

VANTEC CORPORATION



The Vantec Group, which comprehensively handled land, sea and air logistics services, dissolved the holding company system in April 2009; and VANTEC (VTC), which was mainly engaged in logistics of automobile parts, and the international forwarder, Vantec World Transport Company Limited (VWT), were merged and reorganized as a single corporation.

The purpose of this project was to merge the accounting systems in conjunction with the merger of both organizations and enable speedy management decisions based on the single business platform/integrated data.

The merging of systems with very different business categories and histories was a considerable challenge.

Challenges

- Optimizing the effects of synergy generated by the merger of the organizations
- Increased internal demand for a more sophisticated business management
- Realizing unified business processes in Japan and overseas compatible with the global standard
- Dealing with intensified competition in the logistics industry
- The need for system improvements toward strengthening internal controls

Solutions

- Developing an accounting system with SAP® ERP6.0 and enabling management decisions based on single accounting data
- Enabling visualization of sales activities (customer management, order management, etc.) and integration with management analysis through SAP® CRM implementation
- Seamless integration of ERP and periphery systems through utilization of SAP NetWeaver® Process Integration
- Supporting management decisions with automatic BI reports
- Enabling system implementation at low-cost and within a limited timeframe by using industry-specific templates developed by ABeam Consulting

Success factors

- Enabling implementation within a limited timeframe by utilizing the ABeam Transportation Solution (ATS) and minimizing customization
- Early resolution of problems through PMO meetings held every morning

Centralization of the business platform following the merger of organizations
Swift development of a global business platform through the implementation of the SAP® ERP package and utilization of ABeam Transportation Solution (ATS)

Sophisticated business management through the centralization of accounting data

In some ways, dissolving a holding company system and merging organizations appears to be a management strategy that goes against the current tide. Behind this strategy, however, was VANTEC’s intention of providing seamless logistics services on a global scale, merging the organizations in order to enhance their competitive edge, and thoroughly pursuing the effects of synergy generated by this merger. For this reason, the global standard SAP® ERP 6.0 was implemented as the mainframe system and a unified system of management information analysis was developed. “Centralized management of accounting data is indispensable for sophistication and speeding up of business management. Another prerequisite is that the implemented system be a global standard that could accommodate global development. SAP® ERP, which holds a substantial global market share, has been standardized on a global basis and thus reflects recognized internal controls and business processes,” explains Mr. Tetsuo Kamatsu, Executive Officer, VANTEC CORPORATION.

System development within a limited time-frame

Minimal add-on developments by utilizing ABeam Transportation Solution (ATS)

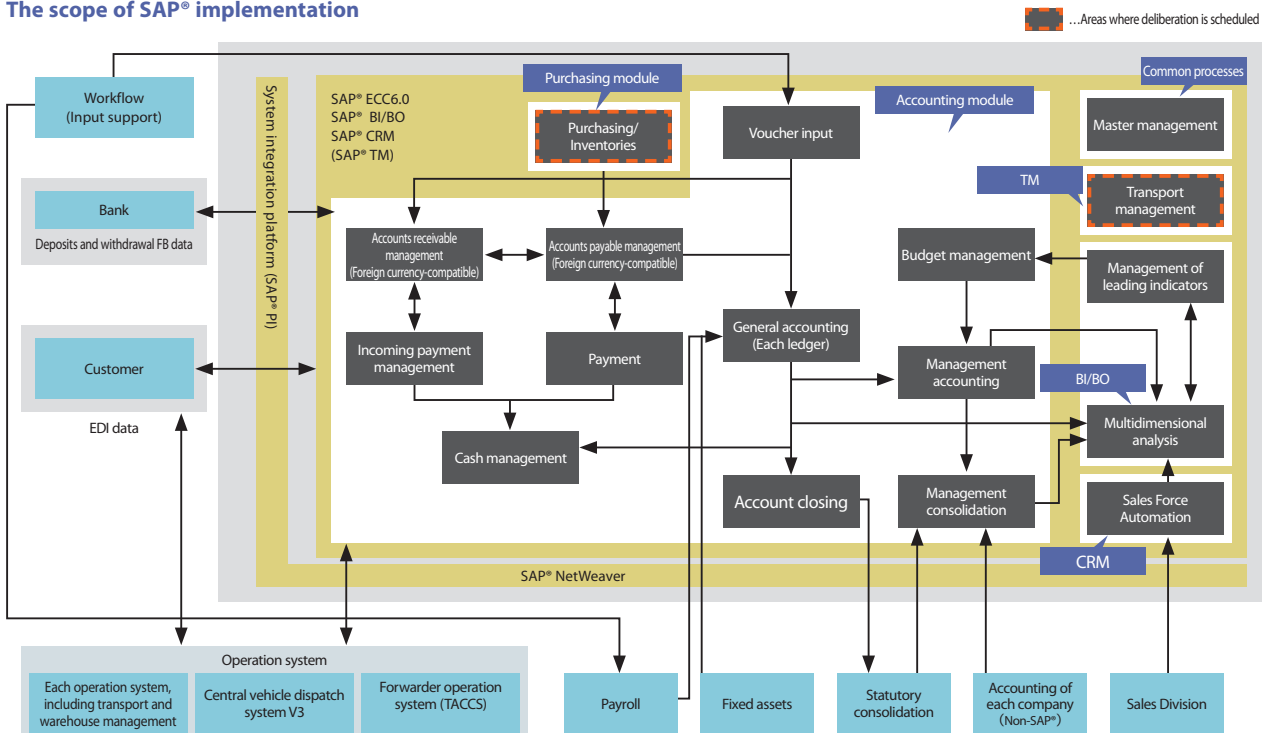
This system development needed to be completed within an extremely limited timeframe, on account of the requirements posed by the fiscal periods.

The project was launched in October 2008. Six months later, in April 2009, SAP® ERP was implemented on the Vantec World Transport Company Limited (VWT) side and subsequently on the VANTEC (VTC) side, followed finally by the centralization of the entire system. This whole process was completed during the period from June 2009 to March 2010. During this limited timeframe, the entire accounting system was renewed and integrated, while also integrating with the existing operation system.

Mr. Kamatsu explains that they had initially held preconceived notions that ERP system development would be a major task.

“Looking at examples from other companies, we found that when companies insisted on maintaining

The scope of SAP® implementation





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their proprietary systems, numerous customizations become necessary, necessitating inordinate time and cost. This inevitably resulted in failure to achieve cost-effectiveness.”

Therefore, in this system implementation, a consensus was reached to maintain a policy of conducting as little add-on development as possible. Why change a package that has been set to global standards by adapting to distinctly Japanese methods? However, it is also true that the logistics industry has numerous idiosyncratic business processes.

Therein lies one of the reasons why ABeam was chosen as the partner for this project:

“ABeam’s ATS is a template suited to our industry that requires minimum customization and can be developed in a limited period of time. Moreover, this was our first time to attempt a system development of such magnitude. ABeam, with their wealth of experience in the logistics industry, was our ideal partner,” says Mr. Kamatsu. In addition to the automatic cash application system, the ATS has payment/budget management-related templates, the utilization of which minimized add-on developments.

To be able to look each other in the face: an essential prerequisite for a partner

Although the two companies were both in the same logistics industry, VWT, a forwarder, and VTC, an operator mainly in the logistics of automobile parts, belonged to completely different business categories and merging the two organizations, not to mention their respective systems, was no easy task. Moreover, Mr. Mitsuru Shimoyama, Senior Manager, Information Systems Department, VANTEC, says, “The fact that the previous forwarding system had been largely dependent on outside vendors made the situation particularly difficult. We were in a state where no one within the company understood the systems and outside vendors didn’t understand the specific business processes.”

Mr. Shu Kubota, Director of Social Infrastructure and Services, ABeam Consulting Ltd. also recalls the situation at that time. “The accounting operations were divided into each department; several systems existed side by side and there was no one who had a grasp of the entire situation. Management information

was also being prepared at each department on the basis of their own data.” Consequently, in-depth interviews were conducted on the accounting operations of each department and an effort was made to gradually construct an overall picture as a sum of its detailed parts.

Moreover, in implementing the project, particular emphasis was placed on the meetings held everything at the PMO. Mr. Kamatsu explains, “Generally, project managers, like myself, attend one meeting a month or one meeting a week, at most. However, with ABeam, we met every morning. At these meetings, no problem was too small to be shared, and the direction was indicated on the spot for those problems that could be solved. Moving the project forward took precedence over everything, even through trial and error.”

This was another reason why ABeam was chosen as the system development partner.

“People build systems. Therefore, the key to choosing the right partner not only depends on the technology but also being able to see the face of the person developing the system. With ABeam, it was very reassuring to see the actual onsite staff from the earliest presentation stage. Consultants generally tend to be very businesslike but ABeam consultants were very human and sympathetic in their responses. This is probably a part of ABeam’s genetic makeup.” (Mr. Kamatsu)

Integration with existing systems by using SAP® PI

The new system needed to be integrated with a number of in-house and outside systems and the SAP® ERP needed to run alongside the existing operation systems. Mr. Nobuo Ohta, Senior Manager, Information Systems Department, VANTEC explains, “There were numerous systems that needed to be integrated. This was the part of the project that required the most work.” This is where the SAP NetWeaver® PI functions came in handy.

The SAP NetWeaver® PI absorbs differences in protocol and enables smooth integration between systems. As data may be converted using the adapter offered by PI, data could be integrated with SAP® without having to conduct major upgrading to the

existing operation systems, etc.

Visualizing sales with SFA and integration with management analysis

Although VANTEC had been engaged in various operations, including import/export, transport and warehousing, sales activities were dependent on individual skills such as the experience and instinct of the sales staff. However, in order to offer multiple services that met customer needs, as a company engaged in comprehensive logistics, it needed to “visualize” sales in terms of customer management, order management and activity management.

For this reason, the SAP® CRM was implemented to coincide with the implementation of the SAP® ERP. In this way, VANTEC’s sales capacities were strengthened through SFA (Sales Force Automation).

The implementation of SAP® CRM also turned out to be an ambitious project, which was conducted in the relatively short timeframe of 3 months from requirements definition to completion of tests. Here, too, the ATS proved effective. ATS enabled the speedy organization and systemization of KPIs of sales indicators and standard sales processes. Mr. Norio Yamada, Principal of Social Infrastructure and Services, ABeam Consulting Ltd. explains, “First of all, we placed priority on making the system user-friendly, i.e. for the onsite staff in charge of sales. We asked the key persons of the actual sales site to be present from the initial stages of the project in order

to gain their understanding toward the project policy, as well as hear their opinions while moving forward with the project.” Furthermore, in order to combine sales data and accounting data, the balance between the systems used onsite and those useful for management was taken into account.

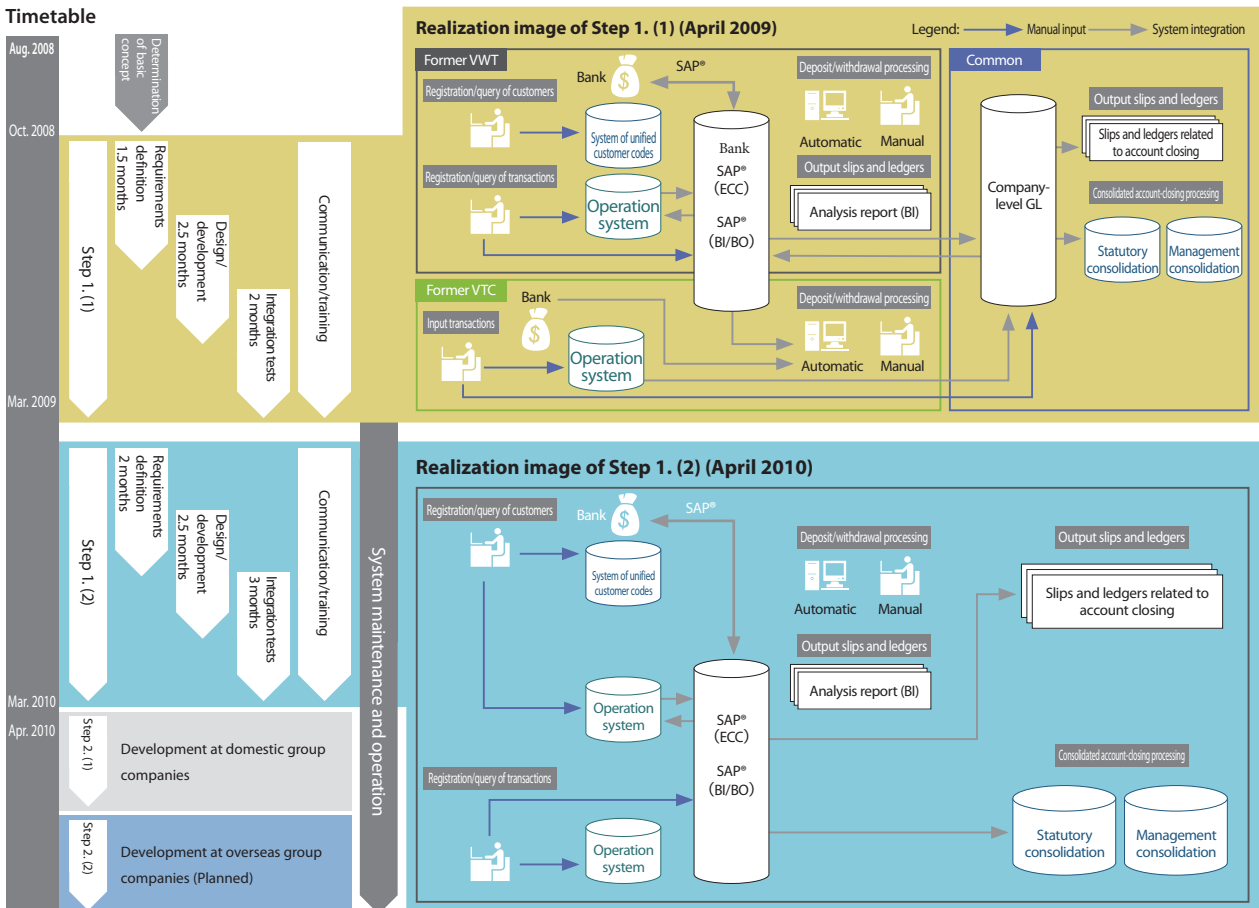
In the new system, not only are the data accumulated in the SFA transmitted as standard reports, but ongoing improvements are also possible, as the system is equipped with the function to analyze accumulated data and feedback such data as information useful to sales.

The greatest benefit is the management analysis report based on the BI function

By developing the accounting system based on SAP® ERP, it became possible to confirm the daily sales status, which had previously been confirmed on a monthly basis. Additionally, it also had the effect of streamlining operations, such as the introduction of automation to the reconciliation of receivables, a portion of which had been done manually, and strengthening internal control.

Another major benefit was that it became possible to analyze data from various angles, as guidance for business management. “The purpose of this project was to reinforce the business platform. The greatest benefit was that it became possible to prepare all reference materials required for decision making based on single accounting data. It is important for senior

Timetable and realization image of each step





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management to realize what kind of message accounting data is sending,” explains Mr. Kamatsu. This is where management analysis reports using the BI (Business Intelligence) function becomes important.

At VANTEC, a project, referred to as BICC, was launched to consider which data to use and how to organize such data when preparing materials for business management, such as BI reports; and the project is being run jointly by the business planning and accounting/finance divisions.

Preparation for the next step

On April 2010, the SAP® ERP was implemented for the accounting systems of the former VTC and former VWT, culminating in the go-live. However, this only marked the first step of the project.

Last month VANTEC announced the reorganization of its domestic subsidiaries. As the second step, the implementation of SAP® ERP at the reorganized

subsidiaries is scheduled to take place in October 2010. Furthermore, the implementation of SAP® ERP at the overseas group companies is also in the pipeline.

Mr. Kamatsu described his enthusiasm for the next step in the following words:

“The major issue is how we master this system that has been implemented. We are hoping that by using this system, self-generated reforms will take place in the business processes. We believe that we are currently at a stage where we have finally set up the infrastructure necessary for competing on the global market. We will still need to unify our systems both here and abroad. There is a limit to how much we can spend on IT investments. Therefore, we hope to benefit from ABeam’s expertise and figure out an efficient way. We hope this success will become a stepping stone for the next stage.”

●Voice (Customer Evaluation)

“I got the impression that ABeam was deeply engaged and executed our project with sincerity. The young onsite staff were highly motivated and tried to absorb everything that was going on around them. What matters most in developing systems is the people. ABeam’s high-quality team generated a sense of trust among our onsite personnel.” (Mr. Kamatsu, VANTEC)

“It was an extremely difficult task to merge two organizations with completely different corporate cultures. Additionally, both companies had numerous existing systems and outside vendors. ABeam acted as an intermediary for the requirement definition and conducted in-depth research through interviews. ABeam made every effort to make the necessary adjustments for the project as a whole, took our opinions seriously and conducted the project with sincerity.” (Mr. Shimoyama, VANTEC)

“The young staff members were all well-trained. As might be expected for a company experienced in the logistics industry, ABeam had a command of technical knowledge that even we were unaware of and gave us tremendous support. I hope they will continue to support us as we move into the operation stage. We also hope to consult them on matters outside accounting and finance.” (Mr. Ohta, VANTEC)

Unparalleled track record of SAP® Awards in the nation

ABeam Consulting has been awarded the “SAP® Award of Excellence” every consecutive year since its incorporation in 1988.

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●Client Data

Company overview

Company Name:	VANTEC CORPORATION
HQ location:	Cube Kawasaki 1-14 Nishin-cho, Kawasaki-ku, Kawasaki, Kanagawa
Estd.:	March 2006
Business:	Trucking business, port transportation business, international forwarding business, etc.
Paid-in capital:	3,857 million yen
Net sales:	113.6 billion yen (Fiscal year ended March 31, 2010, Consolidated)
Employees:	5,209 (Fiscal year ended March 31, 2010, Group)

Project overview

Summary:	Development of a management information platform in conjunction with the merger of the organizations, implementation of SAP® ERP, and reinforcement of sales capacities through the implementation of SAF
Time frame:	From October 2008 to April 6, 2010
Member count:	55
Software:	SAP® ERP (ECC6.0), SAP NetWeaver® PI, and SAP® CRM

Corporate data and titles are those in use at the time of writing.