



## **IMPROVING RAILWAY PROFITABILITY THROUGH ASSET MANAGEMENT**

Pressured by globalization, liberalization, and growing competition, the asset-intensive railways industry is also challenged on the bottom line by its low asset utilization compared to other industry segments, like air long distance. To compete, you need better asset management to improve asset performance and increase profitability. With SAP® solutions for the rail industry, you can achieve the performance you need to compete and succeed.

### **Providing a Collaborative Bridge to Better Asset Performance**

There was a time when railways acted as state-run organizations – more focused on service delivery than on efficient processes and profit maximization. Those days have all but disappeared, replaced by liberalization and today's heterogeneous mix of railway and transport industry stakeholders – financial institutions, national governments, and railway customers – that keep careful watch on the bottom line.

Just as the stakeholders have changed, so have the challenges affecting your industry. The heterogeneous structure of industry stakeholders is itself a challenge, making it difficult to harmonize processes and optimize business performance. The pressures of globalization and its political and macro trends, including ongoing market liberalization, increasing market regulation, a growing need for international cooperation, and the booming Asian market, also challenge the industry.

Railway customers have changed too. With increased price transparency and bargaining power, customers are increasing their demands on you. Passenger customers are demanding more punctuality and service, as well as low price offerings. Cargo customers expect more reliable and more integrated service offerings. You face a new level of competition from private railways, road traffic, and low-cost airlines in the passenger market, as well as increased demand for extended logistics services in the cargo market. In addition, competitive pressure has forced certain technology trends on the industry. These include ongoing investments in high-speed trains to compete with air travel, increased emphasis on online bookings, and a rise in global platforms supporting real-time utilization and price information for the cargo market.

The combined impact of these challenges is changing the way railways do business. To stay competitive and grow, you are enabling new service offerings, streamlining processes and increasing process flexibility, deploying Internet channel capabilities, providing adequate price management, and establishing international cooperation along the complete logistics value chain.

Despite this progress, asset utilization in the railway industry – one of the most asset-intensive of all industries – is far underperforming that of other industry segments, such as road and air long-distance carriers. This underperformance continues to contribute to the industry's moderate growth and profitability rates, and asset-related costs continue to play a major role in profitability improvement initiatives.

The low level of asset utilization at railway organizations negatively affects the bottom line. To reverse the situation, you need to improve asset management to increase asset performance. With SAP® software from the SAP for Railways solution portfolio, you get the integrated asset management functionality you need to meet the challenge. The software enables you to treat asset utilization as more than just a maintenance cost issue. You get coverage of every asset touch point in your organization – from engineering and technical asset management to maintenance operations and service management. By optimizing asset performance and utilization, the asset management software in SAP for Railways helps you to improve the profitability of your organization.

## **Taking Control**

These are the business challenges you face in terms of asset management and the IT support you need to respond to them:

- **Asset performance** – Asset reliability, availability, and maintainability are critical areas requiring constant attention and ongoing improvement. You need the IT support necessary to manage the complete asset life cycle – from phase in through phaseout and final disposition.
- **Asset maintenance** – Trains are committed to revenue schedules leaving limited time to perform maintenance. It is the nature of the business and the pressure is on both rolling stock and infrastructure, such as rail track. You need effective tools for maintenance planning, execution, and monitoring based on real-time information – such as information regarding current defects that can be sent directly from trains to the IT maintenance system.
- **Cost containment** – Many railway enterprises show high and increasing inventory costs because inventory is not visible across the organization. You need integrated materials management to enable constant inventory monitoring and service-part planning and analysis to reduce the cost of inventory.
- **Service parts management** – Existing cost pressures lead to increasing demands concerning parts sourcing. You need improved stock visibility and integrated materials management across systems and partners.
- **Increased collaboration** – The growth in outsourcing of noncore activities has resulted in the need for increased collaboration between OEMs, maintenance organizations, and train operators. You need to support partner collaboration and coordination of service personnel along the complete value chain to increase service utilization and to decrease service costs.

To take charge of these challenges, you need an integrated approach to collaborative rail asset management. This means integrated collaboration capabilities based on real-time information to help you unlock new value streams. Only a proven and complete asset management solution with worldwide implementations, a long record of accomplishment, and a vast network of partner and customer lists and references can deliver truly integrated asset management to your organization – and it comes from SAP.

### **Enabling Integrated, Collaborative Asset Management**

To improve asset performance, the asset management software in SAP for Railways goes beyond a typical computerized maintenance management system (CMMS). A CMMS offers only core asset maintenance, procurement, and inventory management capabilities.

The asset management software in SAP for Railways offers much more than the basics. It provides an integrated solution for the entire asset management value chain from engineering and technical asset management to maintenance operations, parts and tools management, and service management, so you have the following:

- Integrated materials planning and integrated financials and controlling functionality to help you contain costs
- Integrated engineering and maintenance functionalities to give you full control using consolidated asset views throughout the asset life cycle
- Integrated human-capital-management functionality to ease you through time and payroll processes
- Integrated project management to help you achieve successful project outcomes
- Integrated collaboration with OEMs and service providers using real-time information and powerful analytics to enhance your collaborative processes

In addition, because SAP for Railways is comprised of enterprise service-enabled business solutions powered by the SAP NetWeaver® platform, your organization can combine innovation with a boost in profitability. With the platform, organizations can compose applications using enterprise services, orchestrate business processes and events, manage enterprise information, and deliver applications and content to users quickly and cost effectively. You can differentiate your organization from the competition, increase your productivity through industry best practices, and ensure your business integrity and compliance. Your ability to succeed is enhanced even further by the SAP partner ecosystem, which uses effective collaboration to accelerate innovation.

### **Improving Profitability**

The integrated asset management software in SAP for Railways improves your profitability by reducing and containing expenses and costs while increasing revenue through improved services. By optimizing asset performance, you maximize your bottom line.

Increased profitability is just one advantage of using SAP for Railways. Higher profits are accompanied by a host of other business benefits. These include improved production capacity, availability, and flexibility; enhanced ability to align assets with market dynamics; and improved asset reliability and longevity. By delivering real-time information, the software improves regulatory, as well as environment, health, and safety compliance. In turn, improved compliance helps improve the quality of your assets and your bottom line, ultimately for the benefit of your customers.

Finally, you can also expect reduced inventory expense, lower repair costs, and reduced workforce costs, in addition to increased planner and technician productivity, reduced transportation costs, and increased capital efficiency. Integrated asset management from SAP for Railways gives you more than a bridge to better asset performance – it's your bridge to being a best-run railway.

### **Why Wait?**

To learn more about how the integrated asset management solution in SAP for Railways can help you improve asset performance and profitability, call your SAP representative or visit us on the Web at [www.sap.com/industries](http://www.sap.com/industries) today.

### **Powered by SAP NetWeaver**

SAP for Railways solutions are powered by the SAP NetWeaver platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business applications rapidly using enterprise services. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.