

ERP Success Story

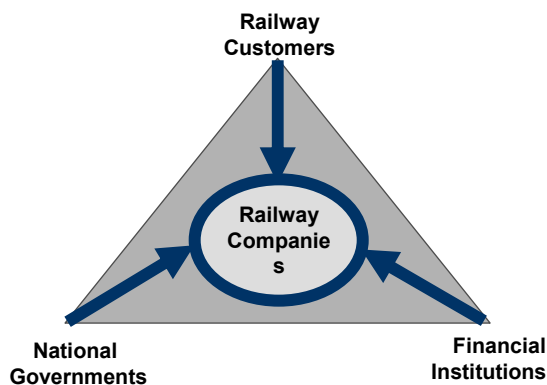
# Railways

Until the day of materializing Green Network  
to create bountiful life speeding of KORAIL  
will continue to run

Phone: +82-2-3429-2114  
E-mail: [sdspr@samsung.com](mailto:sdspr@samsung.com)

## Characteristics of Railroad Industry

Railway Industry is consisted of various and heterogeneous stakeholders that make it more difficult to harmonize processes and optimize business. Since it is usually operated by governmental organizations, maximizing profit and optimizing processes may not be its first priority. Due to market liberalization, innovation was something that could not be resisted.



KORAIL transformed from a governmental organization to a government-funded organization in 2005. In order for that to happen, it had to get out of quasi-public business model and become a profit-oriented organization, which includes replacement of information system and implementation of ERP.

KORAIL is consisted of approximately 30,000 employees across the country including planning and support area, railway operations and sales related departments, and maintenance experts in train/facility/electricity. It maintains enormous number of facilities including 600 tunnels, 20,000 trains, the total of 7,500 Km-long railroads and etc.



Transition to the public corporation encouraged business innovation to possess independent payability. Business process innovation was needed to stop continuous deficit operations and financial pressure from construction debt, fee payment of facility/track and taxation. At the corporate level, performing PI (Process Innovation) was expected to establish improvement plans that can eliminate inefficient elements and build a system that can revolutionize the company.

**KORAIL KOREA RAILROAD**

*“Confident that KOVIS would be KORAIL’s growth motivating source for accomplishing POWER KORAIL 2010 and FUTURE KORAIL 2015”*

*Seung-Ryoul Ha,  
Chief of Information Planning  
Dep.*



***“PI/ERP project will upgrade KORAIL to an innovative corporation and assist in meeting its vision”***  
***Chul Lee, CEO of KORAIL***



**S**tarting with ISP for 6 months in 2004, a 24 months long PI and ERP project was completed in 2005. ERP integrated all areas of the legacy system which is consisted of strategic management, financial accounting, management accounting, human resource management, purchase management, maintenance (train/facility/electricity), and etc. The basis to consolidate the entire business processes was arranged by connecting railway industry specific system such as train operations and booking/issuing tickets.

**P**I tasks were divided into 30 large challenges and 94 detailed ones, and then they were processed in terms of short-term/long-term and system/non-system. Business processes were improved by implementing ERP system and PI tasks into financial accounting, strategic management, management accounting, human resource management, facility/electricity management, train management and etc.

**K**ORAIL operated based on KOVIS since the system has opened in 2007. The entire business processes –strategy, accounting, management, material, human resource, maintenance and etc. – were integrated except for the areas with low ERP applicability.

**T**ransparency and accuracy of system through ERP came in place, business was enhanced through improved accuracy of data and cross functional task sharing using the system based upon ‘One Data One Place’ rule, and business operation accuracy was guaranteed by sharing business operations processes and results through the system.



## Future Tasks

**F**or advanced ERP system, new values can be created through implementing environmental safety system, sequential DMS and web bidding system, and so on.

## Customer Success Story

# Korail PI /ERP Project

### Company Name

- Korail
- South Korea
- www.korail.com

### Industry

- Railways

### Summary

- Support advanced business system that can face the changes in business environment after transforming into a public corporation
- Integrity of the entire operations
- Transparency/Accuracy through ERP solutions
  - PI-oriented process reformation activities

### Key Challenges

- Providing information for decision making support that can deal with the changes in business environment after the transformation to a public corporation
- Implementation of cost system and cost calculating system that can reflect on the operational plans.
- Activating business efficiency through integrity between operations.
- Increasing business efficiency through integrity between operations.
- Improving business processes and initiating system integration by deriving PI challenges by different operations.

### Key Benefits

- Efficient business operations through adopting advanced processes
- Decreased information duplication and error rate(16.2%→3%)
- Providing decision supporting information for strategic use of resources at right times.
- Optimizing various maintenances and systemizing management.
- Changing business culture through process innovation.

### Implementation Highlights

- Reengineered business processes through PI challenges (30 large challenges and 94 detailed challenges)
- Minimized Impact followed by Bing-Bang opening through user sample opening

### Solution and Services

#### • Applied Solution/Service

ECC	<b>FI,AA,RE,CO,TR,FM,SEM,HR,MM,QM,SRM PM,PS,IM</b>
Version	<b>ECC 5.0</b>

#### • H/W, DBMS

H/W	<b>HP Superdome</b>
DBMS	<b>Oracle</b>

### Future Works

- Effective management of documents and design drawings
- Complete basis of green management accomplished through applying environmental safety solutions

# Thank you.

Phone: +82-2-3429-2114  
E-mail: [sdSpr@samsung.com](mailto:sdSpr@samsung.com)  
<http://www.sds.samsung.co.kr>

**SAMSUNG SDS**



You are strictly prohibited to copy, disclose, distribute, or use this document in part or as a whole for any purposes other than those for which this document is disclosed. This document is copyrighted and contains confidential information and other intellectual property rights of Samsung SDS Co., Ltd. Any unauthorized use, copy, disclosure or distribution constitutes infringement of Samsung SDS' intellectual property rights.

Copyright © 2008 Samsung SDS Co., Ltd. All rights reserved | Confidential