



SAP® Innovation Awards 2020 Entry Pitch Deck

China's First SAP S/4HANA 1809 Digital Transformation Journey

Tangshan Jidong Cement Co., Ltd.



Company Information



Headquarters	China
Industry	Engineering, Construction & Operations
Web site	http://www.jdsn.com.cn/

Tangshan Jidong Cement Co., Ltd. (“Jidong Cement”) is a group company of Beijing Building Material Group (“BBMG”) specific to the production and sales of cement. BBMG Jidong Cement is amongst the top 3 in China and top 5 in the world within the cement sector. Their business covers cement, aggregate, environment protection industry, material powder and additives. The annual capacities of clinker and cement amounts to 110,000,000 tons and 170,000,000 tons respectively, with clinker lines in 13 provinces in China as well as South Africa and Zambia.

BBMG Jidong Cement aims to become a first-class, Fortune 500 enterprise worldwide.

Previously Jidong Cement ran their business on SAP ERP; BBMG ran on local ERP U8. They desperately needed a single business solution and system to manage and support their fast-growing business: overall business expansion and IT landscape with the flexibility for expansion, including an intelligent plant, management decision & reporting platform, business planning and consolidation, warehouse management, etc. They also needed to enhance their IT capabilities from an operational and structural standpoint to support the ongoing business.

SAP S/4HANA Digital Transformation Journey

Tangshan Jidong Cement



With a single, central digital core, BBMG Jidong Cement makes sales, buying cement and finance control easier and faster than ever.

Huang Ying,
Head of System Innovation
Department,
BBMG Jidong Cement



Challenge

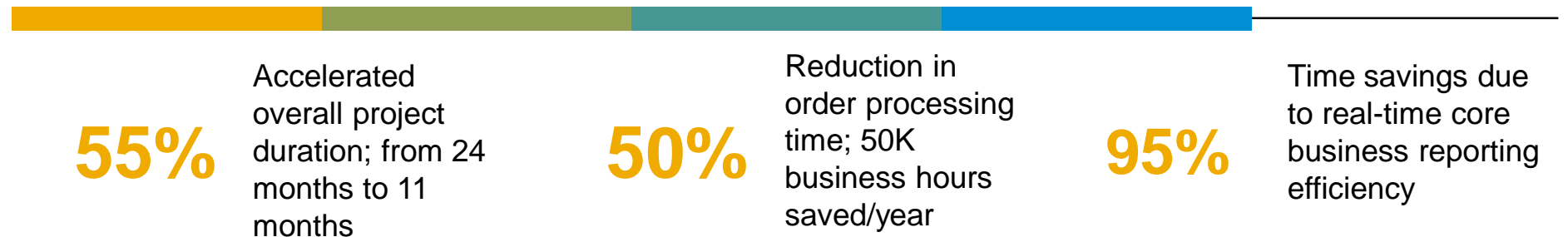
BBMG and Jidong had just merged, and the businesses were running on different systems. The business processes amongst the various plants were also quite different, and they needed one solution to manage and support all aspects of the business + strategic decision making.

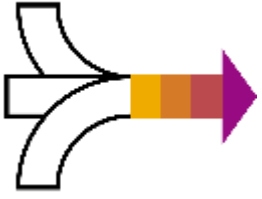
Solution

SAP S/4HANA was the foundation for the BBMG Jidong solution. A strong digital core was needed to support the overall business expansion and implement a flexible IT landscape including intelligent plants, a management decision-making & reporting platform, business planning and consolidation, plus warehouse management.

Outcome

This was the first SAP S/4HANA 1809 conversion in Asia Pacific/Japan (from SAP ECC 6.06). BBMG Jidong Cement used SAP Activate Methodology to significantly shorten the project duration by 60%. Additionally, core business reporting efficiency was improved significantly, from 3+ hours down to 10 seconds.





Business Challenges and Objectives

The business challenges faced by BBMG Jidong Cement were as follows:

- 2 organizations had just merged, with businesses running on multiple systems, plus the business processes were different across each of the plants
- Lacked “one solution” to support fast business growth and new strategic management decision making
- Needed to roll out a comprehensive management solution to all plants and sales branches
- Strong digital core was needed to support overall business expansion and IT landscape, including an intelligent plant, management decision-making & reporting platform, business planning and consolidation, warehouse management, etc
- Lack of IT operational capabilities to support the needs of the new and expanding business

Key objectives for BBMG Jidong Cement were to leverage the SAP Activate Methodology throughout the development process in order to:

- Identify and implement unique platform to support all new strategic management and enterprise E2E business processes
- Roll out new solution to all remaining plants
- Standardize on enterprise data and process management requirements



Project or Use Case Details

Management decided to use SAP ERP as the core platform. With support from SAP Digital Business Services, BBMG Jidong Cement decided to convert to SAP S/4HANA 1809 first. Based on the SAP S/4HANA digital core platform, BBMG Jidong Cement optimized the current process and rebuilt their business blueprint on SAP S/4HANA, which includes all new strategic management and business optimization capabilities. Once complete, the new solution rolled out to all remaining plants and branches.

The timeline for a digital transformation project of this nature typically takes 2 years, but was done in parallel. The following outlines the steps that were taken:

- 8 month SAP Enterprise Central Component (ECC) conversion to SAP S/4HANA 1809 – October
- One month later, all optimization went live based on SAP S/4HANA platform – Nov
- Another month later, first batch roll out to BBMG enterprise – Dec 1st weekend
- This program management and “Hybrid Agile” approaches reduced the overall duration by 40%

Outcomes & ways in which the solution demonstrates innovation:

- First SAP S/4HANA 1809 conversion within APJ, especially for a China national enterprise.
- Company’s strategic and management governance was built around this new holistic solution: 75 processes were optimized and 17 new processes were made, out of total of 134 business processes. 26 core business and system solutions were implemented, including all core E2E processes like sales, manufacturing, procurement and material management, HR management, and finance management.
- New solution will roll out to all 90+ companies to build E2E process and management governance from a company level.
- Majority of manual and duplicated business operations are covered by new SAP S/4HANA + BBMG ecommerce solution, which helps the business to reduce the order process by 50%. This will save 50k+ business hours and 10M RMB cost per year.
- SAP ECC 6.06 were converted to new digital core SAP S/4HANA; all historical data and SAP ECC investments were kept, with much lower cost.



Benefits and Outcomes

Business or Social

- Built green plant with SAP S/4HANA to decrease the overall cost of doing business

IT

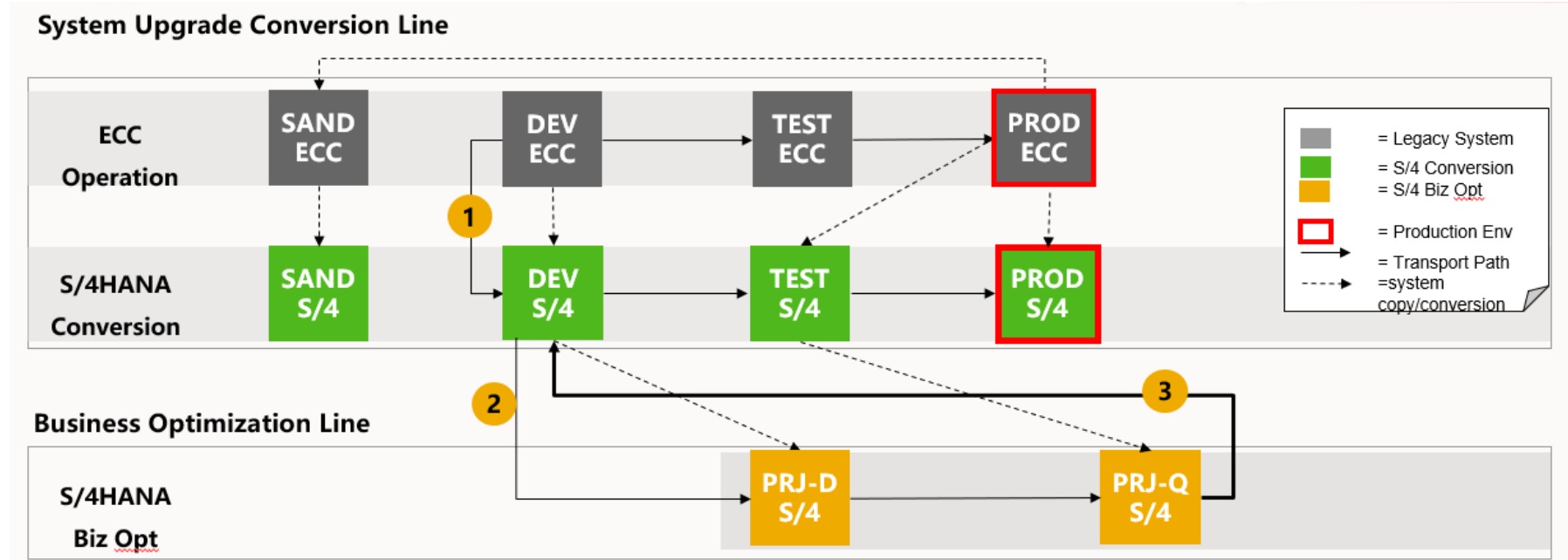
- Improved operational efficiency with SAP HANA technology; with the support of real-time management decision making, core business reporting efficiency was improved significantly, from 1 hour+ down to 15s, for a time savings of 95%.
- Improved long term ROI with solid digital core; Built a new digital core for further business and IT roadmap expansion, including intelligent plant, management decision & reporting platform, business planning and consolidation, warehouse management, etc.
- Faster implementation and deployment was achieved with SAP Activate Methodology. Overall project duration was shortened from 24 months to 11 months.
- Reduced IT landscape complexity
- Built up the internal IT team through project delivery

Human Empowerment

- Majority of manual and duplicated business operations are now covered by new SAP S/4HANA + BBMG ecommerce solution, which helps business to reduce the order processing time by 50%. This will save 50k+ business hours and 10M RMB per year.



Architecture



Only SAP ECC conversion to SAP S/4HANA landscape is shown here. With this methodology, the business has “Agile” go-live.

- 1 Changes in SAP ECC operational line need to be synchronized to SAP S/4HANA conversion development env, manually.
- 2 Changes in SAP S/4HANA conversion line (including from ECC) need to be synchronized to Biz Optimization development, manually or through transport path.
- 3 All changes done to Biz Optimization line need to be synchronized with SAP S/4HANA conversion line (becomes SAP S/4HANA operation line after conversion go-live), manually or through transport path.



Deployment



Deployment status Live

Date Oct 2019 Number of users 4000+

SAP technologies used:		
SAP product	Deployment status (live or proof of concept [POC])	Contribution to project
1 SAP S/4HANA	Live	Target system. Digital core of the customer landscape E2E business is running on SAP S/4HANA, rollout to 90+ companies
2 SAP Business Warehouse (BW)	Live	Management reporting
3 SAP BusinessObjects (BO)	Live	Management reporting
4 SAP Solution Manager 7.2	Live	Foundation/tool for conversion, monitoring

5 SAP Process Integration (PI) Live System integration

If you have used one of the services or support offerings from SAP Digital Business Services during the implementation or deployment phase, please select with ☒ one or more of the following offerings:

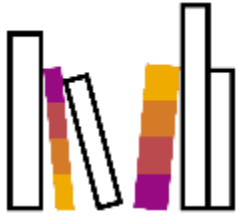
- | | | |
|---------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------|
| <input checked="" type="checkbox"/> SAP MaxAttention™ | <input type="checkbox"/> SAP ActiveAttention™ | <input type="checkbox"/> SAP Advanced Deployment |
| <input checked="" type="checkbox"/> SAP Value Assurance | <input type="checkbox"/> SAP Model Company | <input type="checkbox"/> Others: |
| <input type="checkbox"/> SAP Innovation Services | <input type="checkbox"/> SAP Innovative Business Solutions | |



Advanced Technologies

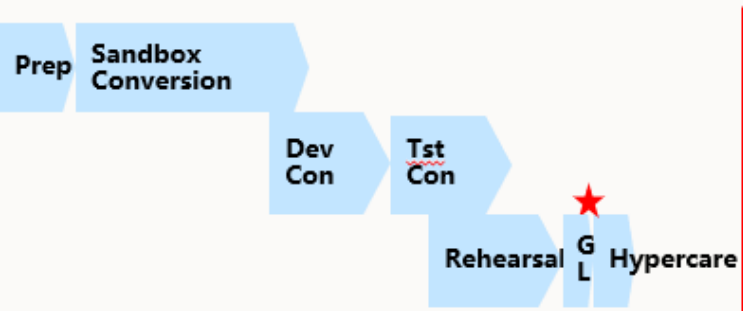
The following **advanced technologies** were part of the project.

	Technology or use case	Yes or No	Contribution to project
1	3D printing	No	
2	Blockchain	No	
3	Internet of Things (IoT)	No	
4	Machine learning or AI	No	
5	Conversational AI	No	
6	Robotic process automation	No	Planning to use in next phase of project
7	Data anonymization	No	
8	Augmented analytics	No	



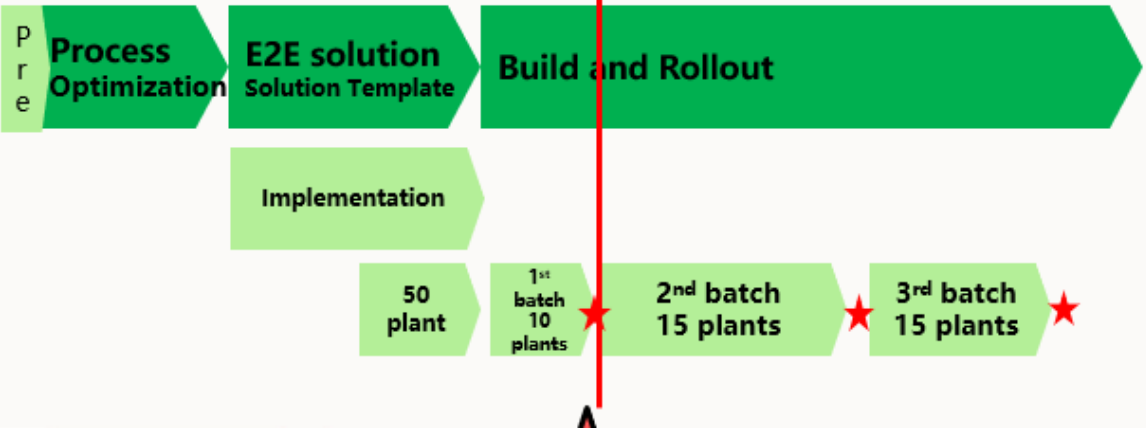
Additional Information

2019												2020											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec



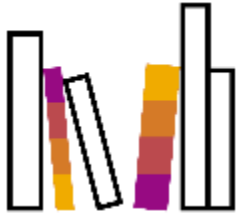
System conversion

- ★ **Key Milestone**
- ✓ **2019 Oct**,
ECC conversion to S/4, 50 plants
 - ✓ **2019 Nov**
New solution implanted for 50 plants
 - ✓ **2019 Dec**
Rollout to 1st batch 10 plants



Process Opt & Rollout

- Key words: Agile deployment**
- ✓ ECC conversion to S/4
 - ✓ Process optimized for live plants
 - ✓ Rollout to remaining plants



Additional Information



2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
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