



## YASKAWA ELECTRIC AMERICA

Transforming the Industrial Machinery and Components Business with mySAP™ CRM

### BUSINESS TRANSFORMATION STUDY

Yaskawa Electric America, partnering with SAP, maximizes the value of every customer interaction to increase customer satisfaction, grow revenue, and create a competitive advantage.



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# YASKAWA ELECTRIC AMERICA

## AT A GLANCE

### Profile

<b>Industry</b>	Industrial machinery and components
<b>Revenue</b>	US\$410 million
<b>Employees</b>	1,000
<b>Location</b>	Waukegan, Illinois
<b>Web Site</b>	<a href="http://www.yaskawa.com">www.yaskawa.com</a>
<b>SAP® Solutions &amp; Services</b>	mySAP™ Customer Relationship Management application (interaction center, sales, service, analytics), mySAP ERP application
<b>Implementation Partner</b>	Systemtech

Yaskawa Electric Corporation, based in Japan, is the world's largest manufacturer of AC inverter drives, servo and motion control products, and robotics automation systems. Yaskawa Electric America Inc., the company's U.S. subsidiary, operates 3 manufacturing facilities and distributes the company's industrial control and automation products in the Americas. Yaskawa is synonymous with quality, producing highly reliable products that meet the highest quality standards.

### Key Challenges

- Increase visibility to enable a holistic view of customers
- Support sales of value-added solutions
- Enable ability to scale services across large installed base, while containing costs
- Improve customer satisfaction
- Enhance relationships with distributors and support pull-through business
- Increase product and aftermarket revenues

### Why SAP Was Selected

- Comprehensive customer relationship management (CRM) functionality
- Ability to consolidate, integrate, and present customer information
- Lowest total cost of ownership
- SAP vision for CRM
- Solid support and services infrastructure

### Implementation Best Practices

- Focus on customer in every business process during implementation
- Create a single view of the customer
- Establish regular communication with senior management
- Streamline organization and processes
- Use solution to drive continuous improvement
- Focus on training the trainer

### Low Total Cost of Ownership

- Lowest costs covering integration, support, maintenance, upgrades, and user training
- Reduced IT costs
- Completed interaction center implementation in just 5 months
- Replaced many systems with a single SAP® solution

### Financial and Strategic Benefits

- Positioned to drive revenues through value-added services
- Positioned to triple aftermarket revenue
- Improved accuracy of responses to customers
- Improved product quality
- Increased distributor achievement of sales targets

### Operational Benefits

- Improved lead generation – more than 750 new prospects and more than 50 qualified leads within the first 45 days of usage
- Now handle 95% of sales orders with 2 call centers
- More than doubled customer service transaction volume to 10,000 per month
- Increased the response rate to customer surveys by 50% and improved customer satisfaction scores
- Improved agent productivity



**“Customers want a long-term relationship with us and for our products to be a key part of their solutions. So the stronger we can make our customers in their respective markets, the more we’ll be able to grow.”**

Jody Kurtzhalts  
President and Chief Operating Officer  
Yaskawa Electric America Inc.

## KEY CHALLENGES

### The Drive for Quality

Yaskawa Electric Corporation, headquartered in Japan and founded in 1915, is the world's largest manufacturer of inverter drives, servomotors, and related products for controlling motion. With ¥322 billion (approximately US\$2.735 billion) in sales for its 2006 fiscal year, the company is completely focused on quality, earning a reputation for having the most reliable, technically advanced, and long-lasting products. Consequently, Yaskawa's customers enjoy a relatively low cost of ownership, reaping high performance, productivity, and profitability of their machines. Its unrelenting quest for quality earned the company the prestigious Deming Application Prize for quality. To date, Yaskawa is the only company in its industry to win this award. The company's quality focus, known to all employees in its worldwide network of operations in 24 countries, is expressed simply in its tagline, "The Drive for Quality." The high ratings of the company's products and services by customers demonstrate that the company is fulfilling its mission.

Yaskawa Electric America Inc. (YEA), the company's U.S.-based subsidiary, manufactures the company's products and distributes to markets in the Americas. Founded in 1967, YEA has 1,000 employees with manufacturing plants in Illinois, Ohio, and Wisconsin. Like its parent, YEA is focused on quality and continuous improvement for its customers. YEA earned ISO 9001 certification in 2000 for its Illinois and Wisconsin plants. In 2006, YEA earned ISO 9001:2000 certification not only for its plants but for the entire

company. Additionally, YEA also received customer satisfaction awards from *Control Engineering* magazine based on subscriber surveys conducted in 2004 and 2006.

### A Focus on Channel Relationships in the Americas

In Japan, Yaskawa's concentration has been on large OEMs, which comprise the bulk of the company's market for its drives and more complex motion control products. Yaskawa's products, which are often designed to OEM specifications, become a component of the OEM's equipment, and Yaskawa's sales volume in Japan increases as the OEM's business grows. The OEM directly sells its final goods (in semiconductor or automotive markets, for example), and Yaskawa doesn't have visibility into its end-user markets.

In the United States, however, it's different. Many years ago, Yaskawa started to grow the business by entering various markets around the world, and the United States was a significant focus. The company found that an OEM in the United States may be a market leader but only have about 5% market share. "Yaskawa in Japan has historically focused on understanding the large OEM customer base," says Jody Kurtzhalt, YEA president and COO. "While we also have the OEM model in the United States, we've needed to focus on understanding the end user. The end users here have the buying strength, so we need to consider their requirements carefully."

**"The proposition we have to offer customers in the United States is a value-added solution. We can't just be a commodity supplier, and we don't want to be purely a component seller. Our areas of concentration, including our inverter business and our growth-oriented general motion business, all require solution sales."**

Jody Kurtzhalt  
President and Chief Operating Officer  
Yaskawa Electric America Inc.

In order to develop a sustainable business, Yaskawa had to approach the market differently than in Japan. “The proposition we have to offer customers in the United States is a value-added solution,” says Kurtzhalts. “We can’t just be a commodity supplier, and we don’t want to be purely a component seller. Our areas of concentration, including our inverter business and our growth-oriented general motion business, all require solution sales.”

Domestically, YEA has focused on distribution and initiating and developing its channel relationships for its standard inverter drive business. That drive business represents about 60% of company revenue and is approaching commodity status. So for this business, in addition to developing its solution sales approach, the company focuses on improving feature sets, increasing ease of use, and enhancing the price/performance ratio. The company has treated each channel like a customer, listening carefully to differentiate and tailor the products, and working with the channels to develop opportunities.

The balance of YEA’s revenue includes OEM sales of more complex motion-control products. These necessitate meeting OEM design and cost requirements, benefit strongly from the solutions sales approach, and require in-depth support.

### **Getting Closer to the Customer**

In line with the company’s focus on quality and the need to get closer to its customers in the U.S. market, YEA started tracking customer satisfaction through an annual survey beginning in the late 1990s. While the OEM and distributor ratings continually improved for several years, the company received little feedback from actual end users. Consequently, YEA had limited visibility into this customer base.

“We’ve installed more than 2 million products over the past 20 years, and those products last a long time,” says Dennis Fitzgerald, vice president of customer satisfaction. “The customers eventually need service and support, and they call us. We found that 80% of the 50,000 technical support calls annually were coming in from end users for whom we had no visibility. We didn’t know whether we had suggested going to a different product, whether we were getting new orders from these customers, or how

well we were satisfying them. In short, we didn’t have information to take care of the complete customer life cycle.”

YEA expanded its survey to include end users and found that these customers were not as satisfied as the distributors or OEMs. “This was a concern for us,” says Fitzgerald. “We wanted to generate loyalty to Yaskawa from our end users, which are the real source of demand in the long term.”

### **The Consequences of Fragmented Data**

While YEA initially started to build solutions, including incident management and lead tracking, to enable its customer relationship management (CRM) processes, these primarily served the technical support area. “Eventually, customer data was duplicated in various departments,” says Maricel Cabahug, YEA CIO. “We had information everywhere, in systems that didn’t talk to each other.”

YEA needed to have a complete view of its customer histories, previous interactions, and lifetime value. With better information, the company believed it could better target its increasing number of customers with appropriate products, and take better advantage of its ability to use service contracts, in particular, to drive greater sales to existing customers. “Aftermarket service is very important to us, allowing us improve our relationship with customers and increase revenues,” says Kurtzhalts. “Aftermarket service supports our goal of embracing the customer from start to finish.”

Moreover, with a more complete customer view, YEA anticipated responding faster to customer inquiries and having the ability to better differentiate service to various customers based on their purchase patterns and long-term value. But data gathering was difficult, and the lack of complete visibility to customers added costs to YEA’s operations and resulted in lower-than-desired customer service performance.

To better monitor and improve distributor performance, YEA sought ways to partner with its distributors to better serve customers and improve sales. Because YEA didn't have full visibility into its sales channels, it was unable to determine whether the distributors were hitting their sales or profit targets or were sufficiently trained to support the company's products.

### Improving Ease of Business Interactions and Enhancing Relationships

YEA wanted to become an easier company to do business with by improving customer experiences with its call center, increasing fulfillment levels for core products, and establishing collaborative relationships with partners. Enhancing channel-facing processes would lead to greater satisfaction, better planning, and ultimately increased sales and profitability. "Our focus is win-win," says Kurtzhals. "Customers want a long-term relationship with us and for our products to be a key part of their solutions. So the stronger we can make our customers in their respective markets, the more we'll be able to grow."

**"We wanted to generate loyalty to Yaskawa from our end users, which are the real source of demand in the long term."**

Dennis Fitzgerald  
 Vice President of Customer Satisfaction  
 Yaskawa Electric America Inc.

### Identifying Our Customers

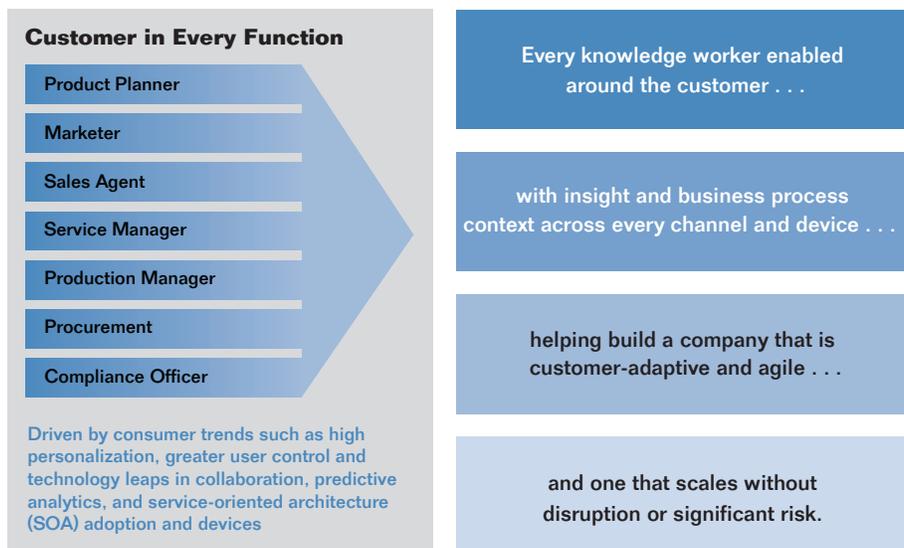


Figure 1: Yaskawa Electric America Inc. Customer Base

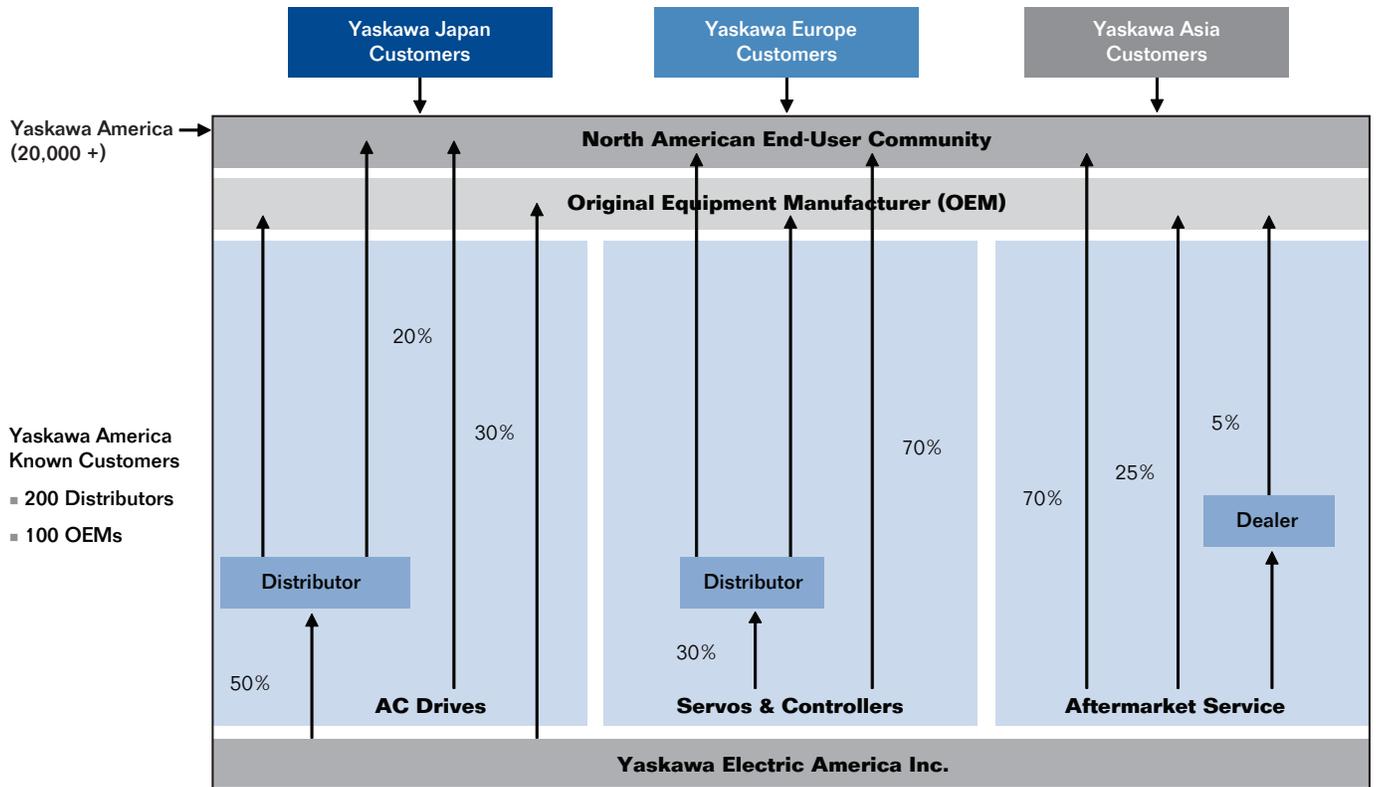


Figure 2: Customer Map from Yaskawa's 2006 SAPPHIRE® Conference Presentation

## WHY SAP WAS SELECTED

### **The Need for an Integrated CRM System**

YEA wanted a more complete view of its customers that would enable the company to improve processes across the entire customer life cycle. “But with thousands of customers and a large installed base, we could only do this if we automated,” says Fitzgerald. “Implementing a robust system was the only way we could ensure that customers would perceive quality in all interactions with the company.”

Though YEA had the beginnings of a CRM process with its many different sales and service systems, company management believed that collecting all the data within a single solution was essential for ongoing enhancement. Consolidating data would enable a better focus on root causes, ultimately leading to streamlined processes and greater customer satisfaction.

While many companies in its industry focus on sales force automation (SFA) tools, YEA believed SFA would address just a small subset of its requirements. In particular, since its business model is based on solution sales and supporting its channel partners selling to end users, the company needed a way to secure greater insights beyond its partners and into activities supporting the customer, such as warranty service. YEA knew it needed a comprehensive, integrated CRM system to address its needs for full customer life-cycle visibility, including a complete view into its end-user installed base that it had never had before.

### **SAP Meets Long-Term Business Requirements at Lowest Cost**

YEA implemented SAP® enterprise software in 1999, and management believed that the mySAP™ Customer Relationship Management (mySAP CRM) application would enable the company to leverage its existing skills to cost-effectively operate the solution. Despite having this experience, YEA still conducted a rigorous evaluation of five CRM vendors to ensure that the SAP software would be the best choice.

The products were rated according to their ability to address YEA’s business and technical requirements, their financial viability as solution partners, and their total cost of ownership (TCO). SAP scored very high in TCO, with low cost of integration, support, maintenance, upgrades, and user training. In addition, SAP was selected because of its strong technical fit and financial viability, and because it was viewed as having a long-term commitment to developing products that would meet YEA’s evolving requirements.

Beyond the rigorous evaluation, the SAP CRM vision of “putting the customer in every function” closely matched Yaskawa’s, and the shared philosophy suggested that a long-term partnership would work well. “mySAP CRM came out best in the cost analysis, and it was the best tool for giving us a single view of the customer,” says Fitzgerald.

**“Implementing a robust system was the only way we could ensure that customers would perceive quality in all interactions with the company.”**

Dennis Fitzgerald  
Vice President of Customer Satisfaction  
Yaskawa Electric America Inc.

# IMPLEMENTATION PROCESS AND BEST PRACTICES

## Rapid Implementation of mySAP CRM Interaction Center Functionality

YEA's initial implementation priority was to improve processes in its call centers by ensuring that agents had the tools they needed. To this end, YEA deployed mySAP CRM Web-based interaction center software, its phase one implementation – in five months.

The implementation supported sales, order management, and service processes in its call centers, as well as basic marketing campaign management. It entailed conversion of about 700,000 equipment records, necessitated configuration support to enable functionality such as available-to-promise, and required some customization to support YEA's specific call center requirements. The implementation was built on an infrastructure foundation that included voice over IP telephony and Cisco IP Contact Center for two locations. Despite the complexities, a smooth go-live resulted, and YEA realized an IT cost reduction following implementation.

### Process Focus

YEA focused first on its business processes and mapping how the software would support these processes. Specific processes for sales included prospect and lead handling, product proposals, and the complete quotation-to-order process with available-to-promise functionality. For service and support, YEA implemented the interaction center management functionality of mySAP CRM in the areas of:

- Account and service contract management
- Complaint management
- Interaction history
- Alert identification of VIP customers
- Incident ticket management
- Automatic renewal letters for service contracts

YEA made organizational changes that helped ensure success, such as consolidating its three call centers into two and having them report to a single vice president. With its future implementation of CRM service in February 2007, YEA plans to unite these two call centers into one. YEA also focused on processes to ensure that technical support and inside sales staff were communicating in ways that benefited customers.

## Systech – The Principal Implementation Partner

The internal YEA staff for the implementation included a nine-member core team, including a project manager, technical staff, and business analysts. Seven external consultants provided complementary technical capabilities in areas including SAP functional configurations, middleware, and application development.

Several of the external consultants came from Systech, YEA's principal implementation partner. "The Systech consultants have been very helpful, especially since this is our first CRM implementation," says Cabahug. "But they're the navigator, not the driver. We seek their advice, but we make the decisions and take ownership for the long term."

### Training the Trainers

YEA developed a "train the trainer" approach to educating its users. During the first week, SAP trained 25 users and then assembled a secondary core team of trainers. Due to many process changes and the company's interest in being thorough with user education, training started slowly but then gained momentum. It took about four months to train 100 associates.

### Change Management – Aligning the Organization

YEA adhered to sound change management policies and assigned an executive with overall change management responsibility. The company involved the users heavily in the implementation, holding weekly meetings with them and representative business owners, and responding in detail to their requests. The company found it was essential to communicate regularly in order to secure buy in, showing steady progress to the users, explaining how the changes would benefit them, and describing the implementation plan for the coming weeks. The monthly YEA internal publication served as another mechanism for communicating to the organization about the implementation.

Senior executives, including the COO of YEA and the CEO of Systech, were part of a steering committee, which made high-level decisions about the implementation priorities and focus. There were two steering committee meetings during the implementation. There were also bimonthly meetings to communicate progress to the Japanese parent company, which sustained interest in the CRM processes for possible global adoption.

YEA management viewed this initial implementation as providing services that unified the organization to achieve its customer-focused mission. “We now have a CRM system that’s integrated across organizational boundaries and helps us maximize the value of every interaction with the customer,” says Cabahug.

**“We now have a CRM system that’s integrated across organizational boundaries and helps us maximize the value of every interaction with the customer.”**

Maricel Cabahug  
Chief Information Officer  
Yaskawa Electric America Inc.

#### YEA's IT Architecture

SAP® Solutions:	mySAP™ Customer Relationship Management (mySAP CRM) application, mySAP ERP application, SAP Business Information Warehouse (now part of the SAP NetWeaver® Business Intelligence component)
Number of Users:	125
Number of SAP Instances:	3
Database:	Oracle 10g
Operating System:	Red Hat Enterprise Linux 4
Server:	Dell PowerEdge 1855 running Intel Xeon processor
Storage:	EMC CLARiiON CX500

Phase 1	Phase 1B	Phase 1C	Phase 2 & 3
2005–2006	2006	2006–2007	2007–2008
Build the Foundation	Optimize Operations	Engage Customers and Partners	
<b>Customer Relationship Management (CRM)</b> <ul style="list-style-type: none"> <li>■ Account &amp; Contact Management</li> <li>■ Interaction Record</li> <li>■ Incident (Complaints) Management</li> <li>■ Expedite</li> <li>■ Leads</li> <li>■ Quotation</li> <li>■ Order Entry</li> <li>■ Product Proposal</li> <li>■ In-box</li> <li>■ Work List</li> <li>■ Knowledge Search</li> <li>■ I Base</li> <li>■ Scripting</li> <li>■ Customer Fact Sheet</li> <li>■ Product Search</li> <li>■ Service Contract Alerts</li> <li>■ Build Cubes for Standard Reports <ul style="list-style-type: none"> <li>- Booking Analytics</li> <li>- Profitability Analysis</li> <li>- Demand Planning Reports</li> <li>- Sales Analytics</li> </ul> </li> <li>■ Train Power Users</li> </ul>	<b>CRM</b> <ul style="list-style-type: none"> <li>■ Enhance Lead Management <ul style="list-style-type: none"> <li>- Interface “Contact Us”</li> <li>- JBA Software Interface</li> <li>- CAP Software (Opportunity Management)</li> </ul> </li> <li>■ Integrate Application Quotes</li> <li>■ Enhance Lead Management</li> <li>■ Sales Agreements</li> <li>■ Customer Segmentation</li> <li>■ Marketing Campaign</li> <li>■ Interface Phone System/ CRM</li> <li>■ Build cubes for CRM reporting <ul style="list-style-type: none"> <li>- Customer Analytics</li> <li>- Call Center Analytics</li> <li>- Management Dashboard</li> </ul> </li> </ul>	<b>CRM</b> <ul style="list-style-type: none"> <li>■ CRM Upgrade</li> <li>■ SAP® Portals (Associates)</li> <li>■ CRM Service <ul style="list-style-type: none"> <li>- Service Quotations</li> <li>- Service Contract Quotations</li> <li>- Service Agreements</li> <li>- Object Fact Sheet</li> <li>- Warranty Management</li> <li>- Warranty Claims Management</li> <li>- Field Service</li> <li>- In-House/Depot Repair</li> <li>- Adobe Interactive Forms</li> <li>- Product Service Letter</li> <li>- Service Templates</li> <li>- Service Product Proposal</li> </ul> </li> <li>■ Service Process Improvements</li> <li>■ Service Resource Management</li> <li>■ Skills and Qualifications Database</li> <li>■ CRM Service Analytics</li> </ul>	<b>CRM</b> <ul style="list-style-type: none"> <li>■ SAP Portals (Partners)</li> <li>■ Partner Relationship Management</li> <li>■ Sales Force Automation</li> <li>■ Opportunity Management <ul style="list-style-type: none"> <li>- Identify Opportunity</li> <li>- Qualify Opportunity</li> <li>- Quotation</li> <li>- Decision</li> <li>- Closure</li> </ul> </li> <li>■ SAP Advanced Planning &amp; Optimization component</li> <li>■ Campaign Management</li> <li>■ Internet Sales</li> <li>■ Internet Service</li> <li>■ CAP Interface (Portals)</li> <li>■ Expand CRM Reporting</li> </ul>

Figure 3: Yaskawa Electric America Inc.'s Customer Relationship Management Implementation Timeline

## **BUSINESS PROCESS TRANSFORMATION AND VALUE REALIZED**

### **mySAP CRM Handles Increased Call Center Activity**

mySAP CRM replaced YEA's cumbersome patchwork of customer-related applications and processes with a single solution. The two YEA central call centers are now using this software to handle all of their work and enter 95% of the company's sales orders (the other 5% of sales orders are handled for partners through the company's Web site). The application is tracking 10,000 interactions per month, and this will grow to about 15,000 monthly interactions once field staff and remote locations are added.

A customer may call in multiple times and speak to different agents in the course of a few days. The teams now have clear visibility into all of these customer calls. Since the agents have information about earlier calls and the items discussed, they can better serve the customer on subsequent calls. This improves customer satisfaction and forestalls problems for customers caused by inaccurate or incomplete information. YEA is now able to monitor incoming call volumes, durations, and resolution times to determine how to make service improvements. In fact, by focusing on customer service processes, the response rate to customer surveys has increased by 50%, and customer satisfaction scores have improved. Supporting this improvement is Yaskawa's increased response accuracy and compressed resolution cycle times.

Better data is leading to other high-level process improvements. "With mySAP CRM, we have quantifiable information about customers and can manage that data more effectively," says Fitzgerald. "We can use that to keep improving processes, make ourselves easier to do business with, and drive quality in all of our interactions with customers."

### **Better Agent Utilization and Increased Productivity**

YEA is providing better tools for its internal salespeople and technical support staff. For example, it's able to enhance response accuracy to customers through use of a knowledge database. YEA is able to monitor call center activity, thus ensuring its agents are more evenly loaded and handling the types of interactions for which they're most suited.

Agent productivity has improved, and because the agents feel more empowered and motivated, they believe they're using their time more effectively and providing additional value. YEA is changing job descriptions to better match agent activities and providing financial incentives for superior performance. "We're creating an opportunity where our staff is better managed and rewarded," says Fitzgerald. "There's a lot of energy and excitement in the group now."

**"We're very excited about SAP [olutions], because they're helping us become very successful in the United States. The only way to continue to succeed here is to become more productive, and therefore we need to continue to broaden our use of SAP software to help people work smarter."**

Jody Kurtzhalts  
President and Chief Operating Officer  
Yaskawa Electric America Inc.

### **Better Customer Information Leads to Profitable Growth**

YEA now has a holistic view of its customers, including its hundreds of OEMs and distributors and the tens of thousands of end users who are downstream from those channel partners. The solution helps the company manage these call center contacts more systematically and provide faster, more consistent customer service, and it opens the door to using service to drive sales. With a clear understanding of a customer's entire situation, for example, service agents can suggest products such as extended warranties or product replacements to meet that customer's needs.

YEA is also able to better focus business communication with these existing customers. "We just started to use the mySAP CRM marketing functionality," says Fitzgerald. "We're sending information to our customers using the contact data in this solution, and we now know our target customer audience and the frequency of our communication with them. That means that our communication will be more likely to yield results, including better understanding by our end customers of Yaskawa's directions, and ultimately increased revenue."

### **Better Lead Management**

YEA is leveraging CRM functionality to develop new leads, which YEA shares with its channel partners to help them grow their respective businesses. In fact, YEA has added more than 2,000 new contacts, identified 750 new prospects, and developed and distributed more than 50 qualified leads within the first 45 days of operations.

YEA is taking particular care with managing its leads. "The reason why the leads aren't higher is because we established criteria for qualifying leads," says Fitzgerald. "When leads are well qualified, the sales and distribution network is more likely to pay close attention to them and follow up appropriately." YEA is currently developing a leads program with an anticipated yield of 500 qualified leads per month.

### **Benefits for a Small Organization and a Model for Global Operations**

While YEA is not a large organization, the company realized substantial benefits from mySAP CRM.

"Our experience shows that you don't have to be a huge company with thousands of employees to really benefit from a sophisticated CRM solution," says Fitzgerald. "In fact, we've developed good processes with the SAP solution, and we're more responsive and flexible than our competition, which includes organizations that have 30,000 people or more."

Productivity is a key benefit, especially because a small company cannot afford to continually increase its staffing levels. "We're very excited about SAP [solutions], because they're helping us become very successful in the United States," says Kurtzhalt. "The only way to continue to succeed here is to become more productive, and therefore we need to continue to broaden our use of SAP software to help people work smarter."

The CRM implementation has been viewed favorably by Yaskawa's Japan-based senior management team. The company is considering building similar systems and processes to benefit Yaskawa's operations around the world. "mySAP CRM helps us understand our increasingly global customer base," says Kurtzhalt. "The world is changing quickly, and many of our local customers are now global customers. In order to focus our R & D investments and develop the right business strategies, it's critical to truly understand and meet the requirements of our customers around the world. We've just started this phase of our journey, and mySAP CRM is an essential tool to enable us to address those needs."

## YEA Improves Critical Processes

The following table captures examples of processes that improved as a result of the implementation, along with the impact of these changes.

Process Area	Problems	After SAP® Software	Impact
<b>Contact, Call Center, and Activity Management</b>	<ul style="list-style-type: none"> <li>■ Fragmented data</li> <li>■ Costly call center processes</li> </ul>	<ul style="list-style-type: none"> <li>■ Consolidated customer data</li> <li>■ Robust, integrated process across the company reduced number of call centers</li> <li>■ Alert identification of VIP customers</li> </ul>	<ul style="list-style-type: none"> <li>■ Complete view of the customer and all customer interactions</li> <li>■ Fewer lost opportunities</li> <li>■ Improved complaint handling</li> <li>■ Increased response accuracy</li> <li>■ Faster issues settlement</li> <li>■ Improved agent productivity</li> <li>■ Improved product quality because of mechanisms to feed back information to manufacturing</li> <li>■ Delivered differentiated services to customers based on purchase history, lifetime value, and other factors</li> <li>■ Improved ability to scale</li> <li>■ Increased up-sell</li> <li>■ Increased product and aftermarket revenues</li> </ul>
<b>Partner Management</b>	<ul style="list-style-type: none"> <li>■ Limited collaboration around new opportunities</li> <li>■ Inability to manage partner performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Availability of customer information to share with partners</li> <li>■ Visibility into channel performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Strong collaboration around mutual sales and profitability goals</li> <li>■ Support for pull-through business</li> <li>■ Increased product and aftermarket revenues</li> <li>■ Improved achievement of partner revenue targets</li> </ul>
<b>Lead Management</b>	<ul style="list-style-type: none"> <li>■ Fragmented data</li> <li>■ Costly and inefficient processes for collecting and pursuing leads</li> </ul>	<ul style="list-style-type: none"> <li>■ Consolidated data</li> <li>■ Processes integrated across sales and marketing</li> </ul>	<ul style="list-style-type: none"> <li>■ Improved lead generation; more than 750 new prospects and more than 50 qualified leads within first 45 days of usage</li> <li>■ Better positioned to grow sales</li> </ul>
<b>Warranty and Service Contract Management</b>	<ul style="list-style-type: none"> <li>■ Fragmented information covering warranties and service contracts</li> </ul>	<ul style="list-style-type: none"> <li>■ Consolidated data</li> <li>■ Integrated processes</li> </ul>	<ul style="list-style-type: none"> <li>■ Proactive service contract monitoring</li> <li>■ Can drive revenue through value-added services</li> </ul>

**“We’re sending information to our customers using the contact data in this solution, and we now know our target customer audience and the frequency of our communication with them. That means that our communication will be more likely to yield results, including better understanding by our end customers of Yaskawa’s directions, and ultimately increased revenue.”**

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 Vice President of Customer Satisfaction  
 Yaskawa Electric America Inc.

## FUTURE ROAD MAP

YEA is developing a road map to implement additional functionality of mySAP CRM, including the following plans:

- **CRM analytics** – YEA intends to use customer insights gained from the system to drive all aspects of its operations. For example, customer demand and complaint data will be analyzed to help identify potential production problems and keep product quality high. Data from customers in the Americas will be provided to global product development leaders to help them gain deeper insights into customer needs and synthesize product plans that will more fully meet those needs.
- **Marketing** – YEA also wants to use its customer data to develop more focused marketing campaigns. Through these campaigns, YEA intends to develop higher-quality leads, and the company will create incentives for its distributors and sales force that it expects will generate a higher lead-to-order conversion rate. Thus, the marketing campaigns will be more directly tied to revenue growth.
- **Service** – Through the use of the SAP NetWeaver® Portal component to support mySAP CRM service functionality, YEA will give customers more direct control in requesting and executing service processes. In particular, there will be multichannel support for customer service. Customers will be able to communicate directly via e-mail, phone, or fax, as well as be able to use the portal for service-related activities including requesting return material authorizations or entering complaints. mySAP CRM will track status and issue notifications as appropriate.

The new CRM software will provide support essential for closing the loop with customers to ensure that they're satisfied, which YEA had identified as an opportunity for improvement. "We'll be able to find out whether the customers were satisfied, whether there's any other way we can help, and whether they're interested in additional services we provide," says Fitzgerald. "We'll have an extraordinary ability to communicate back to the customer, at appropriate staff and management levels, once we complete a service request."

- **End-user registration** – YEA is implementing an end-user self-registration solution using mySAP CRM that will allow YEA to establish links among the equipment serial number, original distributor, and customer. This will enable updating of essential product components, such as software. Moreover, these tracking functions provide end-user visibility that supports YEA marketing and service initiatives and enables the company to provide information to distributors to help them grow their businesses.

In the near term, mySAP CRM, with functionality such as end-user registration, improvements in services performance, support for extended contracts, and so forth, will provide a platform to enable growth in services revenue. "Aftermarket revenue accounts for only a fraction of YEA's total sales," says Fitzgerald. "Given the nature of our business and the tools we now have, we should be able to triple our service revenue in no time. Customers now know they can come to us for parts and repairs, and our increased interaction with end users will provide up-sell opportunities." YEA also plans to implement the SAP Advanced Planning & Optimization component for demand and supply chain planning and global available-to-promise functionality. "Fulfillment is very important for YEA," says Cabahug. "This implementation proves our commitment to continually improve our already very high fulfillment levels."

Longer term, YEA expects to implement channel management and e-commerce functionality of mySAP CRM. These functions will enable processes that provide more efficiency for interactions with YEA's channel and end users, counter competitors' capabilities for providing similar services, and improve efficiency of the company's internal logistics operations.

# LESSONS LEARNED

YEA found that the following developments are key to success:

## Secure Commitment by Top Management

The implementation touched all of YEA's customers and was essential for executing the company's business strategy. It was important that senior management was committed to the implementation and communicated to the organization frequently with consistent messaging.

## Ensure Associates' Engagement

YEA focused on involving, informing, training, and rewarding its 125 associates who used the software system. It was essential that these associates clearly understood, and could help shape, its complete set of functions, so that customers could be served properly and business value would be realized. This approach helped ensure user acceptance of the system, facilitating rapid implementation.

## Establish Partnership Between Business and IT

YEA ensured that appropriate partnerships were developed between the business leadership and IT. This helped guide the implementation, ensured that priorities were appropriate, and oriented the solution to achieve the targeted outcomes.

## Build the Right Team

The implementation team contained the right mix of internal technical staff, internal business analysts, and external SAP expertise. This composition was critical to ensure timely and complete implementation. Also, YEA ensured that team members had the right cultural fit, a good attitude, and the skills necessary to do their work. Finally, it was beneficial to have members of the team who challenged elements of the approach and encouraged continuous improvement of the implementation.

## Involve SAP

Support from SAP itself was valuable, since SAP deeply understands its CRM software, functionalities, and future stream of enhancements. YEA adhered to SAP implementation guidelines and found it beneficial to use the SAP escalation process to ensure that problems were resolved quickly and completely.

**“The world is changing quickly, and many of our local customers are now global customers. In order to focus our R & D investments and develop the right business strategies, it's critical to truly understand and meet the requirements of our customers around the world. We've just started this phase of our journey, and mySAP CRM is an essential tool to enable us to address those needs.”**

Jody Kurtzhals  
President and Chief Operating Officer  
Yaskawa Electric America Inc.

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