

SAP Customer Success Story Automotive



AT A GLANCE

Company

- Name: Kongsberg Automotive
- Location: Kongsberg, Norway
- Industry: Automotive
- Products/services: Gearshifts, seat comfort products, and commercial vehicles systems
- Revenue: NOK 2.75 billion (€332 million)
- Employees: 2,600
- Web site: www.kongsbergautomotive.com
- Partner: SAP® Consulting

Challenges and Opportunities

- Intricate product innovation and development
- Complex collaboration with external partners
- Disparate document management systems

Objectives

- Implement KA-Way – one set of principles, routines, reporting, methods, and philosophy
- Improve global accessibility, reusability, and structuring of development documents
- Reduce lead times (transport and queue times) by 50%
- Reduce development costs by a minimum of SEK 5.7 million (€618,000) per year

SAP Solution and Services

SAP Product Lifecycle Management (SAP PLM) application

Implementation Highlights

- Phased, 2-year rollout throughout the entire company
- Numbers of users: 300
- Close cooperation with SAP Consulting to implement adaptations

Why SAP

- High level of integration with existing SAP software-based system landscape
- Administration functionality for CAD documents
- Superiority of global collaboration functionality
- Enablement for use and reuse of information and solutions

Benefits

- Reduced lead times for information and document distribution into development projects by 50%
- Calculated ROI after 1½ years, based on implementation duration of 2 years
- Lowered costs of new-product introduction process with SAP PLM by 30%, following original commitment of only 15%
- Decreased costs in tooling, prototypes, reuse of solutions, and enhancements through availability of previous documents
- Increased user satisfaction in R & D department

Existing Environment

SAP R/3® software (functionality now found in the SAP ERP application)

Third-Party Integration

- Database: Oracle
- Hardware: Dell
- Operating system: Microsoft Windows NT

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KONGSBERG AUTOMOTIVE

SAP® Product Lifecycle Management Helps Auto Parts Manufacturer Cut Lead Times in Half

When you are serving, supplying, and manufacturing parts for major customers, the last place you want to compromise is product development. In fact, Norway-based Kongsberg Automotive, which makes and delivers gearshifts and seating parts for big names in the international auto-motive industry, believes that a company’s very survival depends on its new-product introduction (NPI) processes. Yet, with increasing complexity in development – in terms of new products, new partners, and new processes – finding the right system can involve significant decision-making effort. For Kongsberg Automotive, the choice had to accommodate a whole range of requirements, above all, adherence to the so-called KA-Way – the company’s IT philosophy. As the company to a great extent utilizes SAP® software, the decision to implement the SAP Product Lifecycle Management (SAP PLM) application wasn’t just a logical one. It was a decision that helped Kongsberg Automotive increase efficiency by at least 30% and cut lead times in half.

The Challenge of Globalization for Development

As companies grow more and more global and dispersed, standardization is one of the main challenges they face. With 12 manufacturing facilities across 4 continents, one of the pressing issues facing Kongsberg Automotive was how to globalize and facilitate product development. In light of increases in system and process complexity – brought on by product launches and new partner collaborations – Kongsberg Automotive found that its legacy system no longer provided the required functionality to cope with the challenges of global product development.

As Per Högberg, Kongsberg Automotive's business system senior project manager, explains, "One of the biggest problems for us was that our documents weren't global. In our industry, everything is more or less carried by documents, and therefore we need to be able to share documents to facilitate collaboration instead of shifting them from one point to another."

While the requirement of enabling collaboration primarily involves functionality to provide access to project documentation with version change tracking features and proper version

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distribution, Högberg wanted to adopt a more holistic approach. Instead of simply opting for a stand-alone system, he wanted to fully structure Kongsberg Automotive's R & D by integrating it into an existing infrastructure. "The general objective is to support the process with the required IT infrastructure and, in doing so, contribute to implementing the KA-Way throughout the group," says Högberg.

SAP PLM Enables Comprehensive Collaboration

"Even though we went through a broad selection process," Högberg explains, "we decided against choosing some other tool, as we already had an SAP strategy in place. Besides that, we knew that the level of development would be better than other products." With its common language across all borders, SAP PLM was well suited to support Kongsberg Automotive's objectives. Designed as a global solution, SAP PLM has the strategic advantage of facilitating use and reuse of documents across sites and plants. Rather than having to rely on developers and scientists remembering what projects they have already worked on, SAP PLM addresses complete development. "The main benefit it will give us is reusability of product documents," says Högberg, "because we are able to find them. You can't build your business on making people remember what they did."

With the help of SAP PLM, Kongsberg Automotive is able to integrate CAD documents, share documents with external parties, and structure documents in the order of their release. Högberg quickly realized how vital these benefits were – especially to the bottom line. With its cross-global processes, SAP PLM would contribute to reductions in lead times and time to market. If there were any doubts before the selection process as to what would be the best software, there were none whatsoever once Högberg had looked into the benefits the application would afford Kongsberg Automotive, and indeed any other company. "I believe that to survive in the future, you cannot – as a developing and producing company – avoid SAP PLM for your business. It's the new way, and within a few years all companies will use product life-cycle management."

Protracted Go-Live Plan

With the help of SAP Consulting, Kongsberg Automotive started going live with SAP PLM in January 2006. Employees and R & D departments started utilizing the application immediately. All in all, go-live is planned to take two years – a deliberate decision, as Högberg explains. “In comparison to going live with financial

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and logistics solutions, you don’t need a big bang. It’s much easier to implement SAP PLM from that point of view. People started working with the documents and learned to store them in the new way, and then they were live. You don’t need to structure as much, and we can take implementation of the basic version day by day, part by part, person by person.”

To help get to grips with the new system, Kongsberg Automotive drew on the resources provided by the SAP Education organization through the RWD Info Pak suite. Any difficulties the users had were overcome quickly, allowing Kongsberg Automotive to realize benefits quickly. So much so that departments not yet using SAP PLM were approaching Högberg to be considered next in line for go-live, a fact that took him by surprise: “It isn’t normally the case that organizations approach us by themselves for the implementation process. They are saying ‘We also need to work with this.’ It just shows how much satisfaction has increased, even though some parts of the NPI process, like revision handling and reuse of documents, won’t be felt immediately.”

Halved Lead Times and ROI After 1½ Years

For Högberg, however, the immediate benefits have had far-reaching results. “Although benefits in R & D are hard to calculate, I reckon Kongsberg Automotive can claim cost savings of up to 30%. And, by letting us share data with internal organizations and our customers around the world, the SAP PLM approach has helped us halve lead times, from 78 to 39 days.” With this sort of cut in time to market, the company can now accommodate industry demands anywhere around the world. By being able to supply parts even quicker and provide maintenance services for its customers, Högberg estimates that the application will start returning on its investment 1½ years after beginning implementation. “This is a conservative estimate; the implementation is drawn out over 2 years,” says Högberg. “Payback may be as soon as after 1 year,” he adds.

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