



**DIRECTV**

**SAP BUSINESS TRANSFORMATION STUDY**

**AT A GLANCE**

<b>Industry</b>	Media
<b>Revenue</b>	US\$14.7 billion
<b>Employees</b>	9,200
<b>Location</b>	El Segundo, California
<b>Web Site</b>	www.directv.com
<b>SAP® Solutions &amp; Services</b>	SAP® SCM and SAP CRM applications
<b>Implementation Partner</b>	Computer Sciences Corporation

DIRECTV Group operates DIRECTV Inc., the largest U.S. direct broadcast satellite provider. DIRECTV delivers the finest television experience to more than 18 million customers in the United States and Latin America. DIRECTV differentiates itself through exclusive sports programming like *NFL SUNDAY TICKET™*, industry-leading customer service, Emmy Award-winning interactive technology, and plans for more than 150 channels of high-definition programming.

**Key Challenges**

- Increased complexity within supply chain management
- Scalability of hardware redeployment process
- Manual interaction with business partners
- Difficulty qualifying returns and managing bulk return materials authorizations (RMAs)
- Performance, cost considerations with legacy systems
- Desire for more ownership of inventory in evolving business model

**Why SAP Was Selected**

- Real-time integrated applications for reduced data and decision latency
- A recognized standard application platform
- A robust supply chain solution
- Real-time connection to execution systems
- Scalable solutions to support growth

**Implementation Best Practices**

- Strong governance and strict change management process
- Customization kept to a minimum and very local
- One large project team despite two distinct tracks
- Business and IT ownership and collaboration
- Usability enhancements implemented
- On-schedule, on-budget project

**Low Total Cost of Ownership**

- SAP® solution less costly than electronic data interchange (EDI)
- DIRECTV able to leverage internal SAP skills
- SAP solutions used to support scalability and growth

**Financial and Strategic Benefits**

- Reduction in manual effort enabled by process changes and improved data availability
- Cost savings also driven by reduction in errors
- Increased supply chain velocity and volume

**Operational Benefits**

<b>Key Performance Indicator</b>	<b>Impact</b>
Purchase order processing productivity gains	3-5 times
Reduction in nonqualified returns	20%
Reduction in improper deductions and reconciliations	10%-35%
Partner process-driven RMA productivity gains	Up to 500 times





**“We now have full visibility and predictability in our supply chain. Prior to deploying the SAP application, we had very little real-time visibility or ability to predict where everything was. It was as if you were driving through your rearview mirror.”**

Richard Thompson, Senior Director of Information Technology, DIRECTV Inc.

### **DIRECTV Channels Productivity Gains with SAP® Solutions**

Faced with increased competition from local cable and alternative satellite providers, DIRECTV Inc. has engaged in a major business shift that requires true supply chain transformation. Over the last few years, the broadcast services provider has assumed an increasing amount of supply chain ownership and altered its thinking significantly. Indeed, DIRECTV management now views its supply chain as a true strategic enabler that can bolster the bottom line and drive the top line at the same time.

This profound change means that DIRECTV now links its extended business partners – the equipment providers – with key channel providers in a closed-loop, forward-and-reverse logistics process based on the latest technology. The net result has been easier customer access to broadcast service and enhanced competitiveness in the marketplace.

### **Getting DIRECTV Untracked**

DIRECTV initially started its supply chain transformation by trying to synchronize material requirements among its main equipment providers and automating its complex return materials authorization (RMA) process. Before implementing the SAP® solutions, DIRECTV had a host of manual and non-scalable solutions in place. This bogged the company down by causing latency and fostering unproductive supply chain activities.

Over the past three years, DIRECTV has experienced double-digit revenue expansion of about 15%. To support this fast growth, the company required robust, dynamic, and easy-to-use solutions that would dramatically upgrade its supply chain by automating processes and turbocharging business in real time.

### **Turbocharging Productivity**

DIRECTV turned to the SAP Supply Chain Management (SAP SCM) application to begin to turn the tide. The SAP Supply Network Collaboration application played a strong role in the supply chain makeover, providing real-time collaboration and direct purchasing synchronization. Today more than 90% of DIRECTV’s material flow moves through SAP SCM, and crucial documents such as purchase orders are provided to suppliers with posted responses in real time. In addition, the DIRECTV supply chain business unit has boosted productivity substantially, and can now handle three to five times the amount of purchasing volume with the same headcount as it could under the previous legacy process.

### **Driving Operational Excellence**

DIRECTV also looked to SAP in its effort to automate and track its RMA process. The company has since experienced improvement in the checking and verification process for returns, reducing the amount of improper customer deductions and associated reconciliations. RMA information is also now more readily available to facilitate reconciliations and improve costs associated with reduction of nonqualified returns and visibility.

There is still work to be done to fully optimize the inherent value in DIRECTV’s supply chain – sending customers more logistics information or deploying vendor-consigned inventory processes, for example. But SAP has been a committed partner and helped the direct-to-home broadcast company remain on a fast-track growth trajectory while keeping costs in line, driving operational excellence, and building a solid foundation for the future.