

ERP Success Story

Shipbuilding

Samsung Heavy Industries
Is leading the Global shipbuilding Industry
By bringing changes and innovations to it

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Shipbuilding is a large-piece, one-of-a-kind production industry the value chain of which is broken down into Engineering-to-order process (i.e. sales, cost estimate, etc.), development and design process, and management process encompassing management of production, material and equipment. It is fundamentally different from general manufacturing based on automation of manufacturing processes.

Japanese shipbuilders are expanding facility investment and Korean shipyards have adopted ERP systems in the face of rapidly growing competition from Global Companies

A number of shipbuilding projects are carried out simultaneously each of which comprises multiple processes including design, purchase and sales that are operated concurrently over some 20-month period. Therefore, comprehensive management of multiple concurrent projects is key to business success in shipbuilding industry.

**SAMSUNG
HEAVY INDUSTRIES**



In Samsung Heavy Industries Co., Ltd., the number of employees in the shipbuilding and offshore sector was 22,500 on average in 2008, including sub-contractors, having increased 5 percent over the past 4 years except in 2007.

『Digital Shipyard』 Flexible System to meet Customer Requirement and Business Strategy

On Apr. 1, 2008, Samsung Heavy Industries Co., Ltd. started its ERP system consulted by Samsung SDS Co., Ltd., which is the largest and most integrated project in the domestic shipbuilding industry. The ERP system has just been through the second phase of stabilization.

After successful Implementation of ERP Samsung Heavy Industries ready to leap forward to world-class players by securing price competitiveness based on reliable ERP systems.

<Source: Korea Herald Business, Digital Times>

Shipbuilders suffer labor shortage and high labor cost. Innovation on the organization's culture is required.

In spite of the steady rise in sales in the shipbuilding and offshore sector, the ratio of labor cost to sales has rapidly increased.

With the current buzzword 'IT Governance,' Corporate IT systems, once regarded as a tool for higher productivity, are emerging as a necessity for survival. In key industries.



"SAP ERP solution is Best Fit for our Global Strategy. We choose SAP by Integration and structure not by the functions"

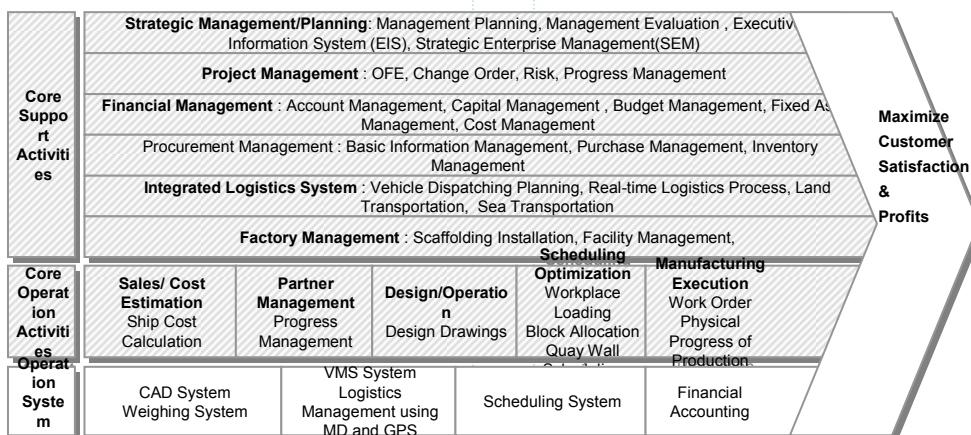
Kyuok Hwang,
Head of Information Strategy

Under three strategies Integration, collaboration, synchronization, they finished 28 months, one of largest ERP Project.

Through Value chain Analysis and Redesigning 712 Unit Processes during PI/ERP Project, Samsung Heavy Industries Finally changed to Digital shipyard.

Increase Accuracy of Quotation and speed of response to customer, Extend Design ability through sharing technical information, Real-time logistics and transportation information, and Strategic Enterprise management are main benefit of ERP Implementation.

Samsung Heavy Industries Value Chain



Customer Success Story

Samsung Heavy Industries PI /ERP Project

Summary

- The project which started a propriety investigation from '03 materialized Samsung Heavy Industry's desirable future features throughout 10 months of ISP establishments and PI. And through out 18 months of a system construction and application preparation process,
- Samsung Heavy Industry opened the enterprise integration system in April 2008.

Key Challenges

- Shipbuilding is a large-piece, one-of-a-kind production industry. Therefore, comprehensive management of multiple concurrent projects is key to business success.
- The Key Challenges for PI/ERP project are to integrate systems, data and processes within and across each part in the company and global organization

Project Objectives

- Strengthening of a strategic business management
- Establishment of a integrated system for business decision making support and performance management.
- Constructing the Global production system
- Strengthening the customer countermeasure power

Key Benefits

- Reengineering Core process for building global standard process and cost-competitive standard system template.
- Establishment of a WBS (Work Breakdown Structure) for integrated management system over sales-order Transmittal-Service.
- Integrate the Shipbuilding and Offshore system in the company for an efficient operation and production.
- Strengthening of a strategic business management corresponding to global growth strategies.
- Establishment of the unification of physical distribution for the visualization of the administration of physical distribution.
- Producing a business specialist throughout promoting the innovation of business management (DFSS/p) by Six-sigma.

System Environment

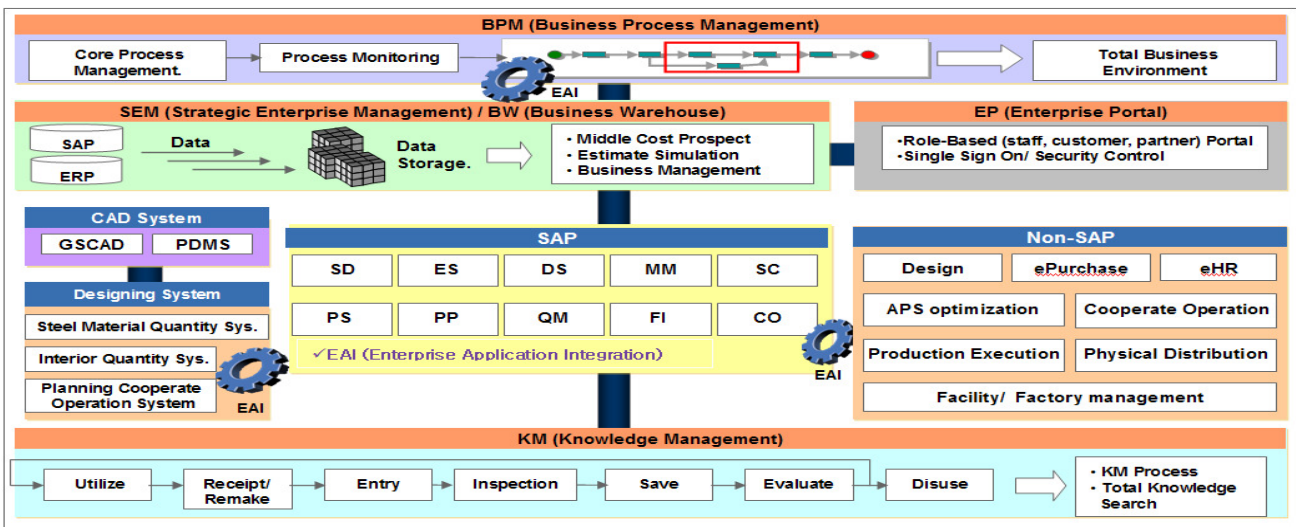
• Solution/Service

ECC	FI, CO, HR, MM, CS, PP, QM, SD, PS-IM, PM, SEM/BW, BPC
버전	6.0

• H/W, DBMS

H/W	HP Superdome
DBMS	Oracle

System Overview



Thank you.

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SAMSUNG SDS



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