

R/3® System Hi-Tech & Electronics

Celestica Asia is one of the region's leading contract manufacturers, producing a range of sophisticated electronic products for customers in the US and Europe.

Driven by a strong commitment to delighting its customers through implementing efficient and effective processes as well as facing the imminent onset of the Year 2000 issue, the organisation resolved to embrace the power and flexibility offered by a truly integrated ERP solution. Celestica chose SAP's R/3 as its solution of choice to support business growth in Asia into and beyond the next millennium.

Celestica Asia



About Celestica

With more than 15,000 employees worldwide, Celestica operates 26 manufacturing and design facilities in the United States, Canada, Mexico, the United Kingdom, Ireland, the Czech Republic, Thailand, Hong Kong, China, and including operations announced for Brazil and Malaysia. Celestica provides a broad range of services including design, prototyping, assembly, testing, product assurance, supply chain management, worldwide distribution and after-sales service. Its customers include industry leading original equipment manufacturers (OEMs), primarily in the computer and communications sectors.

The Real-time enterprise

With operations spanning across different countries, Celestica is looking for an integrated

system that can provide real-time access to information on a global basis. The organisation also wanted to run on a tighter ship, reduce time-to-market as well as improve the overall efficiency of its information infrastructure to accommodate business growth. After a careful evaluation of the leading vendors on the market, Celestica concluded that SAP's R/3 was mission-matched to its unique business requirements.

Today, five core modules of SAP's R/3 system - Financials, Controlling, Materials Management, Sales & Distribution and Production Planning have been successfully rolled out in Hong Kong, and simultaneously in China, Thailand and San Jose in the US. Plans are in place to implement R/3 as its Malaysian operation develops. Celestica has also chosen R/3 for its newest plant operations in the Czech Republic.

SAP R/3 - A choice for the future

Celestica's decision to move into the SAP ERP environment was the result of the company's evolution from a basic producer of printed circuit boards into one of the world's most highly regarded contract manufacturers. The increasing complexity of its business, the addition of new factories and a growing range of products presented the organisation with significant challenges.

In the evaluation process, the company assembled a team comprising representatives from Celestica HK, China, Thailand and the US. In addition to considerations such as ease of use and flexibility, Celestica was adamant that its new solution be able to smoothly integrate such disciplines as finance, materials management and production control. The evaluation criteria also included such important dimensions as performance, support and the scalability of the system.

"Looking at the decision from a worldwide standpoint, we felt that SAP met our business criteria more effectively than any of the other solutions we evaluated," said Celestica Asia Vice President of Supply Chain Management, Steve Schlief. "R/3 offered the power and strength we need today. Perhaps more importantly, it also possessed the innate scalability required to support future growth."

Schlief also pointed out that with the fast product life-cycle that characterises the electronics industry, it is crucial for Celestica to stay agile.



From left to right: Steve Schlief, Vice President of Supply Chain Management of Celestica Asia Inc., Rex Leung, Information Systems Manager - Business and Monica Fung, Director of Aisa Finance - Site Manager of Celestica Hong Kong Ltd.

"To succeed in this volatile business environment, we have to rely on an integrated business intelligence solution that can enable us to respond quickly to changes in the marketplace. The R/3 system fit our requirements precisely, letting us to seize market opportunities nimbly."

In addition to its sheer functionality, another deciding factor for the company's choice of SAP R/3 was a local issue — the superior professional guidance and training support offered by SAP Hong Kong 's implementation team and that of its local integration partner, Oasis Systems Integration Ltd.

"Given that we intended to roll out this global ERP programme from Hong Kong, there was an overriding need for strong local support," said Schlief. "The combination of OASIS and SAP's own in-house team was far and away the best in terms of project management and technical support."

TeamSAP - A working model for customers

From the outset, Celestica recognised that consulting support would be of critical importance in the implementation stage. For example, rolling the solution out simultaneously across a number of different countries required close communication between Celestica personnel and the consultants . In addition to geographical boundaries and time-zone differences, there were also language and cultural barriers to be overcome during the implementation phase.

"The TeamSAP approach helped to weld all of the different parties — the SAP people, OASIS people and Celestica staff — into a single, focussed entity. This carefully crafted workforce was able to transcend the difficulties of distance and language and, as expected, the project was an undisputed success."





Celestica's project team included material managers, regional controllers, site controller, programme managers and production managers, with 12-15 IT staff dedicated to the project at any one time. This group worked closely with SAP and OASIS consultants in gathering information on users requirements and developing an optimised solution to meet business needs.

On time and within budget implementation

Celestica knew that there would be challenges, but support for the initiative came from the top. Their senior management not only wanted the SAP implementation to happen, they wanted it to happen quickly. In fact, Celestica's implementation was exceptionally fast — taking just nine months from conceptual design through to training and final roll-out in four different countries . The company took a "big bang" approach to going live, shutting down its legacy system one Friday evening, and going live on Tuesday morning — all over the world. "SAP and OASIS's consultants did everything that we needed to get us live, on time and within budget," said Schlieff.

"The most impressive achievement to date is that the implementation went so smoothly that our customers didn't even notice we've done it. " Schlieff noted.

"There were no glitches or delays. The entire process was seamless and transparent to our customers, which is a tribute to the project team and to SAP and OASIS consultants."

Changing the face of business

The implementation of R/3 has definitely changed the business by providing Celestica's management with access to consistent real-time information across the entire enterprise as well as offering enhanced reliability.

For example, the company used to have a very segmented database. Today, staff can instantaneously look at any piece of information about Celestica's operations anywhere in the world and the data is as up-to-date as the last entry which might have been made only a few seconds ago.

"SAP's R/3 lets us benefit from company-wide synergies. With real-time information at our fingertips, we have much more competitive advantages than before."

SAP's R/3 also brings with it the best business practices in standardising and reengineering the business procedures. Schlieff noted there is an overall improvement in business processes and simplification of the workflow. The MRP process is a case in point.

Before the introduction of R/3, one of the company's biggest loopholes in the operation process was shipping product without being able to tie to a specific customer order. Now, thanks to the controls built-in to the R/3 system, the problem is solved and the **only way** Celestica can ship product is that the shipment needs to be tied to a customer order. From there, it triggers the MRP run.

There are other areas where R/3 has helped Celestica become more efficient. "Our entire business is based on something we call "material velocity" — the ability to move material and product through the system," said Schlieff. "The quicker we can do that, the shorter our customer's time to market — a critical success factor in the electronics industry."



Celestica manufacturing sites

R/3 boosts the bottom line

The impact of this new way of doing things can be seen in the bottom line. Since Celestica implemented R/3, the company's revenues have jumped significantly, a proportion of which is attributable to SAP R/3 system.

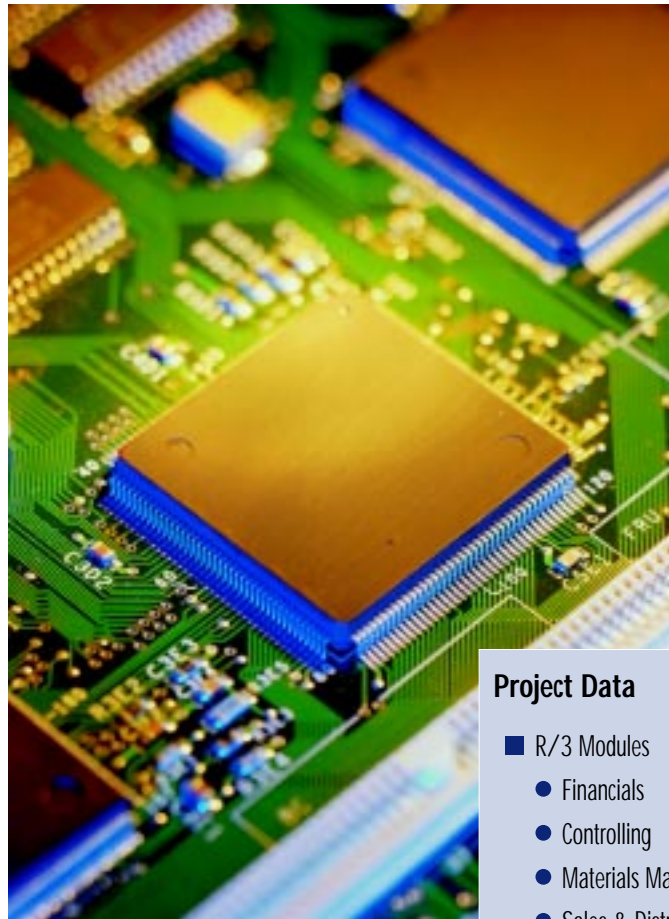
The reasons are not hard to find. Faster and easier access to information have definitely put Celestica in a position to better exploit its inherent potential, partly through empowering employees at every level by harnessing R/3's delegation capabilities.

For instance, since everything is now tracked so accurately by R/3, the company has been able to expedite the PO authorisation process by 10-fold — speeding up the materials procurement process and accelerating production.

Other things are also accomplished much faster under R/3. In the old days, Celestica Asia regularly required 10 days to run MRP. With the advent of R/3, the entire process is regularly accomplished in five days, and sometimes in a few as three days from receipt of order.

The future

The quick and successful implementation proved to be a good testing ground to gauge the success of subsequent R/3 roll-outs. The company's Phase Two goals include expanding the R/3 solution with the addition of a Quality Management module, Executive Information System, Fixed Asset Management and Business Workflow.



“Going for R/3 is not simply to buy an IT tool — it was a major corporate decision to support our company's business expansion and we see R/3 as the strategic tool possessing the ability to grow with us”

Project Data

- R/3 Modules
 - Financials
 - Controlling
 - Materials Management
 - Sales & Distribution
 - Production Planning

- Hardware : Compaq Alpha servers
- Database system : Oracle 8.04
- Operating system : Windows NT4
- Roll-out sites : initiates in Hong Kong and simultaneously in China, Thailand and San Jose in US.

- Duration : 9 months
- Number of users : 400 (expecting to increase to 800 by mid 2000)

SAP Hong Kong: Suite 1111-1114 • 11th Floor • Cityplaza 4 • 12 Taikoo Wan Road • Taikoo Shing • Hong Kong • Tel: +852.25391800 • Fax: +852.25391818

SAP Headquarters: SAP AG • P.O. Box 1461 • 69185 Walldorf • Germany • Tel: +49.180.5343424 • Fax: +49.1805343420

SAP International: Argentina: Buenos Aires • Australia: Sydney, Melbourne, Brisbane, Adelaide • Austria: Vienna, Linz, Salzburg • Belgium: Brussels • Brazil: Sao Paulo • Canada: Toronto, Calgary, Montreal, Ottawa, Vancouver • China: Beijing, Shanghai • Czech Republic: Prague • Denmark: Copenhagen • France: Paris • Hong Kong • Greece: Athens • Hungary: Budapest • India: Bangalore • Israel: Tel Aviv
Italy: Milan • Japan: Tokyo • Korea: Seoul • Malaysia: Kuala Lumpur • Mexico: Mexico City • The Netherlands: Hertogenbosch • New Zealand: Auckland, Wellington • Norway: Hovik • Philippines: Makati City
• Poland: Warsaw • Portugal: Lisboa • Russia: Moscow • Saudia Arabia: Jeddah • Singapore • Slovakia: Bratislava • SouthAfrica: Dunkeld West, Cape Town, Durban • Spain: Madrid, Barcelona • Sweden: Stockholm
• Switzerland: Biel, Lausanne • Taiwan • Thailand: Bangkok • Turkey: Istanbul • U.K.: Middlesex • United Arabian Emirates: Dubai • USA: Wayne, PA; Philadelphia, PA; Boston, MA; Foster City, CA; Denver, CO; Irvine, CA; Atlanta, GA; Irving, TX; Houston, TX; Chicago, IL; Minneapolis, MN; Cincinnati, OH; Cleveland, OH; St. Louis, MO; Porsippamy, NJ; Pittsburgh, PA; Bellevue, WA

<http://www.sap.com>

Hong Kong website : <http://www.sap.co.jp/hk>