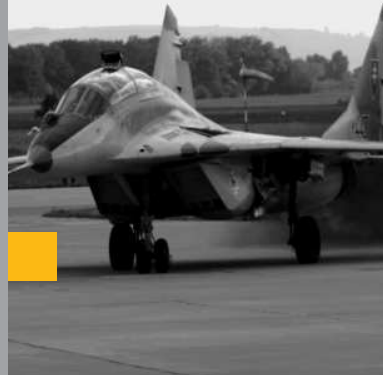


SAP Customer Success Story Defense and Security



“SAP software enables optimized cash management, check writing, and direct-deposit accounting – while totally integrated processes help save time and ensure accuracy.”

Jarmila Mikusova, Chief Financial Officer, Slovakian Army

AT A GLANCE

Summary

The Slovakian Ministry of Defence has been supporting soldiers worldwide from its Bratislava headquarters since 1998 using SAP® software. When national laws changed military pay requirements, the army turned to SAP Consulting to seamlessly integrate 12 separate legacy payroll systems – all in less than a year’s time.

Web Site

www.mosr.sk

Key Challenges

- Accommodate complex payroll requirements for army personnel
- Meet strict January 1 deadline and stringent budget limitations

Project Objectives

- Implement new payroll functionality without disrupting ongoing operations and consolidate 20 different legacy software systems
- Create flexible rules that adapt to fluctuating budget and deployment levels

Solution and Services

- mySAP™ ERP application
- SAP Project Management services, delivered by SAP Consulting

Why SAP Solution and Services

- The ministry’s prior success with SAP software
- The SAP consultants’ high level of expertise

Implementation Highlights

- Completed the complex project on time and within budget – within 10 months – and without any disruption to critical operations
- Reduced the time needed for planning and installation by 50%, thanks to SAP Consulting

Key Benefits

- Improved data reliability and accuracy through seamless integration with existing SAP financial applications
- Provided real-time visibility into operations and greater data security
- Improved ability to comply with legal, security, and other government standards in reconciling accounts, with a 70% reduction in data-entry errors
- Streamlined reporting via immediate updates to information, compared with 20 days of manual data entry and review
- Improved interoffice communications and dramatically reduced response times (less than 5 seconds per transaction)

Implementation Partners

- SAP Consulting
- Siemens
- A local contractor

Existing Environment

Disparate IT landscape

Third-Party Integration

- Database: Informix
- Hardware: Sun
- Operating system: Sun Solaris

SLOVAKIAN MINISTRY OF DEFENCE

SAP® Software Helps Ensure Soldiers Throughout the Globe Are Paid Promptly and Accurately

Change has been a constant for the Slovak Republic since it emerged as a sovereign nation in 1993. Since then, the military has had to transform itself into a lean, progressive force, necessitating a reduction in headcount by nearly half – from a total of around 50,000 people. In 2004, Slovakia became a member of both NATO and the European Union and launched a five-year plan for adopting the EU currency.

Against this backdrop, the Slovakian Ministry of Defence undertook a major initiative to update its financials and logistics operations. A full departmental audit was part of the effort. Other events further complicated the process. The army was in the midst of converting to a 100% volunteer force, which dramatically affected personnel turnover rate. There were other issues, too. For example, the government had created 12 new categories of pay – ranging from soldier-in-training to soldier-in-mission-abroad status – and those salary classes often changed based on budget or deployments.



Clearly, the ministry needed more sophisticated IT to manage its 27,000 employees and approximately 1,000 soldiers in units around the globe.

Because it had already been successfully using SAP® enterprise resource planning (ERP) software for finance and funds management, the defense ministry decided to tap into further functionality to simplify payroll and add other HR-related processes at 20 military centers. It turned to SAP Project Management services, delivered by SAP Consulting, to meet a tight implementation schedule of 10 months. Due to a strict department mandate, the new system had to switch over on January 1.

In less than a year, the project team members evaluated existing systems and created integration plans and installation schedules. They also set up production schedules to coordinate payroll at the end of each month.

“This was a very rapid implementation on a fixed schedule and budget involving two other companies,” says project leader Lt. Col. Miroslav Stasinka of the Slovakian Army. “It was a challenging environment because of the changing political and operational circumstances, but the team’s superior project management skills ensured a successful implementation – from the preparation through business blueprint phase and, finally, go-live and support.”

And, thanks to the superior collaboration between SAP Consulting and the rest of the project team, which included staff members from Siemens and a local contractor, all this occurred without any disruption to critical operations.

Strengthening Core Processes

On a monthly basis, the defense ministry issues more than 50,000 checks and electronic payments for thousands of Slovakian Army personnel, suppliers, and civilian employees. By integrating HR with its existing financial and logistics processes, the Slovakian Ministry of Defence realized it would achieve greater efficiencies and significantly increase productivity.

Prior to the recent implementation, each of the 20 military financial centers had been running its own customized software to process payroll. Because of this decentralized processing, it was almost impossible to centrally produce reports on time. By consolidating on a single, integrated platform, the ministry

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would be able to eliminate many manual and nonintegrated processes, streamlining administrative tasks. And, with rules-based software, administrators could more easily manage special exceptions, such as overseas postings or special pay situations.

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Mikusova says that the Slovak government also benefited from the SAP Project Management services and the efficiency and specialized knowledge of the SAP consultants, who brought to the table experience gained from earlier work for U.S. and German military agencies. That experience ensured best-in-class solutions that were ready for production on the mandated go-live date. Expectations were high. After a seamless transition, the new payroll system had to be working effectively on the first day of operation. And, amidst governmental reforms and public requests for transparency in budgetary spending, the project was very much in the spotlight. The benefits could not have been clearer: reconciling payroll went from as many as three days to real time. Budget-spending reports that used to require weeks of effort could now be performed in one day.

There were other immediate improvements: banking transfers that previously required up to two days could be confirmed in minutes, and data entry errors were reduced by as much as 70%. Long-term planning and budgeting became easier and more accurate, too – and flexible enough to accommodate daily movements of personnel and assets.

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An Easy Transition to a New, Progressive Army

Any change in an office requires preparation and time to allow people to adapt to new processes. To help ensure an easy transition, SAP Consulting started by examining each location and its workflows, equipment, and specific needs. Optimal results were realized quickly; by one estimate, the team delivered the software 50% faster than other comparable projects.

“SAP Consulting helped ensure this project was a complete success,” comments Mikusova. “We had some of the best minds in the business supporting the best products on the market.”

The enhanced software was put to the test only a year after its implementation when the government mandated a pay system based on rank instead of function. Thanks to the flexibility of the

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mySAP™ ERP application’s payroll functionality, the ministry was able to quickly accommodate the new requirements, and those changes took effect without incident on September 1, 2005.

Slovakia is the third country after Germany and the United States to use SAP software for the long-term planning of military personnel and finances. Now, like its two NATO counterparts, the Slovakian Ministry of Defence is running exactly the software it needs as it moves into the future.

Its next step will be to expand the SAP platform to enhance mission planning, deployment, and plant maintenance operations. Every day, the Slovakian Army fights and defeats inefficiency without firing a shot.

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