KINGSOFT
SAP® ERP ADVANCES DEVELOPMENT

"SAP ERP marks the maturity of Kingsoft. It is as significant as being listed on the Hong Kong main board."

Kau Pak Kwan, Chairman of the Board and CEO, Kingsoft Corporate Limited

QUICK FACTS

Company
- Name: Kingsoft Corporate Limited
- Headquarters: Beijing
- Industry: High tech – software providers
- Products and services: Application software and online games
- Revenue: US$150 million
- Employees: Over 2,500
- Web site: www.kingsoft.com
- Implementation partner: Besure Technology Co. Ltd.

Challenges and Opportunities
- Compete successfully with foreign and domestic software companies
- Reduce number of internal corporate information systems
- Eliminate inconsistent data
- Gain support for business operations
- Standardize enterprise operation processes

Objectives
- Develop management models that meet international standards
- Achieve timely, consistent, accurate data across departments
- Strengthen management and control, improve management efficiency, and enhance business capabilities
- Integrate business management operations

SAP® Solutions and Services
SAP® ERP application

Implementation Highlights
- First Chinese firm to implement SAP ERP for the Internet
- Convergence of SAP ERP and business software

Why SAP
- World's largest provider of enterprise management and collaborative commerce solutions
- Excellent enterprise resource planning (ERP) software to support business management
- Powerful, practical software with high integration potential and good service quality
- Professional, responsible implementation partners

Benefits
- Established highly integrated, basic ERP software that connects corporate departments and improves company's production efficiency
- Realized complete reporting based on 1 data source and timely data that gives staff access to accurate internal and external information
- Simplified, standardized, and specified corporate management processes
- Improved management efficiency
- Established means to accumulate corporate data to support continuous optimization, adjustment, and enhancement of future business

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Entertainment and application software developer Kingsoft Corporate Limited faces strong competition, foreign and domestic, while having to contend against an endless stream of pirated software. When it tapped the biggest business channel of all, the Internet, in 2003 to sell its products, it realized it needed robust enterprise resource planning (ERP) software to handle its diverse information needs. Based on rigorous evaluation, it entrusted its foundation for future large-scale expansion at home and abroad to the SAP® ERP application.

Kingsoft started out selling phone credit cards and then progressed to mobile phone subscriptions, bank card payments, and software development. Suddenly, in October 2007, the acquisition of ERP software became an urgent item on Kingsoft's agenda. The company needed to strengthen control, standardize processes, improve management efficiency, eliminate corporate vulnerability, enhance business capacity, and promote rapid development of its enterprise. And it needed a software product that could handle all that.

SAP Software Lays Solid Foundation for Long-Term Development

Kingsoft approached its ERP project in three steps: internal assessment, evaluation of ERP software providers, and acquisition of the chosen software. During its internal assessment, Kingsoft found it had about 100 systems. Lacking any sort of integration or data consistency, the systems could not begin to provide uniform, timely, accurate data to support decision making. What's more, the company's enterprise management process was complex and lacked standardization. As a result, the management process was riddled with loopholes and rife with inefficient, repetitive tasks.

In its evaluation of ERP software providers, Kingsoft had to determine which could best meet its needs. In spring 2007, it evaluated ERP software, including SAP ERP, based on more than 1,000 function points. It found the SAP software to be powerful and practical, with high integration potential and good service quality, and equal to the task of providing Kingsoft with long-term protection for long-term development.

Aware that it also required expert support for its business management, Kingsoft's software evaluation focused on foreign as well as domestic ERP software vendors. Choosing the ERP software of a global vendor reflected Kingsoft's concern to comply with international standards. Its IT program achieved another first for domestic Internet companies by including support for corporate finance, human resources, and supply chain management in its list of requirements. The ERP software of the majority of domestic Internet enterprises handled financial data integration solely. "It was a difficult decision, but also a bold attempt to implement SAP ERP in the Internet industry. During the project selection research, of the companies we visited almost no one was using SAP software in that area," confides Wang Quanguo, CIO of Kingsoft. "The reason we finally chose SAP is, quite simply, the software passed our rigorous and detailed technical evaluation. No ready-made industry solution was available, but we knew SAP ERP could be tailored for our industry and configured to be top-performing ERP software," Quanguo adds.

Careful Preparation Guarantees Program Success

In fall 2007 Kingsoft's ERP project was launched. In May 2008 the solution went live. In those seven months, project team members classified nine major categories of data, and more than 100 management processes were reduced to 66 to cover Kingsoft's core management processes. Kingsoft's IT, finance, human resources, supply chain, and business departments worked closely with implementation advisor Besure Technology Co. Ltd., implementation quality control Ernst and Young, and all suppliers and customers, and the project was completed on time.

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Effectiveness Is Demonstrable

It was not long before the benefits of the implementation became noticeable, with standardized internal management and increased efficiency just two of the dramatic advantages achieved. With financial statements consolidated for the first time, a complete report could be made based on one data source. Financial statements, management reports, consolidated financial statements, and other reports can now be generated from the software. Data accuracy has improved, and checkout times for International Financial Reporting Standards (IFRS) were trimmed from 20 to 7 days, vastly reducing the finance workload. SAP ERP has strengthened normative management at Kingsoft. Unified management of data has eliminated data duplication, errors, and omissions. Data classification is clear and understandable. Data is consistent and easy to compare, which has improved decision making. By introducing standardized business processes, business practices have become clearer to staff as well, which has lowered processing errors. System verification and validation help the operator avoid mistakes.

Corporate control is strengthened thanks to an information-sharing platform. Headquarters staff can now review corporate information at a glance. Internal controls are in place that identify critical control points in business processes and alert staff in case of exceptions or when thresholds have been reached. Complete and clear documentation of financial flows reflects the entire business process and facilitates audits. In addition, the SAP ERP software accumulates corporate operation data and records the growth track of business development, giving Kingsoft effective data support so it can continue to optimize, adjust, and enhance its business in the future.

"An objective, effective standard to determine the success or failure of an ERP project is whether the company's ERP software is in use every day and improved frequently," observes Wan Yong, IT director at Kingsoft. "The standard of a good ERP application is simple. Kingsoft's implementation of SAP ERP is reliable and working well, but quietly. If not for new requests, we would forget it exists."

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SAP ERP Represents the Beginning of Standardized Management

Through the SAP ERP software, Kingsoft has reached a new level in business management. The software reinforces the company's efforts to become a faster-growing and better world-class software technology company. After the implementation of SAP ERP, Kingsoft was able to further its system integration and data integration, enabling Kingsoft staff to access highly consistent operational information at any time. The software improves the company's management situation through support for comprehensive data analysis. For their own personal benefit, individual employees can request to have their personal performance analyzed, while managers at all levels can find areas for improvement by examining the data. The company finds opportunities to improve management and can compare its metrics with other companies to make appropriate decisions concerning a wide range of business aspects.

Kingsoft feels it still has a long way to go as its implementation of SAP ERP is only one project. Its goal is to integrate its information systems and business data in all aspects to give policy makers at all levels real-time insight into the company's actual operation. One of Kingsoft's priorities going forward will be to achieve total integration of corporate software with SAP ERP, the SAP NetWeaver® Business Warehouse component, and the SAP BusinessObjects™ Business Intelligence platform. However, Kau Pak Kwan, chairman of the board and CEO of Kingsoft, expresses satisfaction with the progress made so far: "SAP ERP marks the maturity of Kingsoft. It is as significant as being listed on the Hong Kong main board."

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