

SAP Customer Success Story Real Estate



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Daniel Frey, Controlling Manager, LEG BW

AT A GLANCE

Summary

Landesentwicklungsgesellschaft Baden-Württemberg (LEG BW) is one of the largest real estate companies in Germany, acting as an investor and service provider for both public sector and private customers. Within the LEG BW group, 9 operating companies with 530 employees and more than 25 special purpose entities offer services that cover the complete life cycle of properties. With mySAP™ ERP, LEG BW has a tailored solution to support its corporate evolution.

Web Site

www.leg-bw.de

Key Challenges

- Reposition the company from property manager to real estate service provider
- Successfully manage the transition to a new corporate structure

Project Objectives

- Create integrated and efficient processes and workflows
- Improve revenue, cost, and budget control

Solutions and Services

- The mySAP ERP solution
- The SAP® Real Estate Management application, including functionality for the management of condominium ownership associations and third parties
- The PROMOS.GT industry solution from PROMOS consult

Why SAP Solution

- Industry insight and expertise
- Broad functional scope
- Best-in-class ERP system

Implementation Highlight

Implemented mySAP ERP within 7 months for 300 users in 9 operating companies and more than 25 special purpose entities of the group

Key Benefits

- Significantly increased process efficiency
- Improved information quality and access
- Increased employee productivity
- Provided comprehensive business insight due to analysis and reporting functions
- Improved revenue, budget, and cost control

Implementation Partners

- PROMOS consult, Berlin
- Basycon, Munich

Database

Oracle

Hardware

IBM pSeries server

Operating System

AIX

LEG BADEN-WÜRTTEMBERG

mySAP™ ERP Provides Process Efficiency, Business Insight, and Cost Control so LEG BW Can Cope with Industry-Specific Requirements

Landesentwicklungsgesellschaft Baden-Württemberg (LEG BW) is one of the largest real estate companies in Germany. LEG BW acts as an investor and service provider for public sector as well as private customers. Within the LEG BW group, 9 operating companies with 530 employees and more than 25 special purpose entities offer services that cover the complete life cycle of properties, including urban planning and development services, market analysis, and the management of approval processes, as well as the complete management of planning, construction, maintenance, tenancy, and sale.

A World-Class ERP System to Support Corporate Evolution

LEG BW recently repositioned itself from a pure property management company to a real estate service provider. As a part of this transition, the entire group was restructured and divided into separate, powerful units.

The new positioning and the restructuring of the group came with significant challenges for the whole organization and its IT system. The existing ERP system could not support the requirements that came with the evolution of the company. Most importantly, it could not provide continuous workflows, data consistency, or comprehensive analysis functions. Processes were often tedious and required the involvement of secondary systems.

Therefore, LEG BW management decided the company needed a world-class IT system that supported integrated processes and workflows and that offered the opportunity to use the most advanced technologies. In addition, LEG BW wanted a solution that offered strong customization features for special industry-specific requirements.

Consequently, LEG BW management decided to implement the mySAP™ ERP solution. “We are convinced that no other ERP solution on the market can fulfill our requirements for process efficiency, data consistency, and industry insight,” says Daniel Frey, controlling manager at LEG BW.

Smooth and Fast Implementation

Within seven months, LEG BW implemented the materials management, project management, and real estate functions of mySAP ERP, as well as the mySAP ERP Financials solution. Today, 300 users work with the SAP® software in all companies within the group.

To obtain a business solution perfectly customized for the requirements of its industry, LEG BW teamed up with SAP partner PROMOS consult and Basycon. Together, they implemented PROMOS.GT, an industry solution tailored for real estate management with mySAP ERP.

The implementation went very smoothly, surprisingly quickly, and without any serious problems. According to Frey, the main factors that contributed to this ease of implementation were the

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commitment of the internal implementation team, the excellent work of PROMOS consult, and the project management of Basycon. “We benefited to a great extent from the industry-specific know-how of PROMOS,” says Frey.

Increased Process Efficiency and Information Quality

The benefits of mySAP ERP became visible very soon after the solution went live. “mySAP ERP has significantly increased the efficiency of our operative processes, because information from different areas is completely integrated now,” says Werner Hübler, head of financial services asset management at LEG BW.

With mySAP ERP, LEG BW has established a single source of information across the whole organization. All employees work with the same data, significantly increasing transparency. Any information is now available in real time, which makes work a lot easier for the employees. This pays off, for example, when preparing the annual financial statements. “SAP software provides us with detailed, always up-to-date information directly from the system, significantly accelerating the preparation of our annual statements,” explains Günter Rogge, head of accounting at LEG BW.

The value of information access becomes especially evident in the controlling department. “Transparent and sophisticated controlling is one of the key success factors in our business,” explains Frey. However, the controlling department had no direct access to the ERP system before LEG BW implemented mySAP ERP. The staff had to work with data that was exported by the IT department into a secondary system. This process was slow, inflexible, and prone to error. With mySAP ERP, the controlling department can now directly access the original data at any time without working with secondary systems. This has significantly increased the productivity of the employees and at the same time eliminated information loss.

In addition to accessibility and consistency, information quality has also improved. With the drill-down functionality in mySAP ERP, users can access any information about a transaction at any time. For example, with a few clicks they can drill down to the scanned receipt for a selected transaction on their screen.

LEG BW also benefits from the predefined and automated functions in mySAP ERP. For example, LEG BW established a standardized workflow for approval in accounts payable.

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This has significantly reduced the time needed to approve payment of a bill. Because the whole process now runs electronically in mySAP ERP, the company uses less paper and has accurate documentation of all transactions.

Integrated Reporting and Comprehensive Business Insight

With mySAP ERP, LEG BW has achieved its goal of having a common and integrated system to direct the entire group. Basic functions, such as accounting and controlling, are centralized. Because mySAP ERP is used in all companies within the group, data consistency is ensured, and the company has central controlling and reporting. Frey was especially impressed by the reporting and analysis features offered by the new ERP system. “mySAP ERP offers a huge variety of predefined reports and analysis tools,” he says. These reports help management analyze data faster and more comfortably than before. The comprehensive business analytics tools of mySAP ERP help LEG BW to make the most of information, from collection to aggregation, analysis, and illustration. The business insight derived from mySAP ERP is regularly presented to the company’s management.

For LEG BW, accurate management of real estate projects is the key to success. Management needs to know the cost-effectiveness of every single project. Before the implementation, project leaders received information about a project or a customer once a month when the IT department sent a printout, or they had to use redundant secondary systems. With mySAP ERP, they can access any information about a customer or an asset in real time at any time. The quantity and quality of the information has also improved considerably.

In addition to the planned and actual costs provided by the previous system, mySAP ERP offers many other features, such as displaying the contract value and revenue stream forecasting. This helps managers to better control their business and budgets and to detect potential issues early and react flexibly.

Perfectly Tailored Business Solution

For LEG BW, mySAP ERP combines the efficiency and flexibility of standard software with the comfort of an industry solution customized for its special needs. With the SAP Real Estate Management application (part of mySAP ERP), industry-specific components for the management of condominium ownership associations and third parties (which are part of the standard solution), and the customization provided by PROMOS.GT, LEG BW has a complete solution ideally tailored to its operational requirements.

This tailoring is crucial because the management of the thousands of properties and tenants of LEG BW is unique and requires special processes and structures. One example is a very distinct cash flow, because LEG BW receives all the rents once a month at a fixed date. With mySAP ERP and SAP Real Estate Management,

“mySAP ERP makes us a better company and helps us to pass the challenges of our business with flying colors.”

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LEG BW can map all these industry-specific processes. The solution includes special features, for example, for tenant management, tenancy contract management, and construction project management. Special functions help the controlling department to monitor property maintenance and construction costs. The solution also offers industry-specific management of accounts receivable with automated dunning processes.

The mySAP ERP implementation at LEG BW has proven to be a complete success. It has increased information quality, process and operational efficiency, employee productivity, and business insight. “mySAP ERP makes us a better company and helps us to pass the challenges of our business with flying colors,” sums up Frey.

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