



SUMCO USA

BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	High tech
Revenue	US\$700 million
Employees	1,200
Location	Phoenix, Arizona
Web Site	www.sumcousa.com
SAP® Solutions and Services	mySAP™ Business Suite
Implementation Partner	itelligence, Inc.

SUMCO CORPORATION is a global force in the research, development, and manufacturing of leading-edge silicon products for the semiconductor industry. U.S. subsidiary SUMCO USA manufactures silicon wafers used by companies worldwide to produce the integrated circuits that power today's vast range of electronic devices.

Key Challenges

- Maintained multiple financial entities with different charts of accounts and business applications
- Faced manufacturing facility consolidation
- Had inflexible budgetary constraints and efficiency demands
- Needed to unify and centralize all business-critical information
- Spent far too much on IT

Why SAP Was Selected

- Functionality to cover all business needs with one integrated application suite
- Ability to grow with the business
- Record of customer success with SAP support for best practices
- Compatibility with value-chain members

Implementation Best Practices

- Chose an experienced implementation partner
- Leveraged SAP best business practices with each application
- Followed the ASAP methodology
- Never missed a deadline
- High-performance, low-cost hardware*

Low Total Cost of Ownership

- 18-month implementation of materials management, plant maintenance, production planning, sales and distribution, and human capital management and payroll
- Achieved all goals while running US\$250,000 under budget
- Consolidated 4 sets of master data into 1

Financial and Strategic Benefits

- Combined 4 charts of accounts into 1
- Merged 6 manufacturing facilities into 3
- Saved US\$200,000 per year by bringing payroll in-house

Operational Benefits

Key Performance Indicator	Impact
Financial closing time	-30%
Financial staff	-20%
Equipment utilization	Significantly increased
Plant capacity utilization	Up from 85%-90% to 100%
On-time delivery record	+16%
Inventory	Reduced and turns increased

* HP DL380 servers running on Intel Xeon processors



“To support our business processes, we needed the full gamut of functionality out of the box and all seamlessly integrated together. We also planned to continue to grow quickly and needed a platform that could scale with us. Put that set of requirements together and there’s no one but SAP to consider.”

Dan Moore, IT Director, ERP Systems, SUMCO USA

Challenges Arise from Merger

As a result of a merger in 2002, SUMCO USA inherited multiple disparate suites of business applications – resulting in inefficiency and unsustainable, high IT costs. The corporate entities had their own sets of master data and charts of accounts. Further complicating matters was the company’s decision 20-months later to consolidate six manufacturing plants into three. This was a difficult task complicated by incompatible systems. SUMCO recognized the need to replace the inherited applications with a single enterprise resource planning (ERP) suite.

SAP® Applications – The Clear Choice for Company Unification

For SUMCO, mySAP™ Business Suite applications were the obvious choice for hurdling its challenges. They met all of the company’s exacting criteria for scalability, out-of-the-box functionality, and seamless integration. SUMCO executives were keenly interested in moving to best business practices and saw good models when they visited SAP customers. The efficiencies arising from this level of compatibility were an important bonus.

On Goal, On Time, and Under Budget with itelligence

SUMCO selected itelligence as its implementation partner to take advantage of its experience fulfilling the needs of a midsize company with SAP® applications and its record for meeting schedule and budget. Over the 18-month implementation period, SUMCO and itelligence systematically introduced SAP applications and associated best business practices into each functional area: finance, materials management, plant maintenance, production planning, sales and distribution, and human capital management and payroll. The team also

integrated the SAP applications with the two manufacturing execution systems used in SUMCO’s factories. By following the ASAP methodology, SUMCO and itelligence completed the project on schedule and US\$250,000 under budget.

Driving Efficiency, Cost Savings, and Customer Service

With the entire company aligned for the first time, SUMCO achieved many goals that were previously impossible. Production and capacity planning, budgeting, and other business functions are in sync, multiple charts of accounts are integrated, and a single set of master data covers all financial entities and employees. SUMCO succeeded in consolidating its manufacturing facilities. Profitability increased with the help of SAP applications to provide a complete picture that helps SUMCO’s decision makers understand product costs better, thereby optimize pricing.

With SAP support for best practices now in use, SUMCO enjoys more productive personnel and improved equipment utilization and uptime. Finance is closing its books much more quickly. Without adding staff SUMCO now performs payroll internally, eliminating the cost of an external service provider. SUMCO accomplished all this with a much leaner IT staff than was formerly necessary.

Centralized business information, coupled with the software’s flexibility, has enabled SUMCO to provide customer service so exceptional that the company has received industry accolades such as the Intel 2005 Supplier Continuous Quality Improvement award, Intel’s highest honor for a supplier of essential products and services.