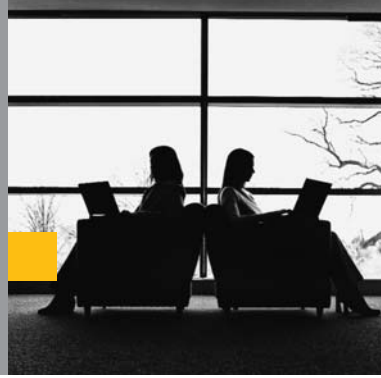


SAP Customer Success Story Defense and Security



“... we’re very happy with the way things have turned out for our latest SAP implementation. Using SAP software, our organization runs smoothly and efficiently.”

Jan Didden, Information Systems Officer, NAMSA

AT A GLANCE

Summary

For more than 50 years, the North Atlantic Treaty Organization (NATO) has played an indispensable role in safeguarding the transatlantic community. But with forces from 26 nations participating in the frequently complex operations of the renowned alliance, coordinating procurement and logistics activities is often a challenging task – which is why NAMSA uses SAP® software.

Web Site

www.namsa.nato.int

Key Challenges

- Improve efficiency across units
- Interface with standard military systems
- Improve financial reporting capabilities

Project Objective

Reimplement standard SAP enterprise resource planning (ERP) software to improve efficiencies throughout organization

Why SAP Solution

- Was backed by firm fixed-price contract that delineated roles, expectations, milestones, and deliverables
- Provided comprehensive industry-specific capabilities

Implementation Highlights

- Worked fluidly with SAP Consulting
- Built many interfaces to military systems

Key Benefits

- Improved operational efficiency
- Provided platform for growth
- Integrated operational units
- Enabled accurate reporting

Implementation Partner

SAP Consulting

Solutions and Services

- SAP R/3® software, now available in the mySAP™ ERP solution
- SAP industry-specific software for defense and security
- SAP Business Information Warehouse, a component of SAP Business Intelligence, which is a component in the SAP NetWeaver™ platform

Existing Environment

Older, nonstandard SAP software for financials, HR, logistics, and procurement

Hardware

HP 9000 RP7410, L3000, L2000, L1000

Operating System

HP-UX 11.11

NATO MAINTENANCE AND SUPPLY AGENCY (NAMSA)

SAP Arms the NATO Maintenance and Supply Agency for Success

For more than 50 years, the North Atlantic Treaty Organization (NATO) has played an indispensable role in safeguarding the security, freedom, and prosperity of the transatlantic community. But with forces from 26 nations participating in the frequently complex operations of the renowned alliance, coordinating procurement and logistics activities is a challenging task.

Based in Luxembourg, the NATO Maintenance and Supply Agency (NAMSA) is the principal logistics support management agency for the alliance. Its responsibilities include procuring goods and services as well as arranging maintenance, repair, and overhaul (MRO) services for the various weapon systems used collaboratively by NATO members.

Guy T’hoof, chief of the corporate application branch in NAMSA’s information systems division, says that efficient information technology is a necessity to accomplish the agency’s goals. “For an organization like NAMSA, an efficient, integrated IT system is not a luxury – it’s an absolute necessity,” he says. “We support many of NATO’s weapon systems in peace time and in crises. When it’s time for NATO forces to mobilize, they better be ready, and we play an important part in this. In real-life deployments, nations have also turned to NAMSA to arrange and manage air, land, and sea transportation or to create temporary headquarters and support facilities for literally thousands of troops on short notice. The procurement task alone might involve as many as hundreds of diverse items in as little as a few weeks. The logistics support provided by NAMSA to a NATO operation is a significant success factor.”



That's a challenge for the agency. It's also one of the reasons why NAMSA thought long and hard about its enterprise resource planning (ERP) solution before finally deciding to go with ERP software from the SAP for Defense & Security solution portfolio.

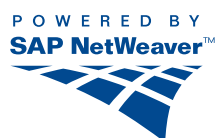
Corrective Action

With 10 different business units operating quite independently within an agency organized in four distinct directorates, NAMSA knew it had to harmonize its IT systems. It moved forward with an implementation of SAP® R/3® software (which is now available in the mySAP™ ERP solution), placing focus on the areas of human resources, financial controlling, logistics, and procurement. "NAMSA used a third-party implementation partner at that time," explains T'hoof. "The agency discovered a number of design flaws that made the system suboptimal in areas such as reporting and business process integration. NAMSA spent some time trying corrective actions, but it soon realized that a corrective action of a more fundamental sort was needed."

In response, the agency took the bull by the horns and kicked off a reimplementation project to address the inadequacies of the system. Overall, the initiative was broken down into two main projects.

For the first project – named SFP 4.6 – NAMSA reimplemented the SAP financial and human resources software on separate platforms with the necessary temporary interfaces. It also converted all systems to the new euro currency and took the necessary measures to accommodate the new international bank account numbers.

During the second project – named the Corporate Resources Enhancement Project (or CoRE) – the agency implemented logistics and procurement functionality, with reintegration into one platform as a key objective. In parallel, NAMSA also implemented the SAP Business Information Warehouse (SAP BW) component to enable reporting for financials, human resources, and logistics. SAP BW is now part of SAP Business Intelligence, a component in the SAP NetWeaver™ platform.



A Model of Collaboration

Prior to project launch, one of the key decisions made by NAMSA's upper management was to secure the services of SAP Consulting. "This was a simple matter of risk mitigation," says Jan Didden, NAMSA's information systems officer. "Nobody knows SAP software better than SAP itself, and we knew that its consultants were highly skilled and had a reputation for efficiency. With direct contact to SAP throughout the project, we felt we'd be in a better position to ensure success."

One thing NAMSA wanted to avoid was cost overruns and project creep. Accordingly, NAMSA and SAP negotiated a firm, fixed-price contract that clearly defined roles, responsibilities, milestones, and deliverables – all subject to certification by an inde-

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Guy T'hoof, Chief, Corporate Application Branch, Information Systems Division, NAMSA

pendent validation and verification (IVV) partner that would monitor progress and issue reports throughout the project. "This eliminated the potential for finger-pointing," says Didden, "and made for a smooth process across all phases of the project."

Project staff comprised a balanced mix of technicians and business process experts on the NAMSA side and SAP software consultants with specific defense-industry expertise on the SAP side. Each business unit within NAMSA allocated two to three people to the project, relieving them of their day-to-day duties. "This really helped us maintain communication back to the user community," says Didden. "Business unit managers had a direct line to the project through their own employees. And, upon project completion, they had a resident expert who knew all the ins and outs of the new system in order to facilitate end-user training."

Upper level management support was another key factor in the success of the project. The heads of each directorate within NAMSA formed an action and decision committee (ADC) to rapidly address issues as they arose during the project. “Let’s say that someone on the design team thinks that a previously overlooked feature should be included,” Didden explains. “Normally this would lead to a long discussion and debate. With the support of the ADC, however, we could simply take the issue upstairs, present the pros and cons, explain the costs and benefits, and get a ruling. Sometimes the idea was rejected. Other times, it was a good one and it was implemented. But in the end, we had a clear and fast process for decision making. This helped us avoid the project creep and delays common to these kinds of implementations and keep the project on track.”

Delivering the Goods

One of the key requirements for the reimplementation project was to have a complete solution that could work with prevailing NATO standards. Jean-Francois Jennes, NAMSA’s project manager for CoRE, explains: “NAMSA is a provider of services and materials for NATO countries. This means that we exchange a tremendous amount of data with a wide range of entities – military organizations and private industry alike. To do our job and deliver required goods and service equipment as needed, we required a standardized system that could easily interface with commonly used systems.”

Thus, in addition to reimplementing core SAP software for financials, human resources, logistics, and procurement, NAMSA required interfaces to the following systems: NATO Codification Management System (NACOMS), NATO Depot Support System (NDSS), and NATO Logistic Stock Exchange (NLSE). It also required electronic data interchange interfaces in support of military standard requisitioning and issue procedures (MILSTRIP) and the European Association of Aerospace Industries specification 2000M (ASD spec 2000M, formerly known as AECMA spec 2000M).

During the development of these interfaces, as throughout all other phases of the project, NAMSA had virtually unimpeded contact with SAP at various levels. “If a technical issue came up in the field, SAP consultants were on hand day-to-day, every hour,

to help address the problem,” says Jennes. “For particularly difficult issues, we also had access to the technical resources of the entire SAP organization. This kind of access kept the project moving.”

Going Live: Patience a Clear Virtue

Toward the end of the project, NAMSA used a phased go-live approach, in which the system was turned on step-by-step over the course of a two-month period. “We simply followed the logical sequence of the customer requisition process,” says T’hoof. “From requisition to delivery to invoicing, we went live with each functional area of the software, one at a time. This allowed us to test how a certain aspect of the solution worked in the real-world context and to rectify any outstanding issues before they caused problems down the line.”

According to Didden, this phased approach also facilitated end-user adoption. “When it comes to complex IT systems,” he says, “shock therapy seldom works from a user perspective. On the contrary, the phased go-live approach we adopted allowed the user community to assimilate the new system step-by-step. This helped the entire organization ease into the new environment in a controlled manner that minimized disruptions.”

Reaping the Benefits

“Today we have a stable platform for our core business processes that harmonizes operations across the 10 units of the NAMSA organization,” says T’hoof. “In the past, the disaggregated nature of the different information systems used by the agency required a great deal of manual labor to simply complete standard processes. Today, because of the integrated solution, we are much more efficient.”

NAMSA reporting is now more accurate. Every year its financial statements are reviewed by the International Board of Auditors for NATO (IBAN). The first SAP implementation resulted in “qualified” ratings from IBAN. Since implementing the financial controlling capabilities offered by the ERP software, NAMSA has received the highest IBAN rating: unqualified. “This basically says that all areas have reached an optimum level of accuracy,” says T’hoof.

While the increased stability offered by NAMSA's SAP implementation facilitates daily operations, it opens up new doors for future possibilities as well. "By implementing SAP software," says T'hooft, "we know that we have a solid platform in place, with built-in functionalities that we could easily activate in the future. Our standards-based system gives us a greater ability to meet new requirements as they emerge – and they're always emerging. If a new customer comes on board, or if a new nation joins NAMSA, we're able to accommodate them much easier and faster than was possible in the past."

Forward March

What is NAMSA planning for the future regarding its SAP implementation? "Let us sit back for a week or two and catch our breath," Didden says with a laugh.

But in fact, NAMSA is already thinking about adding configuration management functionality to the mix. "Once we adopt this capability," says Didden, "we will have a completely integrated, end-to-end logistics support system capable of meeting all of our customers' needs – from procurement to in-service management to end-of-life asset retirement."

"We now have significant experience implementing the SAP software in a military context," says T'hooft. "And when it comes to building a solid transactional backbone for things like financial, logistics, and supply management for a military organization, SAP is in the short list. For those outfits considering the ERP solution, I think they could benefit from our experience, as we can provide valuable insight regarding the dos and don'ts that will lead to a successful implementation."

"I agree," adds Didden. "In addition to our IS division, we now have about 20 end users here at NAMSA who understand the system inside and out. That's a valuable resource. And what's more, we're very happy with the way things have turned out for our latest SAP implementation. Using SAP software, our organization runs smoothly and efficiently. This was a very successful project. Ultimately it was our customers who footed the bill, so it's only natural that they should also get access to our experience and expertise."