



PORT OF SAN DIEGO

**Transforming Port Customer Services with
mySAP™ Customer Relationship Management**

SAP BUSINESS TRANSFORMATION STUDY



The Port of San Diego,
partnering with SAP,
enhances customer
service to fulfill its
vision of becoming a
world-class port.





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PORT OF SAN DIEGO

AT A GLANCE

Industry	Public sector
Revenue	US\$128 million (2005)
Employees	600
Location	San Diego, California
Web Site	www.portofsandiego.org
SAP® Solution & Services	mySAP™ Customer Relationship Management (interaction center)
Implementation Partner	BearingPoint

The Port of San Diego is a self-supporting public benefit corporation. It was established in 1962 by an act of the California legislature to oversee the protection and development of public tidelands surrounding San Diego Bay. Its goals include promoting the port's maritime industries to stimulate regional economic vitality, enhancing a dynamic waterfront, ensuring public safety, and improving the area's environmental conditions.

Key Challenges

- Better serve customers' information and transactional needs
- Standardize processes across 20 departments
- Strengthen financial performance and stimulate regional economic vitality
- Balance economic benefits, community services, environmental stewardship, and public safety
- Manage historical knowledge

Why SAP Was Selected

- Ability to enable customer-facing components of end-to-end business processes
- Strong integration of mySAP™ Customer Relationship Management application with other SAP® applications
- Ability to provide single-source solution

Implementation Best Practices

- Sound design and execution principles, including stakeholder engagement and use of the ASAP methodology
- Strong governance and change management
- Balanced scorecard for measuring performance
- Tracking of actions commissioners requested, facilitating senior management buy-in
- Center of excellence (COE) to ensure strong ongoing support processes

Low Total Cost of Ownership

- Rapid, on-time implementation completed in nine months
- Implementation costs lower than budget
- Established service-level agreements between departments and COE to facilitate efficiency of continuing operations
- Established ongoing training program to minimize continuing support costs

Financial and Strategic Benefits

- Built stronger customer relationships
- Developed better insights into customer needs
- Standardized business processes across more than 20 departments and positioned the port for additional gains in efficiency
- Had more-accurate data available for decision making

Operational Benefits

Key Performance Indicator	Impact
Share of calls going through customer service center	+18%
Average time to respond to request	-67%
Park permit complaints	-100%
First contact resolution	+10% to +25%





“Driving world-class excellence is about being responsive to customer needs. With the SAP customer relationship management solution, we can monitor our stakeholder issues and provide excellent customer service. Ultimately, this allows us to grow revenue, enhance public perceptions and trust, and foster development of the port as a resource that adds significant value to the community.”

Bruce Hollingsworth
President and CEO
Port of San Diego

KEY CHALLENGES

In 1962, when the Port of San Diego was established by an act of the California legislature, the region – and especially the waterfront – was in a relatively early stage of development. Since then, the port has grown into a vital regional asset that stimulates economic vitality, enhances a dynamic waterfront, ensures public safety, and improves the region’s environmental conditions.

As a public benefit corporation governed by a seven-member Board of Port Commissioners representing the city councils of San Diego and four other municipalities surrounding San Diego Bay, the port functions as a distinct entity and collaborates with these five cities to represent the interests of the region.

To fulfill its vision of fostering a world-class port through excellence in public service, the port needed to improve its focus on its customers, build public confidence, and communicate its value in a compelling way. To address its public service mission and simultaneously meet its financial performance goals, the port focused on the following objectives.

Better Serve Customers’ Information and Transactional Needs

The port must satisfy a variety of stakeholders, for example, customers who have an interest in port operations. An internal study conducted in 2002 revealed that the Port of San Diego needed to improve its responsiveness to customer requests. This responsiveness not only cultivates a favorable public perception of the port and the value it brings, but also fosters trust and participation by the community. Customers reported that they were not satisfied with the port’s performance. To better serve its customers, the port examined how it handled incoming calls and processed customer requests. The port also considered how it could redesign its Web site to incorporate more user-friendly and self-service features.

Standardize Processes Across Departments

Port executives acknowledged that the port grappled with inefficient internal communication, undocumented and inconsistent processes, and the absence of a dashboard to monitor performance. To become the best-in-class in all of the port’s activities, the organization wanted to reengineer its business processes to increase standardization and efficiency. It needed to empower itself with appropriate metrics to achieve strategic objectives, particularly in the areas of customer service and public perception.

Port of San Diego’s Customers and Stakeholders

- Tenants
- Shipping industry
- Cruise ship passengers and carriers
- Public safety agencies
 - Customs
 - FBI
 - Coast Guard
 - Navy
 - Transportation Security Administration
- Visitors and tourists
- Residents of San Diego County and State of California
- The public

Strengthen Financial Performance and Stimulate Regional Economic Vitality

A fiscally sound public agency with excellent credit ratings, the port requires no taxpayer support. The port collects revenue from more than 350 tenant businesses through leases of waterfront commercial properties, cruise ship port calls, cargo fees, and several other sources. But unlike many public sector organizations, the port faces competition. It is pursuing growth objectives across a range of revenue sources, particularly in the real estate and maritime arenas. Because its customers have many options, the port is trying to grow its cargo business and short sea shipping services, which provide an alternative to congested rail and highway transportation in California. The port is also growing its cruise-ship business, with revenues increasing 28% from 2004 to 2005 and is above target performance for 2006. The port must proactively market its services to increase brand awareness and to attract and retain customers to these lines of business.

Balance Economics, Community Service, the Environment, and Public Safety

The mission of the port is to protect tideland resources and to serve the public interest, but its daily operations deals with revenue generation. It manages these operations much like those of a private company. In line with its public service goals, the port continues to invest its funds in initiatives that support its 16 bay-front parks, water quality, public art, infrastructure maintenance, and other projects that benefit the community. At the same time, with more than US\$2 billion in new capital projects for maritime activity, recreation, real estate development, and others, port operations are both self-supporting and characterized by start-to-finish public involvement.



“We operated in silos without having visibility across departments. Internally, we didn’t communicate well. Processes weren’t documented or standardized, and we didn’t have data to monitor our performance.”

Jerine Rosato
Program Manager of Strategic Management Services, Manager of Customer Relations
Port of San Diego

WHY SAP WAS SELECTED

To achieve its vision, the Port of San Diego selected the mySAP™ Customer Relationship Management (mySAP CRM) application interaction center functionality based on the following reasons.

Enable Customer-Facing Components of End-to-End Business Processes

The Port of San Diego did not look at its CRM needs in isolation. It concentrated on selecting a vendor that could support its end-to-end business processes, with a focus on improving customer service.

SAP Meets Business Requirements for Public Sector Organizations

Stakeholders evaluated three vendors' demonstrations based on how well the vendors addressed specific objectives for the public sector. A scoring system was developed, and weights were assigned to each of the objectives. Stakeholders recognized that SAP had a comprehensive understanding of public sector fundamentals and scored SAP higher than the other vendors.

Strong Integration of mySAP CRM with Other SAP Functionality

To address its long-term requirements, the Port of San Diego needed a comprehensive solution to enable its new customer service processes. This would allow the port to meet its range of objectives covering improvements to internal operations as well as enhancing customer satisfaction.

“SAP was the best overall solution to address our complete set of requirements.”

Deborah Finley
Manager, Business Systems
(SAP Center of Excellence)
Port of San Diego

IMPLEMENTATION PROCESS AND BEST PRACTICES

Sound Design and Execution Principles

The project team examined the existing ad hoc procedures for serving customers. As a result of its analysis, the Port of San Diego implemented the customer interaction center functionality of the mySAP CRM application. The team designed new processes, focusing on using mySAP CRM to standardize customer-facing processes across more than 20 departments in the port. The CRM implementation, which focused largely on establishing a centralized call center – called the customer service center (CSC) – was completed in nine months and was on time and slightly under budget.

To engage stakeholders, the port prepared a comprehensive communications plan. Two press releases were issued to the public describing the change, and individual team members were encouraged to develop their own succinct explanation of the changes for anyone who might ask. Executive support was crucial; senior leaders regularly communicated the importance and overarching benefits of the implementation. Nevertheless, management emphasized that some new processes would not be faster or easier. But everyone was made aware that

in the long run, the implementation would free up time and enable a focus on more mission-critical and customer-facing tasks. For example, in the past, calls from customers often came into a reception center, and the goal was to end the call quickly. With the implementation of the CSC, the focus of handling customer calls became relationship building, so more information tracking was required to ensure proper resolution of customer issues and complete the capture of associated data.

Strong Governance and Change Management

The port established a management structure that ensured alignment with the port’s mission and supported cost-effective execution of the implementation. The port also established an executive steering committee, which included the CFO and other key members of port management. This steering committee met during the implementation (and after go-live) as needed, ensuring the availability of resources to address bottlenecks, providing high-level guidance, and ensuring that the implementation met the overarching public service goals and business objectives of the port.

Project Timeline

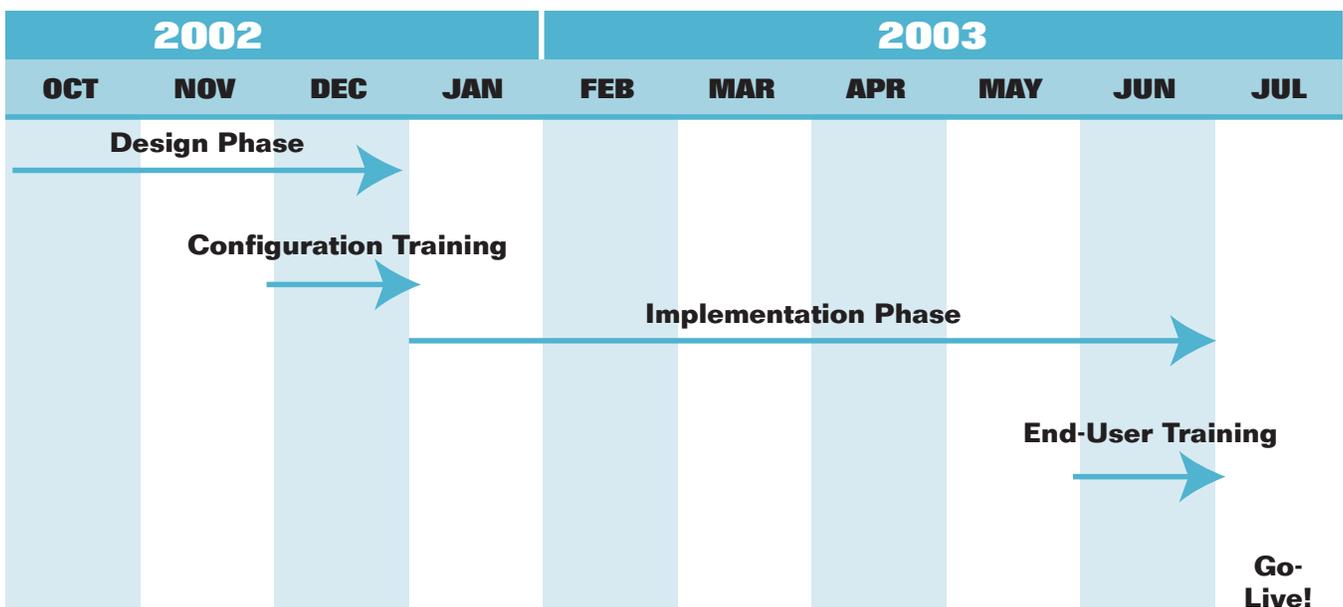


Figure 1: Project Implementation Timeline

Balanced Scorecard for Goal Setting and Execution

The port reengineered its business processes, moving to greater standardization and efficiency. It is monitoring its progress using a Balanced Scorecard that includes various metrics connected with its strategic objectives for customer service, public perception, financial performance, and employee turnover. To fulfill its vision, the port is concentrating on organizational performance, which encompasses the culture that the port wishes to foster and the interactions – both internally and externally – of individual employees.

Facilitating Senior Management Buy-In

The Board of Commissioners of the Port of San Diego often asks port managers to take actions or collect information. These requests are now logged into mySAP CRM and are tracked using the software so the port has information on the ownership of specific tasks and an electronic trail covering progress of the request. “Use of mySAP CRM to support the commissioners helped us achieve buy-in to the system,” says Jerine

Rosato, program manager of strategic management services and manager of customer relations for the Port of San Diego, “and it allowed us to better communicate to stakeholders regarding the status of commissioners’ requests.”

Center of Excellence Ensures Ongoing Support

Port executives agreed to establish a center of excellence (COE) to support ongoing SAP requirements, including CRM. The COE, which became part of the Strategic Management Services department, consists of business analysts and technical staff members who are responsible for individual mySAP CRM software components. The performance of the COE is managed through the establishment of service-level agreements (SLAs) with individual departments. These SLAs establish clear expectations for both the department and the COE covering technical configurations, business process improvements, and other services. The SLAs are monitored quarterly and help ensure that the port achieves its goals, such as reduced customer-service cycle time.



Port of San Diego: IT Architecture

SAP® solution:	mySAP™ Customer Relationship Management application
Number of users:	204
Number of SAP instances:	1
Database:	Oracle
Operating system:	Sun Solaris
Type of network:	Novell
Server technology:	Primarily Sun UNIX servers with support from Intel servers

BUSINESS PROCESS TRANSFORMATION AND VALUE REALIZED

As a result of the mySAP CRM implementation, the Port of San Diego is realizing benefits that support both its public service mission and business growth objectives.

Increased Use of the Customer Service Center

The port's customers have been increasingly directed to the CSC. Other port telephone numbers are no longer published. Nonetheless, the port doesn't want to usurp the existing direct relationships that customers have with some of its staff, so direct calls to these staffers are still permitted. The port expects that incoming call handling will never be completely centralized.

More Effective Handling of Calls

Even though complex requests are becoming more frequent and time-consuming, the port now has more effective processes for handling incoming calls, and it has reduced the time necessary to respond to customer requests by 67% over the 2004 to 2006 time period. Factors supporting this improvement include:

- Enhancements from the use of the solutions database in mySAP CRM
- The ability to compile reports about the most pressing issues based on the available integrated customer service data (which enables better process designs)
- A more effective transfer and escalation process for calls (such as park permit requests and public records requests) that cannot be addressed during the initial call
- Improved dialogue with customers to understand the nature of initial requests so that calls can be transferred appropriately

The port has achieved a greater accuracy of response, and it has increased from zero to a range of 10% to 25% the number of calls that can be closed during the first contact (a result of deploying the solutions database).

Better Able to Address Marketing Opportunities

The marketing group is using data generated by mySAP CRM to better understand why customers call the port and to determine whether there are any marketing initiatives that can be pursued to address unmet needs. The group is also using this data as a basis for making decisions about redesigning the port's Web site to better meet constituent needs and to develop more consistent messaging to all stakeholders.

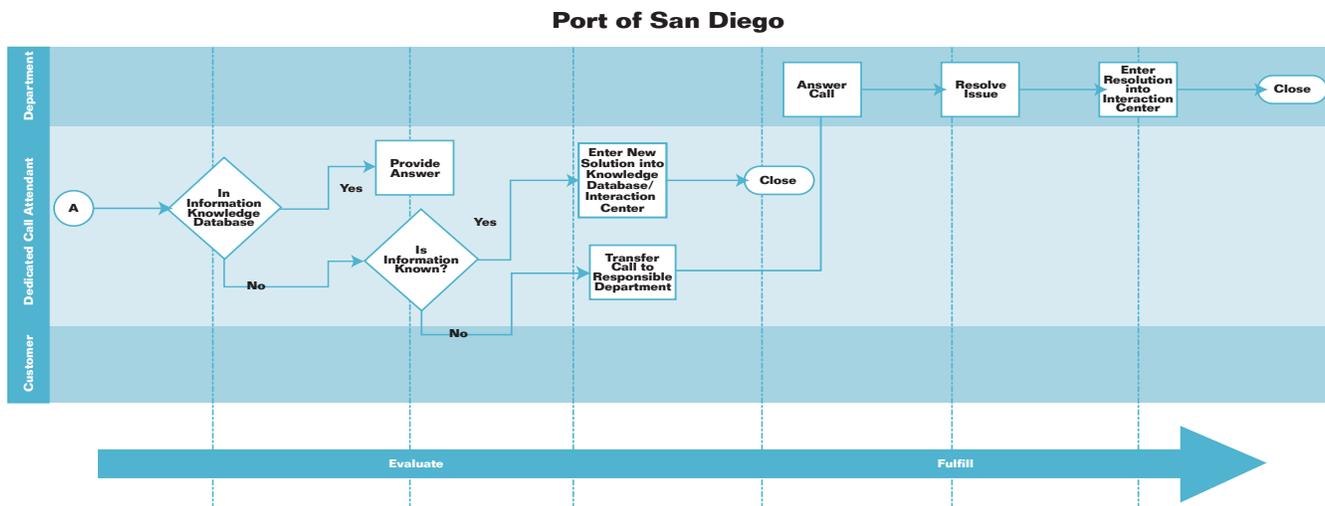


Figure 2: Call Handling Protocol

Dramatic Reduction in Complaints About Park Permits

In the past, port staff was inundated with complaints about park permits. The mySAP CRM implementation revealed that the port received about 10 complaints per week about the process. Most complaints were because it was difficult for customers to receive a response to requests or an update on the status of a request.

The port redesigned the park permit process using mySAP CRM and complaints have been eliminated. Now, customer relations assistants answer many of the customers' preliminary questions, customers may request a park permit on the Web site, the requests are much better tracked and managed, and there is a feedback loop to communicate status and closure. The new process has yielded many related benefits, including freeing up assistants' time to address other issues, improved productivity, and enhanced public perception of the port's operations.

"It was taking us longer to respond to customer requests than we would have liked, mostly because we did not have standardized processes and documentation."

Jerine Rosato
Program Manager of Strategic Management Services,
Manager of Customer Relations
Port of San Diego

Port of San Diego Balanced Scorecard for Resolution Time 2004–2005*

Q1 – 31 days	Q5 – 6 days
Q2 – 53 days	Q6 – 7 days
Q3 – 12 days	Q7 – 8 days
Q4 – 7 days	Q8 – 8 days

**Baseline – 51 days over one-year period
Target – 14 days**

**"What gets measured gets done and what gets done gets measured."
W. Edwards Deming**

*Go-live in 2003

Figure 3: Balanced Scorecard for Issue Resolution Time

Enabling Contributions from the General Population

The port’s general services department handles maintenance and landscaping of the parks in the tidelands areas. In the past, only the department staffers were in a position to report problems. Now, the general public can report issues, and the port can track them for follow up using mySAP CRM. This improves productivity, enhances the effectiveness of operations, and helps to improve public perception of the port. “Not only do we have the eyes and the ears of the port staff, but we have the general public’s as well,” says Rosato.

Improvements in Critical Processes

The following table offers examples of processes that improved as a result of the implementation – and the consequences of these changes.

Process Area	Problems	After Implementation	Impact
Customer service center (CSC) processes (customer-facing processes)	<ul style="list-style-type: none"> ■ Relatively few calls directed to central port telephone number ■ Inconsistent responses to callers ■ Dissatisfied stakeholders 	<ul style="list-style-type: none"> ■ Greater visibility into customer calls and history ■ Solutions database support for issue resolution ■ Calls increasingly directed to the CSC 	<ul style="list-style-type: none"> ■ Better relationships with stakeholders ■ Improved responsiveness and faster issue resolution ■ Escalation of issues that require special handling ■ Visibility into recurring and pressing problems ■ Reduction in park permit complaints from 10 per week to 0 ■ More issues closed at first contact ■ Better positioned for growth with the ability to scale to meet needs
Internal processes	<ul style="list-style-type: none"> ■ Process diversity across more than 20 departments ■ Long cycle time for problem resolution ■ Dissatisfied stakeholders 	<ul style="list-style-type: none"> ■ Ability to handle higher call volumes ■ Platform to enable process reengineering and standardization ■ Balanced scorecard to track metrics 	<ul style="list-style-type: none"> ■ Better insight into stakeholder needs ■ Greater feedback from the general public ■ Improved performance due to SLAs between departments and the center of excellence (COE) ■ Reduced complaint resolution cycle times ■ Identification of unmet marketing needs through new reports ■ Enhanced productivity ■ Centralized support of SAP with a business systems center (COE)



CRM Trends

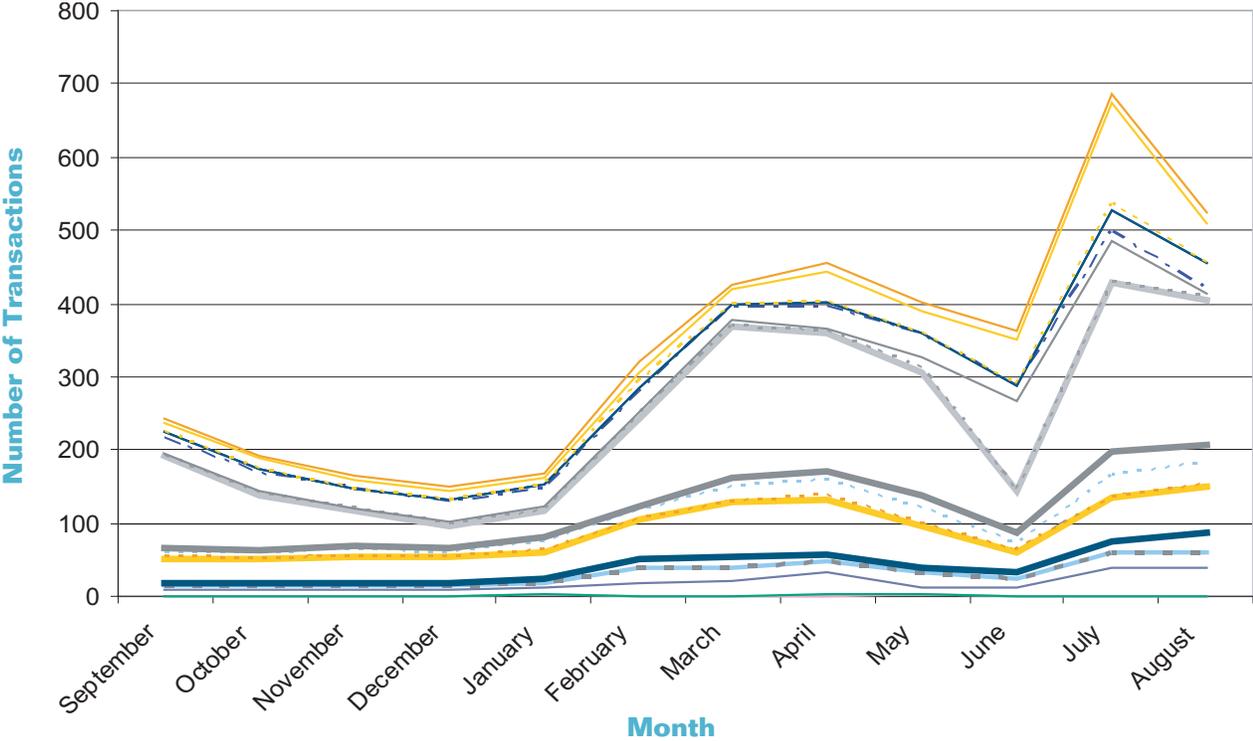


Figure 4: Transactions at the Port of San Diego

FUTURE ROAD MAP

The Port of San Diego is evaluating the following areas to meet future needs.

Call Center Enhancements

The port operates a call center whose objective is to spend more time with customers to build relationships and engender confidence and trust in the port. The port intends to further refine CSC processes to build relationships – particularly with frequent callers – and to generate awareness by the public at large. It wants to create processes based on the interaction center functionality of mySAP CRM to free agents to be more strategic in customer interactions.

Campaign Management Implementation

The port is considering the use of mySAP CRM for campaign management to promote services, such as cargo management. Currently, the maritime trade development group is using third-party software, which is not integrated with mySAP CRM, for campaign management. It benefits the port to have all customers, prospects, and leads integrated into a single database to facilitate more effective campaigns.

Use of Analytics

The port is investigating implementation of analytical functionality of mySAP CRM that provides more robust reporting and enables greater insights into CSC transactions, marketing opportunities, and other areas.

Deployment of Service Management Functions

For relatively simple tasks, such as handling park permits, the port may establish standard resolution times for subtasks; drive enhanced performance by monitoring actual completion times and identifying improvement opportunities; and enable alerts to notify appropriate individuals when an expected closure time frame isn't met.

For more complex tasks, the port can use mySAP CRM to manage multiple service phases over time, ensure that service calls and actions are logged, and link all documents connected to a single service activity. This would be particularly useful in the real estate development arena, which involves complex activities, input from tenants and developers, and numerous documents that need to be both accessible and well managed. Using mySAP CRM for service management would enable the port to market its commercial real estate and help attract the attention of high-quality developers.

Web Site Enhancements

The port would like to enhance its Web site, which would bring it to the standard of e-government Web services offered by similar public sector organizations and help foster a more efficient self-service culture. New Web site capabilities would include enabling 24x7 access by the public to make a request, provide ideas and input, lodge complaints, apply for a park permit, request public records, and so forth. The port would like to enhance the solutions database, making it a more powerful tool for customers who access it through the Web, as well as for agents. The port would also like to make some customer surveys available online, which would facilitate collecting information from the public and other stakeholders.



Port of San Diego's Future Plans

- Customer service center expansion of responsibilities
- E-government
- Broadcast messaging
- Online permitting
- Online public records



LESSONS LEARNED

The Port of San Diego discovered important factors for success.

Focus on Change Management

At its core, the mySAP CRM implementation was about changing the way the port interacts with and supports its external stakeholders. By recognizing this early, the port was able to build on sound change management principles, redesigning its organization to break down silos and focus on serving customers, achieving broad stakeholder engagement, establishing communication by the port's leadership, and instituting continuous end-user training. By focusing on these elements as the technical implementation proceeded, the port facilitated great organizational change.

Implement Rapidly

The port planned its implementation well and was able to execute quickly. This speed minimized the time required to gain value and kept employees engaged throughout the transition.

Leverage All Available Resources

The port has strong capabilities in IT, customer service, and marketing, and it has complemented these resources with outside talent from BearingPoint. The port was breaking new ground with its mySAP CRM implementation and knew that it would achieve the greatest success by drawing from those with a broad range of experiences and competencies.

"We're on a journey of continuous improvement. Our goal is to be the best-in-class in all of our activities, and this is strongly incorporated in the direction provided by our management and the commissioners."

Jerine Rosato
Program Manager of
Strategic Management
Services, Manager of
Customer Relations
Port of San Diego

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