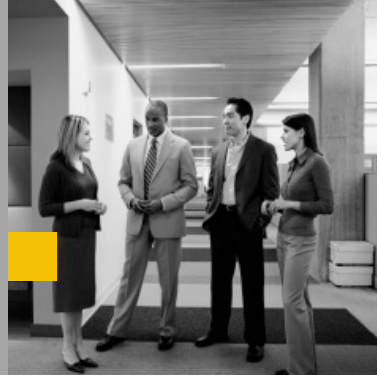


SAP Customer Success Story Public Sector – Lottery



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Quinton Hall, Chief Technology Officer, New Zealand Lotteries Commission

AT A GLANCE

Summary

The New Zealand Lotteries Commission – based in Auckland – implemented the mySAP™ ERP application to improve basic business operations. It simultaneously implemented the mySAP Customer Relationship Management (mySAP CRM) application to bolster communication with retailers.

Web Site

www.nzlotteries.co.nz

Key Challenges

- Poorly integrated business system
- Aging financials platform
- Limited capabilities for customer relationship management (CRM), materials management, and other business processes
- Inconsistent, decentralized data with inadequate accessibility and visibility

Project Objectives

- Replace legacy system with comprehensive, modern, integrated, well-supported business solution
- Deploy solution as quickly and as cost-effectively as possible
- Enable self-sufficiency with the new system

Solutions and Services

- mySAP ERP
- mySAP CRM
- mySAP ERP Human Capital Management solution
- SAP NetWeaver™ platform
- SAP® Best Practices Baseline Package offering
- SAP Education organization

Why SAP Solutions and Services

- Afford quick, straightforward implementation
- Possess reputation for world-class products and services
- Integrate easily with gaming system
- Supply breadth of functionality
- Provide security when dealing with mission-critical situations

Implementation Highlights

- All goals met on schedule and within budget
- Go-live for phase 1 – including financials, CRM, procurement, materials management, sales and distribution, and core human capital management – achieved in December 2005
- Go-live for phase 2 – including business intelligence and help desk – achieved in May 2006

Key Benefits

- Sped up implementation by 30%
- Increased cost-effectiveness and timely availability of key resources
- Provided project team training and enabled self-sufficiency
- Mitigated risks and unified project team
- Integrated – via exceptional teamwork – comprehensive, well-supported solution with a single database

Implementation Partners

SAP Consulting and Intelligroup

Existing Environment

Legacy IBM AS400-based system

Third-Party Integration

- Database: IBM DB2
- Hardware: IBM
- Operating system: IBM AIX

NEW ZEALAND LOTTERIES COMMISSION

On Schedule, Within Budget, and On Target with SAP® Solutions

Auckland-based New Zealand Lotteries Commission (NZ Lotteries) has revenues of US\$500 million with all its profits benefiting the community in New Zealand through the lotto, keno, and other games that it runs. To maintain and improve this contribution, the 100-person organization replaced its aging accounting package with a comprehensive SAP® solution. The new solution delivers not only modern financials functionality but better ways to manage retailer relationships, purchasing, human resources, materials, and much more. In an equally comprehensive array of offerings from the SAP Services portfolio, NZ Lotteries found all the resources necessary to implement the solution quickly, safely, and cost-effectively.

The project began in 2003 when NZ Lotteries concluded that the time had come to replace its legacy financials system and other legacy business applications. Not only were the old applications proprietary, but waning support for NZ Lotteries' hardware and operating system posed a significant risk. Little more than an accounting package, the existing software provided limited help for managing relationships with the 850 retailers that comprise NZ Lotteries' retailer network. Nor did it help manage purchasing, materials, human resources, or the many other aspects of the business that lacked automation. A key impetus behind the timing of the change was that NZ Lotteries was also changing its gaming system – the application used for running its various games – and it made sense to address both requirements simultaneously to make sure the new solutions ran well with each other.

Reasons to Choose SAP: Experience and Low Risk

As a government organization, NZ Lotteries had a rigorous procedure to follow in choosing a new solution. It issued a formal RFP, reduced the initial list of responders to two – SAP and a major competitor – and invited both in for discovery sessions. “We were very impressed with the SAP Consulting understanding of the issues that organizations like ours face in making such an all-important transition,” says Quinton Hall, chief technology officer at NZ Lotteries. “They listened, they responded, and they inspired confidence that we’d be successful with SAP Consulting as our implementation partner.”

“The SAP solutions covered everything we wanted, including ease of integration with our gaming systems – old and new,” explained IT projects director Wayne Pickup. “We knew our new solution would be mission-critical and was not something to take chances with – another reason for using SAP [software].”

Cementing a Broad Partnership for Success

NZ Lotteries took advantage of the breadth of SAP software by opting not only for the mySAP™ ERP application but also for the mySAP Customer Relationship Management (mySAP CRM) application and several components of the SAP NetWeaver® platform – the SAP NetWeaver Business Intelligence (SAP NetWeaver BI), SAP NetWeaver Portal, and SAP NetWeaver Exchange Infrastructure (SAP NetWeaver XI) components.

SAP Consulting assembled a comprehensive team to perform the implementation as effectively as possible. They began by assigning an expert to perform the SAP Project Management service. The expert, a highly experienced consultant, oversaw and coordinated the project. Next, they partnered with Intelligroup, a system integrator with substantial SAP experience.

SAP Consulting worked together with Intelligroup to implement the back-office functionality of NZ Lotteries’ SAP solution. The team accelerated this implementation by using the SAP Best Practices Baseline Package offering, which proved particularly effective with the logistics functionality of the solution.

SAP Consulting and Intelligroup also worked closely with GTECH Corporation, the provider of NZ Lotteries’ gaming systems, to integrate these systems with the SAP solution. The three companies developed an interface, first for the gaming system that was initially in place and then later for the system that replaced it – both from GTECH. The team employed SAP NetWeaver XI as the vehicle to establish a smooth exchange of data between the solutions. Intelligroup is now fulfilling another role as well, having taken over application management support after go-live.

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Wayne Pickup, IT Projects Director, New Zealand Lotteries Commission

SAP Consulting followed the five-phase ASAP methodology for implementation management, which comprises project preparation, blueprinting, realization, final preparation, and go-live and support. ASAP supports project teams by using a combination of SAP Best Practices offerings and SAP Project Management.

“SAP Consulting has done an outstanding job for us,” says Pickup. “They’re completely dedicated to our success. Our people and theirs collaborate so closely you can’t tell who works for whom.”

The SAP Global Delivery Model Provides an Abundance of Resources Cost-Effectively

One of the most significant resources that SAP Consulting employed was the SAP Global Delivery model, which was used for remote configuration and implementation of mySAP CRM. By taking advantage of offshore facilities, SAP Global Delivery provides substantial expertise while saving costs for the customer. “New Zealand is a small country where one would not expect to

find a great many SAP people with a particular specialty like CRM [customer relationship management], but there is a substantial pool of expertise available in the SAP global delivery centers like the one we used in Bangalore, India,” says Pickup. “The SAP Global Delivery model gives us access to all this expertise on a cost-effective basis. The model worked extremely well for us. The experts in India got the job done right and on time, and our local SAP Consulting people maintained tight liaisons with them on our behalf.”

The SAP Best Practices offerings were especially valuable for this portion of the project. The SAP Best Practices for Customer Relationship Management (SAP Best Practices for CRM) offering was a particularly good fit with NZ Lotteries’ retailer management needs. The New Zealand-based SAP Consulting staff did the actual SAP Best Practices for CRM work in consultation with the customer and sent the results to the global delivery center where they were employed in configuring the system. SAP Consulting used SAP Best Practices for CRM for system evaluation and demonstration, training, blueprinting, base configuration, specification of changes to the configuration, and system installation. “The process worked very smoothly,” says Pickup. “I’d say that SAP Best Practices sped up the implementation of mySAP CRM by 30%. They were especially valuable for generating reusable documentation.”

SAP Education Helps Enable Self-Sufficiency

Another vital part of the project team was the SAP Education organization, which provided indispensable training for yet another vital part of the team, NZ Lotteries itself – specifically its internal experts who worked alongside SAP Consulting. To prepare this project team to operate effectively as an implementation partner, SAP Education performed training on matching mySAP ERP processes with those of the organization.

“This was the first ever rollout of SAP Best Practices training for a project team in New Zealand, and it was a complete success,” reports Phoebe Dobson, NZ Lotteries’ project manager. “Since the training was based on SAP Best Practices offerings and all of

the experience that led to their creation, we were completely competent on using SAP [software] once the training had concluded.”

SAP Education played a second role later in the project, helping equip NZ Lotteries to conduct its own end-user training. SAP Education coached the project team in the use of RWD Info Pak, the automatic user documentation creation and maintenance tool from RWD Technologies Inc. NZ Lotteries also used the SAP Tutor application to develop online, interactive simulations of SAP transactions to complement the training materials created using Info Pak. As a result of all the help SAP Education provided, NZ Lotteries is now self-sufficient for training new users of the system.

“Before we began the project, we were a little concerned that as a small customer we might get lost among all the really big projects SAP is engaged in, but we’ve never had occasion to feel that way. I believe that SAP Project Management is a big reason for that.”

Quinton Hall, Chief Technology Officer, New Zealand Lotteries Commission

Teamwork Leads to Complete Success

The team decided on a two-phase implementation schedule for the project. Phase one, which went live at the end of 2005, consisted of rolling out mySAP ERP for financials, procurement, materials management, sales and distribution, and the core mySAP ERP Human Capital Management solution, as well as mySAP CRM for managing the retailer network. Phase two, which went live in May 2006, added SAP NetWeaver BI as well as significant new functionality for the phase-one modules, in particular the SAP Help Desk packaged solution within mySAP CRM.

The team worked as a close-knit unit to ready the SAP solution for phase-one go-live. “We got the job done on schedule, on budget, with all goals achieved,” says Hall. “The entire team can take credit for our achievements – including SAP Consulting, SAP Project Management, SAP Education, Intelligroup, and our own experts. I am very pleased at how well we all work together.”

SAP Solutions Save Costs

Now that NZ Lotteries is live with the results of phase one, benefits abound. No longer are there multiple databases with redundant or conflicting information. Nor is there all the waste entailed in entering data multiple times. “In the past we had too many versions of the truth,” summarizes Hall. “Now there’s a single digital source for all the information about our business, one that we can count on.”

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The materials management and sales order process automation provided by the SAP solution are enabling better distribution to retailers of gaming materials such as lottery ticket rolls – saving time and costs while improving customer satisfaction. NZ Lotteries is optimistic that its SAP solutions will result not just in cost savings but also in significant revenue increases. Its CRM functionality will improve communication with retailers and help it resolve retailer issues. It will also accelerate the process of getting new retailers up and running.

In addition, the solution’s business intelligence powers will provide information – conveniently presented via the portal – that will help refine marketing strategies. “We’ll be able to extract and analyze all our transactional data, which will lead to insights about our retailers and the players who patronize them, which, in turn, will lead to a better understanding of the market and how to send it the right message,” says Hall. “Implementing SAP solutions helped in yet another way as well – by providing an occasion for us to examine and improve our internal processes.”

SAP Project Management Holds the Team Together

Although NZ Lotteries is quick to share credit with all of SAP Services, it singles out SAP Project Management for special mention. “The structured approach that SAP Project Management takes is very impressive,” says Pickup. “It keeps mistakes from happening, reduces risk, and unifies all the resources that are working together on the project, which is doubly important when some of them are remote.”

“Having one person we can approach any time about anything is important,” adds Dobson. “As the SAP project manager’s counterpart on the customer side, I can’t overstate the importance of the strong, responsive project management that SAP provides.”

“Before we began the project, we were a little concerned that as a small customer we might get lost among all the big projects SAP is engaged in, but we’ve never had occasion to feel that way. I believe that SAP Project Management is a big reason for that,” says Hall in conclusion. “The quality of SAP Services is a big reason why we recommend SAP so highly to any other organization with needs like ours. We wanted the best and that’s what we’re getting with SAP Services.”