

SAP Customer Success Story SAP Services – Mill Products



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Marvin Mena, Corporate Director, Durman Esquivel S.A.

AT A GLANCE

Company

- Name: Durman Esquivel S.A.
- Location: San José, Costa Rica
- Industry: Mill products
- Products and services: Construction projects, including metal products, fabrication, and pipe-fitting
- Revenue: US\$261 million
- Employees: 2,480
- Web site: www.durman.com (Spanish only)
- Implementation Partners: SAP® Consulting organization (provided project management), PricewaterhouseCoopers Costa Rica, and Sponsor

Challenges and Opportunities

- Decentralized operations across several countries
- Constant support and maintenance of obsolete technologies
- Lack of control due to nonstandard processes
- Manual adjustments to correct data discrepancies between operations and accounting

Objectives

- Adopt best practices and standardize business processes
- Integrate data across departments
- Implement IT platform flexible enough to support business growth
- Use technology to centralize corporate activities

SAP Solutions and Services

- SAP Consulting
- SAP Project Management services
- SAP Accelerated E-Learning offering from SAP Education
- SAP Best Practices offerings
- SAP Hosting organization

Implementation Highlights

- Implementation took less than 5 months instead of estimated 7 months
- Project stayed within budget despite many cost pressures
- SAP Consulting smoothly coordinated efforts of 4 implementation partners
- Closely and efficiently monitored cost, time, scope, quality issues, and risks
- Employees trained with the SAP Accelerated E-Learning offering from the SAP Education organization

Why SAP

- Better knowledge and control of big picture than competition
- Superior results after Durman's scenario test for competing vendors
- Provision of not only present-day solutions but also capacity for future IT growth

Benefits

- Standardized business processes that could be implemented in any of Durman's locations in different countries
- Data consistency across all Durman's departments, real-time consistency, and accuracy in reporting
- New company-wide philosophy on how to manage and execute projects for Durman's customers
- Flexible IT supporting business growth throughout Latin America

Third-Party Integration

- Database: Oracle
- Hardware: HP
- Operating system: Microsoft Windows NT

DURMAN

Costa Rican Construction Firm Uses SAP Expertise to Streamline IT Platform for Future Growth

When Durman Esquivel S.A., a construction company in San José, Costa Rica, joined forces with larger multinational corporation Aliaxis S.A., it had to streamline its operations to mesh with its new partner. The alliance added four countries to the 2,480-employee firm's operations throughout Latin America and brought in much-needed capital. But Durman itself had to pull together its scattered operations. After a series of in-depth meetings with experts from the SAP® Consulting organization, Durman awarded SAP the contract – initiating the project that would give the company a new IT strategy flexible enough to promote future business growth.

Planning and strategy building were the main challenges for Durman. The company wanted to double its sales and income within five years and expand both locally and internationally. Increased efficiency, reduced costs, better profit margins, and growth were all on the agenda, as was more automation. In addition, Durman wanted better control of its operations in countries outside its home base in Costa Rica.

A specific area of operations that Durman wanted to improve was the management of costs for specific projects. “We were paying for supplies, but, over the course of a project, we wouldn't know what we were earning,” says Marvin Mena, corporate director of Durman's Shared Services Center, “or whether we were losing money.” With control of its costs, Durman would be in a better position to meet its broader goals.

With these impressive goals in mind, Durman assessed its existing IT landscape and saw room for improvement. “There was the inconvenience of having software,” says Mena, “that wasn’t quite integrated.” The company realized that, to pursue and support these goals, it would need a technology platform that could make it all happen.

Selecting the Right IT Partner: SAP

Before awarding SAP the contract to manage its project, Durman had weighed its options meticulously. “We were looking for a provider that would administer a complete solution,” Mena says. “It was not merely a matter of changing software. It was an optimization of processes.”

Up against some fierce competition, the SAP Consulting team took a sample business scenario at Durman and offered three possible outcomes using three sets of variables and assumptions. As a result, SAP gained Durman’s trust and proved it could

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provide a solution that would take the company forward. “[Conducting the scenario test] immersed us in a complete analysis – the implementation, the hosting, and the software,” says Mena. “We did an exercise with several scenarios and realized that SAP Consulting project management services were better. SAP Consulting had a better big-picture overview.”

Mena says the company realized that SAP Consulting could cover the entire implementation, not just one angle, and its presentation also incorporated the theme of hosting all of Durman’s servers. In addition, SAP Consulting offered support and a product guarantee. Mena adds that SAP Consulting experts also had a good grasp of how business processes differ from one country to another.

Seamless Teamwork

The project itself consisted of a fixed-cost implementation of eight SAP applications in five months. As they streamlined Durman’s operations processes, experts from SAP Project Management services made sure that the company was using all of its resources to the best advantage.

Durman had no experience with a project of this scope, and SAP Project Management experts played a crucial role in reviewing various business processes during the implementation and recommending changes. According to Mena, SAP Project Management provided evenhanded, objective counseling that kept Durman officials informed at every step. The SAP team led and guided the project while the Durman-staffed part of the team oversaw the change management process.

To keep everything on an even keel, SAP Project Management held regular meetings with the implementation team and others involved in the process to make sure that communication was clear. The meetings also helped Durman efficiently keep track of cost, time, scope, quality, issues, and risks. The SAP Consulting team assumed full responsibility and accountability for the project and focused closely on Durman’s needs. Mena was impressed by the expertise and approach of the team. “The SAP team members were very capable, very personable,” he says. “This added a personal touch to the project.”

With regard to training, the SAP Education organization successfully met Durman’s needs by bringing the company’s end users up to speed with the new software. Experts from SAP Education used the SAP Accelerated E-Learning offering to help provide Durman’s staff with the expertise they needed to make the best use of the SAP software going forward.

Maximizing Use of Resources, Streamlining Processes

Although the project team implemented some new software, SAP Project Management emphasized better use of existing resources and the streamlining of business processes. “We used an optimization project and improved the design of the processes – instead of merely buying software and hardware,” Mena says. “It’s a project that’s not only about software but also about optimization of processes and resources.”

This has already helped Durman with one of its projects: the construction of a golf course next to a hotel. Durman is responsible for constructing the entire infrastructure, such as the water system and other integrated solutions. But the company's approach presented an opportunity for improvement. "We weren't looking at these processes from an infrastructure standpoint," says Mena. With advice from the SAP Consulting team, Durman was able to look at and manage the project in a holistic way.

Meeting the scheduling and cost requirements of the golf course construction project was another goal. The processes defined by SAP Consulting helped Durman keep track of expenses. In the

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past, the company would start a project and, because the project took years, would not have a clear idea of overall spending at the end. Now, with a solid SAP platform in place, Durman has better control over and visibility of its operations.

Being able to complete the construction project on time was another major benefit of the SAP implementation during which SAP Project Management was a key contributor. "Normally this type of [construction] project runs over both cost and time estimates," Mena says. As regards this project, however, he is pleased to report that the implementation took less than five months, coming well inside the seven-month estimate.

Realistic Expectations and Plans for the Future

Besides managing the implementation, SAP Project Management always managed expectations too, Mena says. Durman has had its streamlined processes in place for a year, and, according to Mena, the company is still leveraging the knowledge its staff acquired during training for SAP Best Practices offerings. "We are no longer restricted by logistics. On the contrary, we have best practices motivating us," says Mena. "We have world-class software that lets us communicate with the world. And we have world-class support."

One reason the new business processes were implemented so quickly was because the project team used a variety of accelerator tools from the SAP Best Practices Baseline Package offering. The tools enabled the team to use preconfigured scenarios with corresponding documentation. This reduced the amount of time needed to implement a vast number of business scenarios. Using SAP Best Practices produced a major cultural change in the Durman IT group. Today, Durman's IT staff still use the best practices they learned.

In the short term, Durman plans to continue in joint ventures with its conglomerate partner and to use its new SAP software tools to the best advantage. Mena also celebrates the level of cooperation and spirit that he witnessed during the implementation. He sees that spirit carrying Durman into future business growth. "It was successful because we were committed," he says.

"SAP has allowed us to plan, execute, and control projects in a much more efficient manner," adds Mena. "We have more control over every aspect of a project – from control of materials to control of resources – and above all, more control over the profitability of those projects."

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