

SAP Customer Success Story Telecommunications, Manufacturing, Real Estate, and Services



“The Business Consulting group within SAP Consulting was the obvious choice to help us fully understand ESA and develop a blueprint for moving in that direction.”

Alessandra Banfi, IT manager for the SSC Pirelli Tyres business unit and CCC responsible for the SSC (Shared Service Center by Pirelli & Telecom Italia)

AT A GLANCE

Summary

Headquartered in Italy and ranked as world business leaders, Pirelli and Telecom Italia wanted to optimize operational efficiency and ensure ongoing competitiveness. They chose the SAP® Consulting organization to create a shared IT vision and road map across all business units for Enterprise Services Architecture (ESA), the SAP blueprint for service-based, enterprise-scale business solutions.

Web Sites

www.pirelli.com
www.telecomitalia.it

Key Challenges

- Supporting and enabling change within a dynamic business environment
- Creating a common vision for all business units
- Bridging the gap between today's operational needs and future challenges

Project Objective

Develop an ESA road map to help the SSC (Shared Service Center by Pirelli & Telecom Italia) move all business units toward landscape harmonization and enablement of future ESA services

Solution and Services

- SAP Program Management service
- SAP Solution Manager tool

Why SAP Solution and Services

- SAP Consulting combines deep product knowledge, an understanding of the value propositions, and implementation expertise, enabling them to provide a realistic road map.
- The Business Consulting group of SAP Consulting offers the business know-how, extensive knowledge of ESA, and experience in harmonizing business needs to prepare SSC for and to implement ESA.

Highlights

- The Business Consulting group of SAP Consulting conveyed very complex information in a clear, concise way and consistently drew experts from SAP's vast talent pool at the right time.
- The ESA road map was completed in only 3 months.
- The team created and launched an ESA-based procure-to-pay service to demonstrate the value of ESA.

Key Benefits

- SSC has a clear vision for an ESA-enabled enterprise that encompasses all business units, and a plan and a methodology for moving forward.
- The ESA road map provides a solid foundation to link business processes to current and future IT landscapes.
- SSC has a green light from the software provider on its road map, so they have confidence moving forward.
- The road map and procure-to-pay service will help SSC evangelize their ESA vision across all business units.

Implementation Partner

Business Consulting group of SAP Consulting

PIRELLI AND TELECOM ITALIA

SAP® Consulting Helps Shared Service Center Create Road Map for Enterprise Services Architecture

“The Business Consulting group of SAP Consulting helped us develop an ESA road map for evolving our application landscape toward the goal of a flexible, service-oriented architecture – one that we believe will provide significant competitive advantage in the near future,” states Alessandra Banfi, IT manager for the SSC Pirelli Tyres business unit and CCC responsible for the SSC (Shared Service Center by Pirelli & Telecom Italia). Managed as a separate entity, SSC provides select IT services for Pirelli Group and Telecom Italia Group, which are ranked among the world's leaders in every sector in which they operate, including telecommunications, manufacturing, and real estate.

Complex Challenges for an Internal IT Service Provider

Providing IT services out of a shared service center can be a challenge, especially to such diverse businesses. Each of the Pirelli and Telecom business units operates independently, with little interaction among them. Many of them have responsibility for some of their own IT services – either directly or through partners. Furthermore, SSC faces constant change due to mergers, acquisitions, reorganizations, and strategy adjustments. “To optimize operational efficiency and ensure ongoing competitiveness in this dynamic environment, we needed a shared IT vision across all groups – one that bridges the gap between our current organizational needs and tomorrow's challenges. But defining that vision and obtaining agreement, given the organizational dynamics, proved difficult,” states Banfi.



By Pirelli & Telecom Italia



SSC had made significant steps in the right direction with the implementation of the mySAP™ ERP solution in 1993 and the initiation of a harmonization process for all business units, beginning with Pirelli Tyres. Harmonization would enable SSC to standardize coding, data formats, and processes across all businesses and geographies. By 2005, 90% of Pirelli Tyres was harmonized, enabling employees to use the same chart of accounts, invoices, databases, and business processes. “Now, we wanted to harmonize the rest of Pirelli and Telecom and find ways to leverage that standardization as a source of ongoing competitive advantage,” explains Banfi.

A New Vision: The Reinvention of IT

In 2005, employees from SSC attended SAPHIRE® '05 Copenhagen, the yearly SAP conference for senior executives, business managers, and decision makers, where they learned about the benefits of

“The efficiencies, cost savings, and agility that an ESA-enabled enterprise promises are exactly what we need.”

Andrea Eula, Solution Architect, Customer Competence Center at the SSC (Shared Service Center by Pirelli & Telecom Italia)

Enterprise Services Architecture (ESA), the SAP® blueprint for service-based, enterprise-scale business solutions. According to Banfi, “SAP’s presentation was very compelling because it showed us how ESA would enable us to create service-based business solutions in immediate response to business needs.” Rather than taking a year to build a custom application – and running the risk that business needs had changed by the time the project was completed – SSC could rapidly create low-cost, custom services. Equally important, ESA would enable SSC to build upon and extend the benefits of previous harmonization efforts.

“For users, ESA-enabled services appear as seamless processes that can be accessed over the SAP NetWeaver Portal component. Furthermore, we can monitor these services using the SAP Solution Manager tool to ensure that we meet our service-level agreements,” explains Andrea Eula, solution architect in the

customer competence center for SSC. “The efficiencies, cost savings, and agility that an ESA-enabled enterprise promises are exactly what we need.”

Business Consulting: The Right Choice

“The Business Consulting group within SAP Consulting was the obvious choice to help us fully understand ESA and develop a blueprint for moving in that direction,” states Banfi. “They know SAP products better than anyone, so they can provide accurate information about the timing and capabilities of new product releases.

“The Business Consulting group of SAP Consulting was able to convey very complex information in a clear, concise way. They consistently brought in the best people they have to offer – and at just the right time. It was a real collaborative effort that resulted in a vision and plan we believe in.”

Alessandra Banfi, IT manager for the SSC Pirelli Tyres business unit and CCC responsible for the SSC (Shared Service Center by Pirelli & Telecom Italia)

The Business Consulting group brought deep knowledge of ESA and how to link it to business strategy. SAP Consulting is the only firm with experience in harmonizing business processes to prepare for ESA adoption. This type of project was unique and unprecedented for us and for our relationship with SAP. They had always been a software provider to us – and now we were trusting their consultants to help us envision the future of IT services at Pirelli and Telecom.”

A Fast Start

In February 2005, SAP consultants and members of SSC defined the scope of the project, which included the following elements:

- Introduce ESA concepts and define ESA design principles
- Develop a business and IT strategy built around ESA for all business units

- Assess the application landscape, determine ESA readiness of business units, and identify opportunities for harmonization
- Create an ESA adoption program and methodology for business process analysis oriented toward ESA
- Create a road map for each business unit that links business processes to IT and prioritizes next steps based on ROI
- Design a procure-to-pay service for the most harmonized division to illustrate the benefits of ESA

The ESA road map had to include all SAP products and ancillary applications, all business processes (with a subsequent focus on the most strategic processes, which were selected based on their perceived relationship to competitive advantage), and all major business units of Telecom Italia and Pirelli. All road map activities had to be completed in time for the new release of the SAP NetWeaver® platform in 2007.

The Road Map: A Top-Down View

After introducing ESA concepts and design principles, the team focused on harmonizing the landscape across the businesses. Using a common template, each business unit articulated its IT plans and requirements, resulting in a shared, common view.

“We have a long way to go and plenty of effort ahead of us – but the potential benefit is huge. With SAP, we already have the right plan and partner to help us achieve our goals.”

Andrea Eula, Solution Architect, Customer Competence Center at the SSC (Shared Service Center by Pirelli & Telecom Italia)

This template helped to foster a common understanding among the various groups, linked all business processes with IT, and enabled the groups to harmonize plans and share resources.

The team then reviewed the plans of the various business units to identify areas where ESA could provide significant business benefits. Pirelli Tyres was identified as the business unit most

prepared for ESA adoption, making it the logical choice for implementing a proof of concept to illustrate the power of ESA-based services. The process revealed a number of areas where service-enabled applications would benefit Pirelli Tyres, including the following:

- **User productivity and centricity**, by enabling shorter cycle times, reducing the risk of human errors, lowering process costs, and increasing customer and partner satisfaction
- **Process innovation**, by delivering additional user productivity benefits and better alignment between business needs and IT capabilities
- **Business automation and process efficiency**, resulting in lower process costs, reduced cycle times, fewer human errors, and increased customer satisfaction
- **Deployment flexibility** that lowers total cost of ownership and enables SSC to create more specialized services for the various businesses

This process was repeated for each of the business units. “The consulting services SAP provided focused not only on technology, but also on opportunities for harmonization and plans for moving ahead in each business unit,” explains Eula. “In the end, we had a plan tailored for each business unit.” The plan was flexible so that SSC could leverage the momentum generated thus far and continue where the project left off. “We’re using the road map as a vehicle for communicating the ESA vision and action plans,” states Eula.

Procure to Pay: A Successful Illustration of ESA

The team had selected the supplier collaboration process within Pirelli Tyres as the best choice for the proof of concept because of its limited end-to-end coverage and potential for optimization. The existing manual legacy process had people acting as “human integrators,” resulting in a general lack of control and transparency, as well as high costs and inefficiencies.

To start, a gap analysis was performed for the legacy process, including an evaluation of the process, technology, and people involved. The team looked at the roles of the organizational units and the activities they participate in – purchase order

management, inbound delivery, invoicing, and reporting. They analyzed the steps involved, defined the enterprise services needed to automate the steps, and mapped these to integration platforms and business applications required to support the services.

“The Business Consulting group of SAP Consulting helped us develop an ESA road map for evolving our application landscape toward the goal of a flexible, service-oriented architecture – one that we believe will provide significant competitive advantage in the near future.”

Alessandra Banfi, IT manager for the SSC Pirelli Tyres business unit and CCC responsible for the SSC (Shared Service Center by Pirelli & Telecom Italia)

“SAP made it easy to develop the new process because they had already defined a procure-to-pay service,” explains Eula. “The service enables the exchange of information between marketplaces over a Web-based hub. It’s much faster, more efficient, and cost-effective.” The new procure-to-pay service already has several suppliers on board and is delivering the following benefits:

- Greater procure-to-pay process automation that reduces human errors and increases process speed and transparency
- Streamlined workflow, allowing professional users to focus on exception handling and to benefit from decision support
- Improved visibility into the process and greater ability to control it

“We’re able to get suppliers on board much more quickly. It used to take months, and now it takes about four weeks,” adds Banfi. Although it’s an isolated service that is not based on full ESA deployment, the new procure-to-pay service is a successful first step toward ESA. “Now we want to extend the service to other Pirelli and Telecom Italia divisions,” states Banfi.

Planning for New IT Skills Requirements

The road map helped SSC plan for new types of skills and expertise that will be required in their future, ESA-enabled enterprise. “Today, we need people that know programming languages and who can hard code integrations. But going forward, we need teams that can understand business processes; visualize the decomposition of processes into services; orchestrate services to create seamless, end-to-end processes; and continuously optimize those processes,” comments Banfi. “Now we know what to plan for from a cost and skills perspective.”

Next Steps

The entire project was completed in just three months. “We have been very pleased with the outcome,” explains Banfi. “The Business Consulting group of SAP Consulting was able to convey very complex information in a clear, concise way. They consistently brought in the best people they have to offer – and at just the right time. It was a real collaborative effort that resulted in a vision and plan we believe in.”

Going forward, SSC will leverage the road map as a communication platform enterprise-wide. “To make our ESA vision a reality, we need to continue to increase organizational awareness of ESA,” explains Banfi. Next steps include performing numerous upgrades, extending research for enterprise services, defining an SAP NetWeaver reference architecture, upgrading SAP NetWeaver components, and setting up laboratories on new SAP NetWeaver components. Adds Eula, “We need a prototype for business process monitoring, which SAP will be helping us develop. We have a long way to go and plenty of effort ahead of us – but the potential benefit is huge. With SAP, we already have the right plan and partner to help us achieve our goals.”