



VOLVO AERO SERVICES

MAKING A DIFFERENCE IN THE AVIATION INDUSTRY

QUICK FACTS

Industry

Wholesale distribution

Revenue

US\$250 million

Employees

175

Headquarters

Boca Raton, Florida

Web Site

www.volvoaero.com

SAP® Solutions and Services

SAP® enterprise resource planning software, including add-on software for discrete industry and mill products; SAP Global Trade Management application; SAP Customer Relationship Management application; SAP NetWeaver® technology platform

Implementation Partner

SAP Consulting

Key Challenges

- Implement a platform to support an evolving business model
- Retire disparate, outdated, and difficult-to-maintain legacy systems
- Improve reporting and auditing
- Increase visibility into core operations, such as inventory management

Implementation Best Practices

- Minimal customizations
- Focus on change management and open communication
- Controlled project scope
- Heavy involvement of business owners and end users in business process modeling

Financial and Strategic Benefits

- Support for unique business requirements previously modeled in existing systems
- Superior integration with suppliers and customers
- Improved inventory accuracy and visibility
- Increased visibility into product costs and market demand
- Better decision making via accurate data
- Better global collaboration with Volvo Group
- Faster response time to service requests

Why SAP Was Selected

- SAP's investment in the aerospace industry
- The software's ability to integrate with systems of partners and others in extended value chain
- Use of SAP® software in parent company

Low Total Cost of Ownership

- Elimination of multiple legacy systems
- Hosted solution using parent company's hardware and storage capacity
- 50% reduction in IT development resources
- 50% reduction in overall IT resources

Operational Benefits

Key Performance Indicator	Impact
Days sales outstanding	-15%
On-time deliveries (up to 97%)	+18%
Time for general ledger reconciliation	-50%
Accounts payable productivity	+33%
1-day orders from receiving to cross-dock (up to 93%)	+35%
Billing productivity	+66%
Time to close books	-20%

Based in Boca Raton, Florida, Volvo Aero Services Corp. is a leading provider of aftermarket parts and services for the aviation industry. In addition to being the exclusive distributor of surplus parts for Boeing Company, Volvo Aero Services offers a range of services including warehousing, financing, repair management, and leasing of aircraft parts and engines. Part of the larger Volvo Group of companies, the company chose SAP® software to enable an evolving business model and to achieve operating efficiencies.



“SAP software met most of our needs right out of the box.”

Kevin Flynn, Vice President of Operations, Volvo Aero Services Corp.

www.sap.com/contactsap

Building Aviation Partnerships

As an innovative provider of aviation parts and services, Volvo Aero Services Corp. helps keep airlines flying around the world. Whether it's landing gear for a commercial jet or a critical component for the latest turbofan engine, the company can provide more than 600,000 different parts to its 2,000 global clients. Part of the Volvo Group of companies, Volvo Aero Services also offers a growing portfolio of customer solutions that address the industry's logistics, warehousing, repair management, and financing needs.

Today, Volvo Aero Services continues to expand as a service-oriented partner to the aviation industry. But this transformation was once hampered by a collection of highly customized and outdated IT systems. At the time, the company was running decades-old applications that lacked the agility to support new initiatives. And while business and revenues were taking off, Volvo Aero Services saw profits and operational metrics lagging behind on the tarmac.

Getting off the Ground

When Volvo Aero Services decided to replace its aging infrastructure, SAP® enterprise resource planning software was a logical choice. With an SAP platform already solidly in place at its parent company, Volvo Aero Services could develop new client services while leveraging core capabilities of the Volvo Group. Further, because several of its suppliers and customers were also using SAP soft-

ware, Volvo Aero Services knew that it would be relatively quick and inexpensive to integrate with them in the future. During the implementation, Volvo Aero Services focused on making minimal customizations and ensuring effective change management. The company also benefited from the existing Volvo investment by hosting its software on hardware in Sweden.

Soaring Benefits

Now, by using a technology platform that integrates with both Volvo and industry partners, Volvo Aero Services can deliver its traditional and expanding services with greater efficiency. For example, Volvo Aero Services and strategic partner Boeing Company share real-time system communication and visibility of their common inventories. Customers benefit from faster quotes and easier online ordering. And, with improved reporting functionality and data access, the company can readily obtain detailed pedigree information on the thousands of individual parts that it sells – critically important in an industry where customers require data such as point of origin, service hours, and maintenance history. Better information has also improved the quality of Volvo Aero Services' business decisions. Company buyers, now armed with forecasts of current and potential market demand, can assess the right time to purchase those multimillion-dollar jet engines, for example, while sales personnel can price individual parts based on previous transactions.

Volvo Aero Services has also extended its service portfolio while leveraging the integrated strengths of the Volvo Group. As an example, the company can now offer clients entire engines with selectable services such as procurement, leasing, and financing – options particularly attractive to start-up airlines. Volvo Aero Services also provides tailored solutions that address its clients' warehousing and repair management needs.

The company's operating metrics have improved too, due to enhanced key business processes and the elimination of manual operations in areas such as inventory and financial management. Volvo Aero Services has also cut financial reconciliation time in half. Response time to customer service requests have improved substantially as well.

Flight to the Future

Seeking additional ways to better serve its aviation partners, teams throughout Volvo Aero Services use Volvo's Operational Development program to regularly examine the efficiency of current work streams and to evaluate future opportunities. For instance, the company is taking a new look at how it can leverage SAP software to more effectively redistribute the estimated US\$40 billion worth of inventory in the airline industry – identifying where excess inventory exists and matching it to airlines where those parts are needed. With such innovative thinking, Volvo Aero Services sees bright skies ahead as it continues to focus on meeting customer needs as a long-term partner.

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