



FREESCALE SEMICONDUCTOR

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	High tech
Revenue	US\$6.4 billion (2006)
Employees	24,000
Headquarters	Austin, Texas
Web Site	www.freescale.com
SAP® Solution and Services	SAP® ERP Human Capital Management solution
Implementation Partners	SAP Consulting and Larsen & Toubro InfoTech Limited

Austin, Texas-based Freescale Semiconductor Inc. is a global leader in the design and manufacture of embedded semiconductors for the automotive, consumer, industrial, networking, and wireless markets. Freescale became an independent company in 2004 following 50 years as part of Motorola. With operations in more than 30 countries, this privately held company serves more than 10,000 customers worldwide. It has a broad portfolio of more than 14,000 products and 5,900 patent families.

Key Challenges

- Pressure to quickly implement a total human capital management (HCM) system after separating from Motorola
- Inflexible legacy systems with more than 360 custom interfaces and nonintegrated processes
- Proprietary data warehousing software that complicated analytics with more than 1,000 custom-built reports
- High system maintenance costs and data redundancies across applications

Why SAP Was Selected

- Comprehensive, out-of-the-box HCM functionality on a single global instance
- Ease of integration and simplified technology architecture
- Minimal implementation risk and change management
- Clear release strategy and strong commitment to HCM moving forward
- Project mantra: "If SAP can do it, SAP will do it"

Implementation Best Practices

- Solid executive support and passionate team members
- Strong user adoption through subject matter leads and train-the-trainer approach to knowledge transfer
- "HRNow!" project branding to keep team focused
- Extensive change management with readiness assessments
- Mock deployments to prepare for flawless go-live

Low Total Cost of Ownership

- 50% reduction in HR IT support costs
- 87% reduction in number of interfaces
- 74% reduction in HR IT application systems
- 90% reduction in the number of reports (from 1,000+ to 92)
- Single global HR platform with significant improvement in system reliability and uptime

Financial and Strategic Benefits

- Enhanced reporting capabilities
- Standardized global HR business processes
- Integration of safety compliance reporting
- Solid, scalable platform for future growth and functional enhancements
- Automated HR processes that free employees to focus on more expertise-based activities
- Consistent worldwide HR master data

Operational Benefits

Key Performance Indicator	Average Benchmark*	Freescale
Employees served by 1 full-time HR employee	77 FTEs	105 FTEs
HR cost per employee per year for transactional functions	US\$406	US\$180
Time to hire (number of days)	55	49
Percentage of employees trained	60%	86%
Percentage of HR employees involved in expertise-based activities	44%	84%

* Benchmarks taken from the ASUG/SAP Human Capital Management Benchmarking Survey





“We are not only proud of the team and the millions of dollars of cost savings for the HR and IT organizations, but also of our ability to make employees’ and managers’ jobs easier. With the implementation of this solution, we have truly been able to move the needle on our goal of self-service in the HR space. This allows our employees to spend more time on opportunities – designing, building, and selling Freescale product.”

Kurt Twining, Senior VP of Human Resources
Jill Butler, Director of HR Operations
Freescale Semiconductor Inc.

Tippling the Scale in Favor of HR Success

When Freescale Semiconductor Inc. separated from Motorola in 2004, it faced an interesting challenge for implementing a robust human capital management system. Under Motorola, it had outsourced aspects of HR – but still struggled with inflexible legacy systems, master-data redundancies, complex reporting, and high support cost. Freescale had to decide what to change, when to initiate the change, and how to coordinate these changes as it established itself as an independent company.

Key requirements included far-reaching change management, minimal project risk, a quick global go-live, and low cost of ownership. Having experience with SAP® software under Motorola, Freescale chose the SAP ERP Human Capital Management (SAP ERP HCM) solution – and decided to bring the HR systems infrastructure in-house. The software supported many of the company’s HR processes out of the box and provided a single, global instance to support these processes across locations in more than 30 countries. Approaching the implementation at the strategic level, Freescale chose SAP ERP HCM for its ability to streamline global operations, reduce costs, and create competitive differentiation by freeing management up to focus on the value-added activities that keep teams thriving.

“If SAP Can Do It, SAP Will Do It”

Freescale sought to benefit from the ease of integration and standardization offered as part of SAP ERP HCM. Executive committee support, global representation, and committed project participants made for positive team dynamics. Freescale branded the project as “HRNow!” – with a distinctive logo that helped maintain project visibility. For effective change management, the company set clear expectations for team members and employed “tower leads” as subject matter experts

who helped cascade information down to end users. Instead of formal training, Freescale built an extensive Web-based reference library for “as needed” access – a library that remains in use today.

Freescale monitored progress using an innovative “stoplight” matrix. Providing visual representation – in red or green – of IT- and business-level preparedness, the matrix gave managers an at-a-glance view of problem areas in need of attention. The company developed a detailed go-live plan that involved four mock deployments to identify problems, achieve milestones, and track readiness. For the actual go-live, Freescale set up a 24-hour command center staffed by IT and business experts to address issues and ensure success.

The Benefits of Global, End-To-End HR Processes

Today, Freescale has a comprehensive HR solution that supports end-to-end processes throughout the global enterprise. Standardization and integration have helped Freescale reduce IT-related HR cost by 50% and the number of supported interfaces by 87%. Compared to benchmark averages for HR processes, Freescale has cut HR transaction costs by more than 55%, increased the number of employees a single HR team member serves by more than 36%, and reduced time to hire by more than a full working week. More importantly, Freescale has used automation to significantly reduce administrative overhead – almost doubling the amount of time employees can spend on value-added, expertise-based activities. This helps HR operate more effectively – contributing significantly to a workplace that can attract and retain valuable, productive employees on a consistent basis.