

SAP Customer Success Story

“The open architecture of SAP NetWeaver and broad capabilities of mySAP CRM support our vision for continued business success. The solutions work as promised and deliver an impressive ROI.”

Bhushan Parikh, Enterprise Application Manager
Credence Systems Corporation



AT A GLANCE

Company Name

Credence Systems Corporation
United States
www.credence.com

Industry

High tech (automated test equipment)

Key Challenges

- Provide employees and managers with actionable information, not just data
- Relieve employees of inefficient report generation methods
- Provide traveling employees with easy access to enterprise and sales information

Implementation Partners

- SAP® Active Global Support, a part of SAP Customer Services Network
- EZ Commerce Global Solutions

Solution and Services

- SAP NetWeaver™: SAP Enterprise Portal (SAP EP) and SAP Business Intelligence (SAP BI)
- mySAP™ Customer Relationship Management (mySAP CRM)

Existing Environment

- SAP R/3® (now available in mySAP ERP)
- mySAP Business Suite
- Legacy systems

Implementation Highlights

- Implemented SAP Business Intelligence proof of concept in less than 1 week
- Deployed production-level SAP BI and SAP EP in 3 months
- Quickly deployed focused business solutions based on SAP NetWeaver to support enterprise vision

Key Benefits

- Savings of millions of dollars annually, thanks to improved inventory planning
- Operational efficiencies and estimated annual savings of \$500,000, thanks to automated analytical reporting
- Single source of information, saving employees countless hours tracking down data
- User-friendly Web interface, enabling employees to easily learn and log into a variety of applications
- Easy access to information at anytime and from anywhere around the world

Hardware

IBM servers

Operating System

Microsoft Windows

CREDENCE SYSTEMS CORPORATION

SAP NetWeaver™ AND mySAP™ CUSTOMER RELATIONSHIP MANAGEMENT HELP AUTOMATED TEST EQUIPMENT MANUFACTURER REDUCE COSTS, STREAMLINE OPERATIONS, AND KEEP CUSTOMERS SATISFIED

MEETING HIGH CUSTOMER EXPECTATIONS

When serving extremely cost- and quality-conscious customers, such as those in the semiconductor industry, running an efficient production and operational facility is crucial. Staying on top of costs and quality requires ready access to information. Unfortunately, many successful enterprises find themselves with data dispersed among a variety of applications that were deployed in efforts to respond quickly to rapidly changing business requirements. Once data is spread across multiple systems, employees often struggle to efficiently access it to produce actionable information. Credence Systems Corporation, the industry's leading supplier of design/tools/test solutions for the global semiconductor industry, found itself in just this position. And that's why it turned to SAP® software.

Founded in 1978, Credence was ranked as the top ATE supplier and fourth among the world's "10 best test and material-handling equipment companies" in the *VLSI Research 2004 Customer Satisfaction Survey*. Key to Credence's top rank is the company's ability to lower the costs of tests for customers by tightly controlling production costs and investing in solutions that help continuously improve operational efficiency. "Once a semiconductor manufacturer has selected a particular ATE vendor, the manufacturer is likely to use that tester for a



majority of its testing requirements for the market life of that semiconductor and often for subsequent generations of similar products. Clearly Credence needs to remain highly focused on ensuring customer satisfaction,” says Bhushan Parikh, manager of the Enterprise Application Group at Credence Systems Corporation.

THE NEED FOR ACTIONABLE INFORMATION

When Parikh joined Credence in 2002, the business had three systems deployed for its informational needs: SAP R/3® (installed since 1999 and now available in mySAP™ ERP) and two legacy systems, one dedicated to product life-cycle management (PLM) and one for service. With no standardized view into, or format for, information, the time that Credence employees spent to gather, distill, and analyze data from these disparate sources often resulted in reports that contained stale information. “Every quarter, almost 70 Credence employees would gather to compile data in a single spreadsheet in an attempt to forecast sales for the coming quarter. Not only was this a time-consuming, expensive, and frustrating process, but in the end, employees still struggled to accurately forecast sales.” Employees faced similar challenges wading through data to spot trends such as product failures in the field.

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**Bhushan Parikh, Enterprise Application Manager
Credence Systems Corporation**

In fact, the Enterprise Application Group (EAG) conducted research that revealed the company was spending 10,000 working hours per year producing reports manually. At an average cost of \$50 per hour for each employee, that quickly added up to \$500,000 per year to produce reports of little value.

Credence needed an accurate and efficient method of tracking all customer-related issues, including the quality of outgoing product. It also needed to stay abreast of its inventory requirements and sales forecasts, as these directly impact the costs it passes on to its customers. While Parikh and other Credence business executives had a clear vision of what they wanted to accomplish, they lacked the business tools to produce the necessary actionable information.

SUPPORT FOR COMPANY'S VISION

With an information environment already built around SAP R/3, the EAG turned to SAP NetWeaver™, an open integration and application platform, to support Credence’s vision. “The motto for our department is ‘Think SAP first.’ We prefer to standardize on SAP because it lowers our cost of ownership – we can access a range of capabilities via a single system and SAP guarantees that the pieces will work together,” says Parikh. “We had upgraded to mySAP Business Suite in December 2002 and I knew that the business suite along with certain SAP NetWeaver components would support the focused business solutions needed to address our challenges. I just needed to convince the rest of the company,” continues Parikh.

EZ Commerce Global Solutions, Inc., a leading provider of enterprise resource planning (ERP) and e-business solutions for Global 2000 companies, was engaged to build a proof of concept system around the SAP Business Intelligence (SAP BI) component of SAP NetWeaver.

“Keep in mind that previously, when a customer would call and ask for a report on their product quality, Credence employees scrambled to pull together the information. The process was manual and repetitive, and the information sources were not standard. Our employees would pull the information from various sources and dump it into Microsoft Access to create their own report. We had a jungle of Access databases,” says Parikh.

A QUICK IMPLEMENTATION AND RETURN ON INVESTMENT

The proof of concept system was deployed in less than a week and the EAG was immediately able to demonstrate value to employees and executives by using SAP BI to automatically pull requested data from Credence's legacy service system. Employees could "slice and dice" data to see such information as "tickets open by product line," which proved to be a huge selling point.

"With SAP NetWeaver, all information is automatically integrated. Employees simply log into the portal to enter information, without realizing they're accessing Business Intelligence or CRM. By making these underlying applications virtually invisible, employees can concentrate on doing their jobs."

Bhushan Parikh, Enterprise Application Manager
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Having shown how SAP BI could help Credence improve its operations and productivity, the EAG quickly moved to deploy a production-level version of the SAP Enterprise Portal (SAP EP) and SAP Business Intelligence components of SAP NetWeaver, finishing implementation in three months.

The first focused business solution that the EAG deployed based on the SAP NetWeaver platform was quality metrics. The solution enables Credence to standardize the information database within SAP Business Intelligence, automatically produce metrics and present them through a focused dashboard, and provide drill-down capabilities so employees can utilize the data to suit their requirements.

The solution also supports Credence's vision of managing by exception and adopting a proactive approach to solving problems. "Rather than continually dumping data into spreadsheets to try to spot issues or waiting for customers to complain, we wanted to define a threshold within which our performance and quality was acceptable. If an issue fell above or below that band, we would immediately address it." To accomplish this goal, managers defined quality metrics based on industry standards. By using a system that automatically tracks quality metrics across product lines, employees can easily spot trends and notify customers of potential issues before they become problems.

ANOTHER RESOUNDING SUCCESS

Bolstered by the success of the quality metrics project, the EAG team quickly implemented three additional business-focused solutions based on the SAP NetWeaver platform: material resource planning (MRP) metrics, supply line metrics (SLM), and a global sales solution.

Similar to the issues they faced producing quality metrics, Credence employees had struggled to keep a handle on material resource planning and supply line metrics, resorting to downloading the information and reformatting it within a spreadsheet. "We approached the supply chain and operations vice presidents and said 'Tell us what you did today. We will automate and recreate that through SAP BI and the enterprise portal, and proactively present you with the information,'" says Parikh.

According to Parikh, Credence quickly realized ROI of more than 50 times by heading off multiple millions of dollars in excess inventory. "Now material and inventory planning reports are automatically produced daily, and the inventory manager simply reviews the reports to determine the action needed," says Parikh. In an industry in which the demand for parts is constantly changing, improving the efficiency of material and inventory planning is an important capability. "Today if a customer cancels an order, we can cancel the relevant parts on the same day. This translates into millions of dollars in savings every year – we're no longer buying parts we don't need," continues Parikh.

BENEFITS THROUGHOUT ENTIRE ECOSYSTEM

Credence's suppliers and customers realize indirect benefits of the MRP and SLM business solutions. "In the past, we were sometimes a bit delayed placing orders with our suppliers because we had to churn out manual reports. This would result in delayed inventory shipments to us, which would impact our production schedule. Now, automated action messages display changes in demand, forecasted requirements, and supplier forecasts. This allows our buyers and material managers to provide our suppliers with forecasts of what we need by week, by month, or at any level we want," explains Parikh.

The EAG also deployed a global sales solution based on the mySAP Customer Relationship Management (mySAP CRM) solution. From a single screen, the global sales solution provides almost 180 users with views into all key sales functions and is seamlessly tied into the mySAP CRM solution's service capability and uses SAP BI for financial analysis. Says Parikh, "We set up the people-centric user interface [PCUI] to meet the VP of sales' needs, who wanted to follow a certain sales methodology. The beauty of SAP portal technology is that you can create pages to look any way you want."

PORTAL: THE TOOL OF CHOICE

The portal has become the tool of choice for the entire sales force. Sales representatives access account, opportunity, contact, and product management areas through a single Web interface, making it easy for them to update information. This information automatically populates the CRM system, which in turn is used to create a forecast. Where Credence employees once struggled to produce a forecast every quarter, forecasts are now automatically updated every two hours, every day. Because current information is always at employees' fingertips, they can rapidly adjust plans according to real-time information.

"With SAP NetWeaver, all information is automatically integrated. Employees simply log into the portal to enter information, without realizing they're accessing SAP Business Intelligence or mySAP CRM. By making these underlying applications virtually invisible, employees can concentrate on doing their jobs," says Parikh.

Furthermore, employees can access information anytime and from anywhere via a Web browser. With almost 40% of Credence employees frequently traveling, this was a critical requirement. Additionally, the dashboard obviates the need for employees to learn and log into a variety of applications.

ANTICIPATING FUTURE BUSINESS SUCCESS

"After deploying SAP Business Intelligence and SAP Enterprise Portal, it is quite simple to roll out business applications on top of that," says Parikh. "Our executives are extremely pleased with the ROI of the SAP NetWeaver and CRM implementations to date, and now they want more." Plans are already in place to take advantage of the mySAP CRM solution's financial analytics and service capabilities.

"The open architecture of SAP NetWeaver and broad capabilities of mySAP CRM support our vision for continued business success," explains Parikh. "The solutions work as promised and deliver an impressive ROI."