

SAP Customer Success Story

“SAP Consulting has helped in many ways . . . they actually helped us shorten our initial implementation plan.”

Francisco Guimpert, Manager of Corporate Systems, LAN Airlines



AT A GLANCE

Company Name

LAN Airlines
Latin America
www.lan.com

Industry

Transportation

Key Challenges

- Fragmented, proprietary back-office systems slowed data access
- Lack of consolidation reduced data integrity

Implementation Partner

SAP® Consulting

Solution and Services

- SAP Enterprise Portal and SAP Business Intelligence (components of the SAP NetWeaver™ platform)
- SAP R/3® software, now available in the mySAP™ ERP solution
- mySAP Customer Relationship Management
- SAP Strategic Enterprise Management

Existing Environment

Proprietary systems

Implementation Highlight

Full implementation took just 18 months

Key Benefits

- Integrated back-office systems speed operations
- Centralized reporting eliminates data redundancy
- Integrated infrastructure supports future business expansion

Hardware

Sun 20K

Operating System

Solaris 9

LAN AIRLINES

SAP® SOLUTIONS HELP LAN AIRLINES AND RELATED COMPANIES INTEGRATE IT INFRASTRUCTURE AND PREPARE FOR FUTURE

Chances are good that when people think about flying into or out of Latin America, they think about LAN. LAN Airlines and its related companies (LAN) comprise one of the leading airline groups in Latin America. The airlines that participate in the LAN service alliance – LAN Airlines, LAN PERU, and LAN ECUADOR – strive to offer a unified spirit of reliability, safety, and friendly service to passengers throughout the region. Through the LAN alliance and its code share arrangements, LAN serves numerous destinations: 15 in Chile, 11 in Peru, 2 in Ecuador, 18 in Latin America, 25 in North America, 10 in Europe, and 4 in the South Pacific.

LAN is also a member of **oneworld™**, the most international of the global airline alliances. It has bilateral commercial agreements with **oneworld** partners American Airlines, British Airways, Iberia, Qantas, Alaska Airlines, AeroMexico, Mexicana, TAM, and Lufthansa Cargo.

To continue to provide its customers with only the best service, LAN knew that it had to undertake a significant upgrade of its back-office IT infrastructure. The airline uses highly specialized and optimized proprietary IT systems for its operations and maintenance activities.

NEEDED: BETTER DATA QUALITY

“We had different systems for each of these processes, and the systems typically did not talk to one another,” says Francisco Guimpert, LAN’s manager of corporate systems. “We had lots of redundant data, and we were never really sure of the integrity of our data, since different systems would come up with different kinds of reports and results,” he says. “And our managers spent lots of time trying to piece together the data from these systems so they could see the big picture.” In 2003, LAN began planning for a complete back-office upgrade. Between October 2003 and March 2004, the company installed the major portion of its new IT infrastructure.

SAP INTEGRATION IS THE KEY

LAN decided on SAP® software because it integrates back-office processes with other key functions, such as business intelligence and customer relationship management, that would become increasingly important to the company.

LAN installed SAP R/3® software to handle the back-office business processes (this software is available now in the mySAP™ ERP solution). In addition, LAN implemented SAP Strategic Enterprise Management (SAP SEM®), as well as mySAP Customer Relationship Management (mySAP CRM), SAP Business Intelligence (SAP BI), and SAP Enterprise Portal (SAP EP). (SAP BI and SAP EP are both components of the SAP NetWeaver™ platform.)

To help with planning, installation, and education, LAN also brought in SAP Consulting for the implementation. The experience and know-how of the SAP Consulting project management team helped to accelerate the overall project. “SAP consultants take an end-to-end approach,” says Guimpert. “They accompanied us from the start with the project charter, and all the way to go-live.”

SYSTEM BENEFITS

“The main benefit we get from all of this is that it lets us centralize our information and decision-making processes,” says Guimpert. “As a result, our managers can operate in a more decentralized fashion, since each has access to the same store of information. We call it ‘centralized decentralization.’ Before, our managers weren’t really free to make some decisions, because they had to reconcile their decisions with the many different data streams in the company. Now that we’re all working off the same page, they can actually make more decisions, knowing that they’re all working with the same version of the truth,” he says.

BOOSTING IT EFFICIENCY, INFORMATION QUALITY

SAP solutions have helped to cut out redundant data and smooth conflicting business processes. One measure of the new IT efficiency is in the time it takes the airline to close the monthly books. With the old system, it typically took 15 days; with the new system – working with just a single source of information – it will take about 4 days.

As another example of improved efficiency, Guimpert points to mySAP CRM. LAN is now using the mySAP CRM solution to centralize its listings of all clients, vendors, and employees. “This is really valuable,” says Guimpert. “In our business, a vendor or an employee might also use our airline for business or personal trips – in such a case, there’s room for error and for overlap, in terms of setting prices and reimbursing for costs. Before, we’d have to manually go through three different databases to reconcile this. Now, it happens automatically.”

SAP EP: 6,000 USERS AND GROWING

Helping boost company-wide IT efficiency is SAP EP. Today, about 6,000 LAN employees use the portal as their enterprise IT window. Eventually, that number will grow to include all 12,000

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employees. “SAP EP is valuable because it keeps everyone plugged into the same information – again, there are no conflicting or redundant data streams,” says Guimpert. “But at the same time, it lets us custom-tailor the portals to our users’ specific functional roles and information needs.

“For instance, senior managers get to see all operations, but some managers might also want to see some events that take place in certain geographical regions,” he says. “And then other groups of employees – like aircraft crews or IT personnel – get their own pages in the portal, so they can see detail in their particular areas.”

Considering the scope of the project, Guimpert is pleased that the implementation will take just 18 months. “We’ve had a lot to do here,” he says. “And SAP Consulting has helped in many ways, from planning – they actually helped us cut our expected implementation plan – to ongoing maintenance and user education. Without SAP Consulting, we would have faced complexities that might have slowed down the entire project.”

NEXT STEP: ADDING BUSINESS INTELLIGENCE

For its next step, LAN will add SAP BI and management key performance indicators (KPIs) to its IT infrastructure. The data warehousing capabilities of SAP BI will let LAN track performance of its business processes and regional offices and SAP SEM will help deliver KPIs to managers.

“This will help us in a lot of ways,” says Guimpert. “For instance, we’ll now be able to centralize our purchasing, and make decisions that benefit the whole company. Once we know our different regions’ fuel usage, we will be able to make spot market purchases for fuel, and save significantly over what we used to pay.”

ON THE SAME PAGE

Perhaps most important, all of LAN will now be on the same page – in terms of information quality and analytical abilities. “We’re all using the same information now,” says Guimpert. “So we have an IT infrastructure that won’t slow us down in the future, as we expand our operations into new countries. Our managers and our employees will all be able to pull together as a team, in ways that we never could before.”

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