Mansour Automotive Company is one of Egypt's largest importers, distributors, and retailers of motor vehicles, and it's the sole distributor of General Motors products. The firm has a total market share of 27.7% and wanted to increase that penetration via initiatives to generate more sales and improve service. That's why it turned to SAP® Business Suite software and solutions from the SAP for Automotive solution portfolio.

"Our management believes that IT is an integral part of the business strategy," says Khaled Ismail, general manager of information technology at Al-Mansour. "It understands the role of IT in helping the company achieve its objectives and sustain growth. Our IT mission, therefore, is to provide advice and assistance to top management on IT-related issues and to identify, apply, and support the solutions required to bolster Al-Mansour Automotive's strategy and business needs – in a cost-effective, efficient, innovative, and timely manner. That's why we chose SAP software."

"The SAP software enabled us to maintain the highest operational key performance indicator results . . . of any distributor and dealer in the region."

Khaled Ismail, General Manager, Information Technology, Al-Mansour Automotive Company

Al-Mansour Automotive uses SAP Business Suite across the organization – for sales and distribution, budgeting, planning, inventory management, procurement, accounts payable and receivable, general ledger, cash flow management, human resource management and administration, customer relationship management, and so on. The SAP Vehicle Management for Automotive package helps staff members configure vehicles and manage quotes, orders, and sales of new vehicles. It also allows employees to search, locate, and reserve specific units in inventory and monitor the entire vehicle and equipment lifecycle. The SAP Warranty Management application enables the company to automate and better manage and control activities around warranty claims processing.

Ismail remarks, "We realized remarkable productivity gains from the improved processes and data integration. The SAP software enabled us to maintain the highest operational key performance indicator results – in areas like inventory turnover, first-pick availability of parts, and workshop productivity – of any distributor and dealer in the region. We optimized cash flow, improved our ability to manage receivables, and reduced the risk of bad debts. SAP software helps us provide customers with services that are tailored to their needs and that meet their expectations. We have improved customer satisfaction through better on-time delivery, increased quality, and shortened delivery times."

Al-Mansour management likes the strategic advantage it now enjoys through its ability to react more quickly to market and economic trends. "We provide managers with consolidated pictures of sales and profitability by region, distribution channel, model, showroom, service station, and salesperson, as well as up-to-date numbers on inventory, receivables, and other key performance indicators," Ismail says. "This data is available at the push of a button; in the past, managers had to wait until the end of the day, or even the next day. With SAP software, they can detect, early on, any deviations from plan or budget and take corrective action, as well as identify opportunities and how to benefit from them."

But there is one benefit that Al-Mansour is particularly pleased with. "With SAP software, we have managed to achieve our growth plans without adding a commensurate amount of headcount," Ismail says. "SAP software enabled us to manage the added workload via streamlined processes and workflows, reduced data entry efforts, information sharing across departments, and business processes based on proven industry best practices."

"We are convinced that, mid and long term, the SAP software landscape – with its superior architecture, flexibility, stability, and ability to adapt to changing business requirements – will reduce the cost of change and increase our return on investment."

Khaled Ismail, General Manager, Information Technology, Al-Mansour Automotive Company

An Outdated Legacy System

Al-Mansour Automotive Company is a member of Al-Mansour Group, which was established by Mr. Loutfy Mansour in 1975 in Alexandria and has become one of Egypt's top privately owned conglomerates. Al-Mansour Automotive is itself the largest privately owned General Motors dealer in the world, the largest Chevrolet distributer in the world, and the largest Opel distributor in the Middle East and Africa. It maintains a strong network of showrooms and service centers and more than 2,500 independent parts sales points around the country. In addition to its overall market share of 27.7%, it has a 41.6% market share of Egypt's commercial vehicle sales and 22.2% of passenger vehicles.

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Khaled Ismail, General Manager, Information Technology, Al-Mansour Automotive Company

The company has a strong in-house application development team that had previously implemented a mix of customized standard solutions and homegrown applications and interfaces to support the business. As part of an initiative to align IT more tightly with business strategy, Al-Mansour realized that the applications were reaching the end of their lifecycles and could not properly support the future plans of the company.

"We evaluated three software vendors," Ismail notes. "We chose SAP for a number of reasons. SAP is the market leader in software for enterprise resource planning; this is its core competency. It has a long-term product vision and strategy, a history of product and technological innovation, and offers superior technology architecture. And its functionality is seamlessly integrated. It has partnerships with the major hardware, operating system, and database vendors. SAP provides good support and easy and proven upgrade and migration paths. It also has very good business and technical online documentation."

Al-Mansour also appreciated the SAP expertise in the automotive industry. Says Ismail, "SAP has an industry solution for automotive importers, distributors, and dealers that it supports and continues to develop. It has a dedicated team in its automotive industry business unit comprised of business and IT people with deep automotive knowledge."

Financial considerations – short, mid, and long term – of course played a role. Ismail says, "The SAP support agreement is based on the paid price. SAP has an easy-to-understand, straightforward licensing policy. Despite discounts offered by other vendors and market hearsay, the cost of ownership over five years showed that SAP software does not cost more."

Change Management, User Training

Al-Mansour took advantage of the implementation to revamp its business processes. "The implementation of new software is always a good opportunity to review current practices to ensure their compliance with company rules, legal regulations, and best practices," Ismail remarks. "Software for enterprise resource planning by itself does not promise returns – the way in which an organization implements and uses it to streamline and manage its business processes is what generates the returns. And, any new system brings changes – changes in duties and responsibilities, authorizations, ways of doing things, workflows, and processes, and last but not least, changes in the way data and information are presented."

These changes prompted a big effort around change management and training for Al-Mansour's 400 SAP software users. Employee buy-in was crucial. "We successfully achieved our objectives through the commitment, team spirit, focus, understanding, and cooperation of all parties – business owners, superusers, employees, the IT team, and vendors," Ismail says. "Another very important success factor was the support we got from management. Without it, we would not be standing where we are today."

Al-Mansour also chose SAP Enterprise Support services, which include tools, processes, and services for continuous improvement and application lifecycle management. It focuses on business and operational process improvements and ways to manage the total cost of operation.

Future Plans

Al-Mansour Automotive next plans to implement SAP functionality for workflow management and manager and employee self-services. It will also roll out the SAP NetWeaver® Portal component and is undertaking the first phase of a rollout of the SAP NetWeaver Business Warehouse component. Adds Ismail, "To protect our investment, we will also keep our SAP software updated by implementing the released support and enhancement packages."

Al-Mansour Automotive is also considering an implementation of the new version of the SAP Dealer Business Management application, internally as well as to independent dealers and authorized service outlets. Part of SAP for Automotive, SAP Dealer Business Management lets dealers manage the full range of automotive retail processes and deliver high levels of service. Dealers can manage inventory, marketing, finance, and new- and used-vehicle sales, plus work with partners to meet customer needs. They can handle a variety of service activities – coordinating customer bookings, scheduling service tools and equipment, and ensuring that parts are available when needed – while offering value-added complementary services like extended warranties, insurance coverage, and financing.

Al-Mansour Automotive Company also plans to run the SAP software on PDAs, so service representatives can read or enter vehicle identification numbers, retrieve vehicle service histories, and create service orders on the spot. "This will help us improve the customer experience – which will ultimately help us gain additional market share," says Ismail.

After the successful implementations at Al-Mansour Automotive, Al-Mansour Group signed an enterprise agreement with SAP so that it can implement SAP software to its member companies. "Implementing SAP software is a strategic decision," Ismail says. "We are convinced that, mid and long term, the SAP software landscape – with its superior architecture, flexibility, stability, and ability to adapt to changing business requirements – will reduce the cost of change and increase our return on investment."

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