



ESSAR

SAP® SOFTWARE BRINGS OUT THE BEST IN 100 BUSINESS UNITS

QUICK FACTS

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Dr. Paritosh Basu, Group Controller, Essar Group

Company

- Name: Essar Group
- Headquarters: Mumbai, India
- Industries: Steel, oil and gas, power, communications, projects, mining, ports, shipping and logistics, engineering, projects, construction, and retail
- Products and services: Steel products; oil and gas; power generation, distribution, and transmission; GSM telephony services; sea transportation; logistics support; contract drilling; mining; project management; and engineering, procurement, and construction
- Revenue: US\$20 billion
- Employees: 70,000
- Web site: www.essar.com
- Implementation partner: Capgemini (Mumbai, India, and Paris, France)

Challenges and Opportunities

- Manage 30,000 financial documents generated monthly
- Reduce processing costs and effort
- Gain more visibility into financial accounting

Objectives

Install a groupwide document management solution as a shared service

SAP Solutions and Services

Document management with the SAP® Product Lifecycle Management application

Implementation Highlights

- Rapid 5-month rollout
- Integration with the Laserfiche Rio solution for enterprise content management
- Linkage with Microsoft Office applications
- Strong executive sponsorship

Why SAP

- Corporate software of choice
- Superior document classification tools for ease of search
- Excellent workflow capability
- Library of SAP business application programming interfaces and business add-ins for fast, risk-free deployment
- Good document history and version management
- Secure, centralized storage
- Excellent document “check-in-check-out” functionality

Benefits

- Centralized, efficient document management across enterprise
- Guided workflow within shared services
- Ability to create documents without manual effort
- Balanced workload
- Lower costs
- Streamlined processes
- Improved data quality
- Stronger risk management capabilities
- Enhanced visibility into financial accounting data
- Simplified document retrieval
- Increased traceability for audits

Existing Environment

Spreadsheets and manual processes

Benefits

- Database: SAP MaxDB™ database
- Hardware: HP
- Operating system: Microsoft Windows



SAP Customer Success Story

Steel, Oil and Gas, Power, Communications, Projects, Mining, Ports, Shipping and Logistics, Engineering, Projects, Construction, and Retail



Essar Group is a diversified corporation with a balanced portfolio of assets in the steel, oil and gas, power, communications, projects, mining and minerals, ports and shipping, and logistics businesses. While the company gains strength from diversification, it also has to bring order to more than 30,000 financial documents generated by the business units every month. Essar found the answer in shared services, anchored by document management software from SAP.

Essar implemented the software in only five months, which included integration with the Laserfiche Rio solution for enterprise content management. Upon completion of the implementation of the facilities at all places, people working with the 9 business groups of Essar at about 100 accounting and operating locations across India will scan documents daily with the Laserfiche solution and add classification characteristics; they will also use the document management software, which is found in the SAP® Product Lifecycle Management (SAP PLM) application, to handle documents created using Microsoft Word or Microsoft Excel. A custom program within the SAP application automatically creates a document information record, with necessary attachments, that is routed via automated workflow to a shared services center in Mumbai. Each document has a unique identifier that reflects business unit, transaction type, and history for searching within secure storage; customized SAP workflows trigger the appropriate business processes for each document type. The solution is linked with Essar's bank to expedite payments; integration with

Microsoft Office simplifies document viewing via familiar desktop tools.

"The SAP software for document management helped us bring routine accounting processes onto one platform," says Dr. Paritosh Basu, group controller at Essar. "These functions had been performed at numerous locations across India. Now we have a single, centralized system for document management, workflow, and storage across the entire group. The SAP software helped us make better use of our resources and balance the workload. By automating the creation of SAP document information records, we've eliminated human intervention, saving time and effort. We've also lowered costs and accelerated processes, improved data quality, strengthened risk management, and enhanced visibility into financial accounting."

This brings Essar closer to its goal of streamlining operations via shared services. The project was carried out by Aegis Limited, part of the Essar Group. In addition to being a global leader in business process outsourcing, Aegis serves the group internally as its shared

services arm. "Essar Group has a huge amount of diversity in its businesses, and our goal is to unify the way these businesses work," says Milind Joshi, senior vice president of IT services at Aegis. "The document management software in SAP PLM helped us harmonize processes and create a common document repository. This has improved employee efficiency, simplified document retrieval, and enhanced traceability for audits."

And it has led to fast payback. "Sixteen months into our implementation, we have already recovered 50% of our investment," says Mandeep Singh, senior vice president with Aegis.

Redirecting Employees to Valued Tasks

Essar set a number of goals for its document management project. Says Dr. Basu, "We needed more visibility into financial accounting. We wanted to enable a centralized audit process by having documents in one place. We aimed to streamline routine, mundane jobs so people could do them in a much



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Aegis Limited, an Essar Group Company

more efficient manner. We wanted to reduce human intervention and release those qualified resources to perform more value-added accounting functions.”

Previously, these mundane tasks consumed a lot of time. For example, if a government agency scheduled a routine audit, an Essar management assurance team had to compile the list of documents the auditors requested and send them to the warehouse where the documents were stored. There, employees would sort through huge piles of paper, assemble the documents in files or folders or bind them in books, and transfer them to headquarters.

“We have eliminated all these manual tasks,” Dr. Basu says. “When we get the auditors’ requests – for which they

had been using SAP software for years to support accounting and financials. Says Dr. Basu, “We couldn’t think of any solution other than SAP software. The document management software in SAP PLM also differentiated itself through secure storage, smooth document “check-in-check-out” functionality, excellent document classification for simplified search, integration with Microsoft Office, and history/version management tools.”

Essar worked with implementation partner Capgemini India Private Limited on the rapid rollout. A key challenge was to bring all the documents onto one platform yet retain each document’s type and individual identity in the workflow. The partners worked together to integrate the SAP document management software and

shared services. Another accomplishment was linking the document management software to the Microsoft Office suite to create and manage SAP documents that employees had generated with their desktop applications.

“Capgemini helped us meet our time and budget targets,” Dr. Basu says. “The service provider brought strong system integration skills to the task.” Adds Joshi, “The implementation was a success because of the alignment of business and IT. Executive sponsorship was strong and visible. It was a symphony, rather than a stand-alone IT project – users plus IT, working together to deliver business value.”

Leveraging Success into New Service

Essar next plans to use the document management software in SAP PLM to bring additional group companies, as well as future acquisitions, under its shared services umbrella. Says Dr. Basu, “This software is scalable; we can easily accommodate another 100 companies into the workflow.” Essar also plans to market its newfound expertise. “We intend to market these outsourced shared services to our commercial customers,” Dr. Basu explains.

Essar can make a strong business case to its external clients by pointing to its success in meeting internal service-level agreements (SLAs). Says Dr. Basu, “The shared financial services center has a contract with its internal customers that requires us to meet delineated time targets

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may apply a statistical quality control and sampling process to the document image numbers created during the specified time period – we can retrieve the document images related to the selected transactions from the content.”

Choosing SAP Software – a Logical Choice

Essar says there was no debate about which vendor to select; the company

SAP workflow tools with the Laserfiche numbering logic to avoid duplication of document numbers. Capgemini emphasized using the SAP PLM functionality to enable automated document creation with appropriate document classification, leading to the HR time and effort savings benefits. It also assisted in setting up the structures whereby SAP workflow governs the business processes via document type, providing an efficient, guided flow of work across Aegis financial

for processing documents through the document management solution. It is meeting or exceeding those SLAs."

Making Dreams Come True

Essar is confident it can bring the same benefits to these outside firms. "We brought the entire group into one financial document system through a shared services platform," Dr. Basu says. "We facilitated the conversion of physical documents into electronic documents, eliminating the drudgery of handling the paper forms. We scanned financial transaction images, which can be retrieved very easily – anytime and anywhere."

Concludes Joshi, "It was the dream of Essar's finance and accounting community to see all of our financial documentation in one place. This has definitely come true."



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