**AB**eam
Consulting®

# NEC Corporation of America

NEC Corporation of America is the U.S. subsidiary of NEC Corporation, a leader in the integration of IT and network technologies headquartered in Japan. Established in 2006 through the merger of several NEC subsidiaries in the United States, NEC Corporation of America was faced with two challenges: carrying out the pilot SAP® ERP implementation for the entire NEC Group and integrating multiple ERP systems within the company—which it sought to address simultaneously. Although a challenging proposition, with support from senior management and with the involvement of all business units, NEC agreed upon a system that can be applied globally and help it succeed at becoming *one company* with an integrated ERP system.

## Challenges

· Integrate multiple legacy ERP systems
· Standardize business procedures across the organization
· Provide operational transparency within the U.S. as well as for NEC global headquarters
· Develop an overseas template for the U.S. based on global processes designed and defined by NEC headquarters

## Solutions

· Deliver management and operational transparency in the areas of accounting, finance, sales, purchasing and distribution by implementing SAP® ERP Central Component (SAP ECC) 6.0
· Establish CoE (Centers of Excellence), a virtual organization to oversee global rollouts
· Introduce and utilize SAP® Solution Manager to track project status

## Success Factors

· Senior management's commitment to the project
· Involvement of business units through weekly steering committee meetings and the identification of *business process champions* and core users directly engaged in system design
· Multinational project team with balanced NEC orientation
· Thorough governance to align the system with NEC's vision, and building a relationship of trust with NEC's global headquarters in Japan.

*ERP integration and corporate consolidation*

*to realize the vision of One NEC, One Company*

*and to create a model for global rollouts*

### Business process reengineering project for *One NEC, One Company*

NEC Corporation of America is the U.S. subsidiary of NEC Corporation, a leader in the integration of IT and network technologies headquartered in Japan. Being a multinational company, NEC Corporation has as many as 283 subsidiaries (as of March 31, 2011) worldwide.

With North America being one of the most important and robust marketplaces globally, NEC Corporation of America was chosen as the site for the pilot implementation of NEC's global ERP system. The company also has a diverse history after being established in 2006 through the merger of three separate operations: NEC America: NEC Solutions America: and NEC USA.

The company's SAP® ERP implementation therefore had two main objectives. One was to create a model for global SAP ERP implementation to realize the vision of a *One NEC*. Another was that it was essentially a system integration project for restructuring and reorganizing the business to make NEC *One Company*.

"Although *One NEC* or *One Company* sounds like a vision or slogan, this needed to be realized in the organization's day-to-day operations. It was very much a practical necessity," recalled Takayuki Okada, President and Chief Executive Officer of NEC Corporation of America. "When the project started, there were as many as five or six ERP systems in operation, which all had to be integrated into one ERP system."

### Not just an IT project

President Okada joined NEC Corporation of America as President and CEO in 2009 when the project was in the midst of Wave 1. Wave 2 began in July 2009 and that is when

the project began in earnest.

"Wave 1 didn't resolve every issue. In many ways Wave 2 provided the chance to 'get it right'," recalled Eric Blauman, Director of ABeam Consulting (USA) Ltd., who served as the main project contact.

What transformed the project was the companywide approach. "It is the amount of involvement from the business side that determines how successful a BPR project is going to be," said Jeff Adamson, Vice President of Corporate IT of NEC Corporation of America, who served as the project manager of the company side. An executive steering committee was newly organized, headed by President Okada and consisting of representatives of all business sectors. They met weekly to ensure that the new system complied with global standards, the NEC vision and local business requirements.
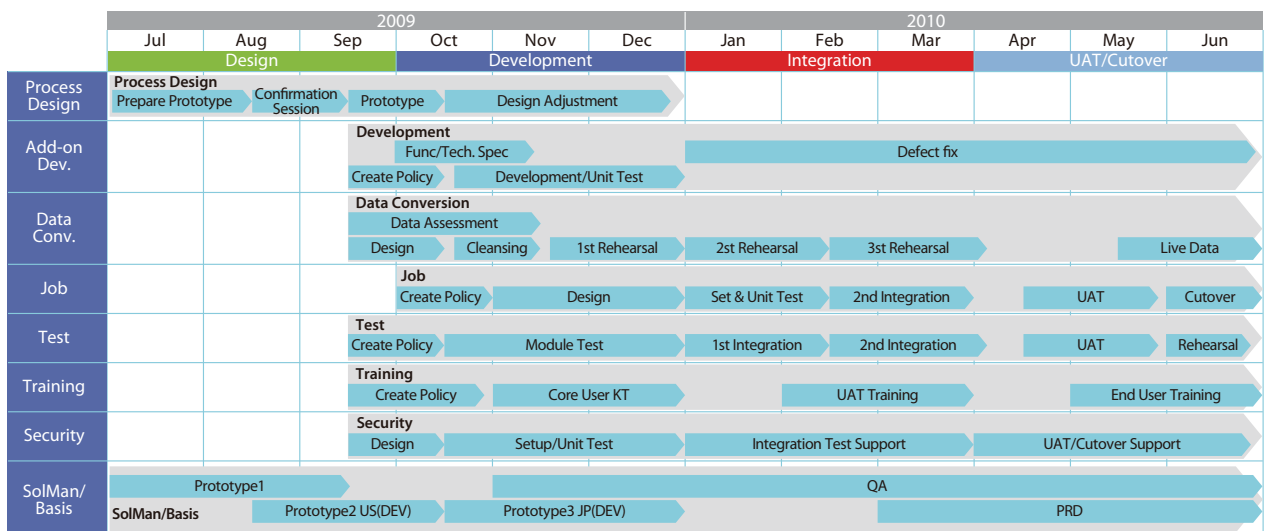
"Specifically, we set up business process champions," said Mr. Adamson. "There were separate business process champions for supply, accounting, sales and so on, and they all participated in weekly calls with NEC Japan's project team and ABeam's project team. It worked very well having these business process champions. The initiative was no longer viewed as just an IT project. This was quite different from what was done in Wave 1."

Behind this change was the critical role played by President Okada. He was deeply involved in the process, and his commitment was crucial not only to the success of the implementation within the company but also in creating the building block for global rollouts.

### Minimizing add-ons with an eye to global rollouts

Initially, NEC envisaged as many as 1,000 add-ons, but in the end ABeam was able to narrow it down to 150, while meeting the basic local requirements. "It was gratifying," re-

### Overall Plan – Master Schedule



| | 2009 | | | | | | 2010 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| | Design | | | Development | | | Integration | | | UAT/Cutover | | |
| Process Design | **Process Design** Prepare Prototype | Confirmation Session | Prototype | | Design Adjustment | | | | | | | |
| Add-on Dev. | | | **Development** | Func/Tech. Spec | | | Defect fix | | | | | |
| | | | Create Policy | Development/Unit Test | | | | | | | | |
| Data Conv. | | | **Data Conversion** Data Assessment | | | | | | | | | |
| | | | Design | Cleansing | 1st Rehearsal | | 2st Rehearsal | 3st Rehearsal | | | Live Data | |
| Job | | | **Job** Create Policy | | Design | | Set & Unit Test | 2nd Integration | | UAT | | Cutover |
| Test | | | **Test** Create Policy | | Module Test | | 1st Integration | 2nd Integration | | UAT | | Rehearsal |
| Training | | | **Training** Create Policy | | Core User KT | | UAT Training | | | | End User Training | |
| Security | | | **Security** Design | Setup/Unit Test | | | Integration Test Support | | | UAT/Cutover Support | | |
| SolMan/ Basis | Prototype1 | | | | QA | | | | | | | |
| | **SolMan/Basis** | Prototype2 US(DEV) | | Prototype3 JP(DEV) | | | | | PRD | | | |

**NEC**

**Mr. Takao Tsuji**
General Manager
Management
Information Systems
Division
NEC Corporation

**Mr. Johji Hirota**
Senior Manager
Management
Information Systems
Division
NEC Corporation

**NECAM**

**Mr. Takayuki Okada**
President and Chief
Executive Officer
NEC Corporation of
America

**Mr. Jeff Adamson**
Vice President of
Corporate IT
NEC Corporation of
America

called President Okada.

"We were able to cut back on any additional development and customization in order to minimize the budget as well as the maintenance downstream." (Mr. Adamson)

Blauman was also satisfied, "We were trying to anticipate the business requirements on a global basis, which we think we succeeded at since the initial fit count of our template to China and Southeast Asia was over 90 percent."

"What differentiated us was that we had global resources and perspective, which perhaps other vendors were missing," commented Joseph del Mundo, Senior Manager of ABeam Consulting (USA) Ltd.

### Achieving transition as one team

For President Okada the success factor of Wave 2 was "the collaboration between IT and business."

Initially in Wave 1, the project was run by three separate teams: an NEC Japan project team; a NEC Corporation of America team and an ABeam team. Each had its own steering committee. ABeam determined there really needed to be one project team.

Another key success factor was the role played by ABeam in building a relationship of trust. While Blauman worked with the NEC Corporation of America staff and gauged their opinions, Nobuhiro Sasaki, Senior Manager of ABeam Consulting Ltd., handled the communication with NEC Corporation, Japan.

The proactive approach of the team members as well as a considerable amount of work being put into data preparation and follow-up also facilitated the process during Wave 2.

This was particularly true when it came to data migration, which required a considerable amount of staff training.

### Keeping the process transparent

Since the project did not just concern NEC Corporation of America, but the whole NEC Group, thorough communication and transparency were mandatory.

Takeya Mochizuki, Principal of ABeam Consulting Ltd., who worked with NEC and supervised the overall project, said, "Besides team building, our major challenges were how we communicate NEC's intention and how we gain understanding of the global headquarters with regard to our initiatives at NEC Corporation of America."

Discussions at the steering committee were always shared with global headquarters, and, if necessary, video conferences were held with NEC executives in Japan.

"The biggest issue was managing the cost and the overall progress," recalled President Okada. "Therefore, we discussed a number of times with our global headquarters, and through ABeam, how many add-ons should be developed, for example, because this is directly related to the overall cost."

One tool that helped in tracking the process was a new tool called SAP Solution Manager that allows everyone involved to see and communicate the progress of the project. "So we knew exactly where we were—which items were finished and ready for testing, which items were tested and which were successfully. The detailed status and solution tracking tool really streamlined our work and raised our value as a consulting partner." (Blauman)

NEC's global headquarters valued the project transparency, too. Mr. Takao Tsuji, General Manager of the Management Information Systems Division of NEC Corporation, said, "What I really appreciated was that while I could obtain information through the NEC channel, ABeam forwarded us a considerable amount of information, based on which we could make accu-

### Approach of CoE Establishment

① **Core initial CoE members spin off from overseas template development team**
② **NECJ selects candidates and prepare knowledge transfer**
③ **Establish joint CoE in US and start to make knowledge transfer**
④ **Complete to convert CoE in Japan**
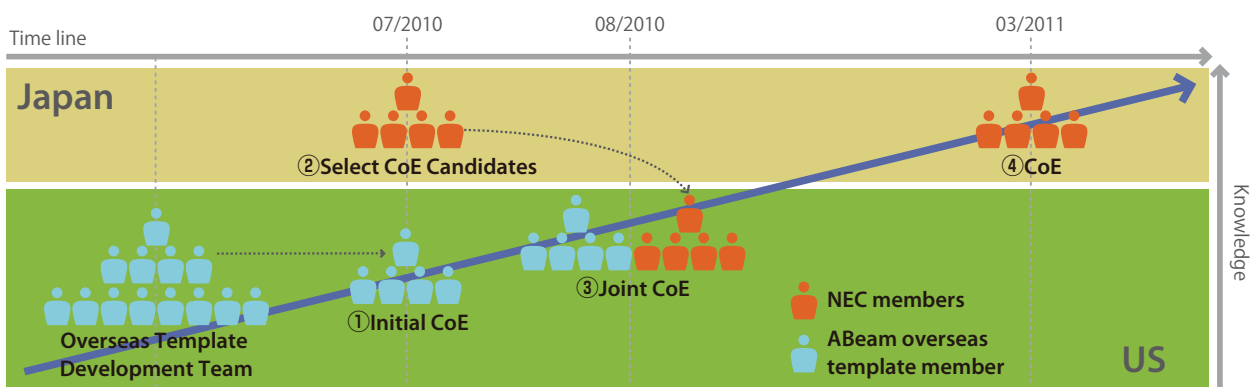
**Core Members of ABeam**

**Takeya Mochizuki**
Principal,
Manufacturing /
Consumer Business,
ABeam Consulting Ltd.

**Kazuhisa Koyama**
Principal,
Process & Technology,
Customer Relationship
Management,
ABeam Consulting Ltd.

**Nobuhiro Sasaki**
Senior Manager,
Manufacturing /
Consumer Business,
ABeam Consulting Ltd.

**David Quilici**
Principal,
ABeam Consulting
(USA) Ltd.

**Eric Blauman**
Director,
ABeam Consulting
(USA) Ltd.

**Joseph Del Mundo**
Senior Manager,
ABeam Consulting
(USA) Ltd.

rate decisions." Mr. Johji Hirota, Chief Manager of the Management Information Systems Division of NEC Corporation who worked with Mr. Tsuji, said, "ABeam was very thorough in terms of governance and communication."

### Future objectives for NEC Corporation of America

What resulted in the end was a new, consolidated NEC Corporation of America as a member of the NEC Group. "It is a shift to a very different environment," said Mr. Adamson. "Most of the system is now hosted in Tokyo and we have Joseph's team here to take care of day-to-day maintenance work which we used to do internally."

The project heightened the sense of *One NEC* within NEC Corporation of America as well as NEC Corporation, according to Mr. Tsuji, as the whole operation in the U.S. is now visible not only within itself but also for NEC Corporation. "The internal control process became extremely simplified and effortless." (Mr. Hirota)

NEC Corporation of America members are also beginning to appreciate its positive impacts. With the modern SAP ERP system, they find it much easier to link their system with those of business partners. It gave them a platform to do business with their partners with more ease. However, the project is still only halfway complete. The integration of three ERP systems remains. The biggest task ahead is Wave 3.

Wave 3 will target more of the customer-facing systems, components that their customers directly touch and access. The integration therefore must be done with the minimum impact to the customers. Moreover, there will be a lot more users and high-volume transactions involved, requiring greater involvement of the business side.

These all have to be done with an eye to the global application. Since other overseas subsidiaries of NEC are now using the template from NEC Corporation of America, any proposal to change must be assessed in terms of what impact this might bring about globally. As more divisions come on board the challenge will grow and require them to work even more closely with Tokyo and other subsidiaries around the world. In particular, they now have to conduct regression testing every now and then.

This is where CoE (Centers of Excellence) —the virtual organization to oversee global standardization—plays its role. The mission of the CoE is to manage the implementation schedule from a template object perspective (including business processes) and to help local offices to reinforce/develop the template. The CoE also supports project implementation at local offices and provides them with advice/solutions based on the standardized processes. Although the CoE usually resides within NEC global headquarters, this time it was established as a multinational team, and consisted of both NEC staff as well as ABeam consultants. "As a part of the CoE, we made sure by going through the checklist that any change to the system would not have any adverse impact on other systems used by NEC around the world." (del Mundo)

Kazuhisa Koyama, Principal of ABeam Consulting Ltd., who served as a project manager on the Japanese side, said, "No matter where we are, we now have a template for core functions. As long as we are able to identify specific local requirements, we can start implementation within a month from planning."

Another objective for the future, according to Mr. Adamson, is to achieve a greater level of transparency in the way the budget and spending is controlled. They will also be working to further improve data migration.

Still, President Okada is assured of success, "I am very confident. We went through Waves 1 and 2, and learned a lot from them. Wave 3 is the biggest project, that is true, but we now have an experienced team." Mr. Adamson is also confident, "There will be some big challenges, but if we do it right—and we now know how to do it right—I am confident that we will be successful."

**● Client Data**

**Company overview**
| | |
|---|---|
| Company name: | NEC Corporation of America |
| HQ Location: | 6535 North State Highway 161 Irving, Texas 75039 |
| Estd.: | July 1, 2006 |
| Business: | IT and business communication products and solutions to business enterprises and multiple vertical industries |

**Project overview**
| | |
|---|---|
| Summary: | Integration of all ERP systems of NEC Corporation of America into one system with a view to creating a template for global rollouts |
| Timeframe: | July 2008-June 2010 (Wave 2) |
| Member count: | NEC Corporation-NEC Corporation of America: 20+38; ABeam: 60 (at the peak) |
| Software: | SAP® ERP Central Component (SAP ECC) 6.0, SAP® Solution Manager 7.0, SAP® CRM 7.0, SAP® GRC, SAP® BI 7.0 |