

progress

process and personality

approaches for effective change



In 2010, Telekom Austria and Mobilkom Austria combined their resources, going to market in 2011 with A1 – a new company and a new brand

Keeping things simple is at the core of the A1 brand and philosophy. When customers have more choice than ever before, simplicity becomes a winning virtue. A1 offers clear propositions with absolute contract and cost transparency, making it easy for customers to evaluate and select the offers which suit them best.

Achieving simplicity, however, is often one of the toughest and most complex challenges facing any business. For A1, this was certainly the case when establishing the new company. When the two companies came together, both had a complete range of established business processes and the tools needed to execute them. Both companies also ran on SAP.

This situation is immediately recognizable for anybody with experience of mergers and acquisitions, and the two choices open to the new company were hardly surprising:

- ▶ Either continue to run both sets of processes and systems, operating under one brand but essentially running two largely independent operations
- ▶ Or re-engineer all processes and systems to create a unified operating model for the new company.

Both approaches would have their own advantages and challenges, but for Thomas Königshofer, A1 Program Manager, the decision was clear, "This choice was not only about administrative efficiency – it was about the importance of creating a single company in which every employee could share the same vision and objectives. You cannot behave as one company unless you are one company – and that unity must be supported by the processes and tools people rely on."

And during the transformation, of course, customers would need to be assured absolute continuity and quality of service.

Understanding difference

Even when the same business functions are run on SAP, the way the platform itself is managed can be very different. Understanding these differences would underpin the success of the A1 drive to a unified set of processes and systems.

When the two companies came together in 2010, they ran entirely separate SAP implementations and each company had both its own in-house team and its established set of partners and suppliers.

This is always a sensitive situation. Even when all those involved fully understand the business logic and are committed to the outcome, it is right and natural to be cautious. Nobody can afford to risk breaks in service continuity, and people are protective of the processes and systems they have worked hard to establish and maintain.

There were relatively high levels of personalization in the SAP practices of both Telekom Austria and Mobilkom, and the creation of a newly unified approach was also seen as an opportunity to reduce diversity and get closer to SAP standard implementation.

Mobilkom had already started to rationalize, adopting standardized middleware and interfaces between systems where possible. Telekom Austria were perhaps more dependent on the skills of third party developers.

Hosting was different too, with Mobilkom choosing near-shore options in Bulgaria while Telekom Austria hosted in their HQ location, Vienna.

Neither company had the resources in-house needed to manage the technical transformation and integration entirely on their own. The choice of partner would be critical.

Building the team

The third party chosen to partner with A1 for this critical initiative would need to demonstrate far more than process and technology expertise in SAP. A deep knowledge of both the telecommunications sector and of local market conditions would be essential.

Although the project would span Austria and its Central European neighbors, the epicenter would be in Vienna, and the chosen partner would need to be right there for the duration. A1 selected Atos as the prime contractor, having rejected the other shortlisted candidates due to their lack of local presence or knowledge.

In addition, Atos had already gained reputation as a reliable and effective provider of development and integration services with both Mobilkom and Telekom Austria.

The team would be multi-disciplinary, and would also need to be exceptionally agile. Thomas Eibl, with six years' experience as the Telekom Austria and Mobilkom account director for Atos, explains, "For A1, the reality would be that the new processes and the systems that supported them would to a large extent be developed in parallel. It's how the real world works - and the team would need to be able to manage multiple changes and iterations under pressure."

Although team numbers would change throughout the project, core membership covered four disciplines:

- 1. Atos provided some 45 process designers, SAP specialists and software engineers**
- 2. A1 assigned around 20 representatives of business departments to the initiative, who would focus principally on process definition**
- 3. A1 also assigned 20 members of its own IT group to the team, who would be primarily responsible for ensuring that new SAP implementation delivered continuity and interoperability with heritage systems**
- 4. Finally, A1 identified an extended community of some 700 employees across the company who would be responsible for testing - and it would be their contribution which ensured that all new tools and processes were easy and intuitive to use, and fit for business purpose.**

For Norbert Steinwender, A1 project manager, Atos was an integral part of the team from the start, "This project really brought different process and technical specialists from across A1 together for the first time, and the Atos team were instrumental in making this challenging project a success."

Clear objectives - Challenging goals

A1 set three clear objectives for this critical SAP unification project:

Cultural

The new company could not act as one without unified processes and systems. A1 places a high value on innovation - they were, for example, the first communications company in Austria to launch an LTE network.

Timing and responsiveness are critical in innovation, and agility would depend on a rationalized set of business processes and applications.

Operational

The cost and complexity of managing multiple systems in parallel would not be acceptable in the new company.

A1 sought not only to establish a single set of processes and systems, but to further reduce the instances of SAP in the company, relying wherever possible, on standardized implementation.

Technical

Whether using A1 or third party technical resources, it was essential that all skills were directed to creating new business value.

A1 was keen to pursue every opportunity to simplify their technology landscape and management practices.

The objectives were clear to all team members, but this did not diminish the scale of the challenge. A1 would need to manage the ongoing integration of the company at the same time that the team carried out process analysis and redefinition - and this work in turn, would occur at the same time that the underlying systems were being rationalized and re-engineered.



Thomas Königshofer does not underestimate the challenge. "Our goal was simplicity, unity and rationalized operation - but the challenge was massively demanding. We did need to redefine deadlines during the project, but this was inevitable on a project that ambitious. When we returned to the core question, however, and asked 'Does A1 need one shared set of processes and systems?' - the answer was always most definitely 'Yes!'"

No year zero for data

A1 did not choose the easy option. With an SAP and business transformation project of this complexity, many companies may have considered a "year zero option", in which new processes and systems would come online only for new customer accounts.

With this approach, there would be an extended cross-over period in which heritage and new systems would work side-by-side until the inherited customer account data ceased to be relevant.

This was not acceptable to A1. They wanted to ensure that all existing customers would be engaged and managed by the newly unified processes and systems.

Atos took full responsibility for the migration of all heritage data. Complete customer data sets from both Telekom Austria and Mobilkom needed to be analyzed, purged of redundant and duplicate data, and finally merged for immediate use by the new SAP systems.

This activity involved the migration of over 300,000 sales records, 2.5 million items from the asset register and over 200 million transaction movements. During this migration, Atos managed to reduce A1 data volumes by more than 1.5 terabytes.

This work also needed to take into account all regulatory and compliance obligations, ensuring that customer data was protected and indeed physically located in approved locations.

A1 certainly appreciated the results. "We originally selected Atos as our partner because they could demonstrate local knowledge, deep understanding of the telecommunications business, and real technical ability. All three qualities combined in the data migration associated with our SAP transformation. We were particularly impressed with the way that the local Atos team could draw on additional expertise from Atos Germany when required."

This migration ensured that the marketing, commercial and business development teams at A1 had a comprehensive view of all consumer and business customer histories.

Solid Achievement

At the start of this SAP transformation project, A1 were working with a highly articulated set of processes and SAP implementations. Many of the SAP instances had been heavily customized, making them costly to maintain and challenging to use in a more fully integrated environment.

From Telekom Austria alone, for example, there were over 500 custom tables and over 1500 personalized report types in use.

The Atos team would help radically reduce this complexity, introducing a greater degree of SAP standardization wherever possible.

The combined Atos and A1 team, for example, reduced the company chart of accounts listing from 6,700 to 1,200 items.

The SAP modules in scope were as follows:

Finance and Accounting

- ▶ Financial Accounting
- ▶ Financial Control
- ▶ Treasury
- ▶ Business Warehouse
- ▶ Real Estate Management
- ▶ Project System.

Logistics

- ▶ Advanced Planning Optimizer
- ▶ Material Management
- ▶ Sales and Distribution
- ▶ Supplier Relationship Management
- ▶ Customer Service
- ▶ Plant Maintenance.

Using its well-established disciplines, Atos employed a combination of consolidation and harmonization approaches. In Finance and Accounting, for example, there was a greater focus on harmonization. Here the objective was to establish single robust processes in an environment in which previously multiple, loosely connected processes had been in operation. Treasury was a case in point, where the legacy system was replaced by an integrated SAP implementation.

Where consolidation was required, the Atos team was able to retain those existing systems that were already fit-for-purpose, while implementing a single rationalized layer above.

All activity was closely coordinated with the A1 business teams. It began with detailed review of the processes themselves, and prior to roll-out, was exhaustively tested by the 700-strong extended test team.

Atos project manager Sabine Wentseis held overall responsibility for planning and execution. "The success of this project depended on our ability to manage multiple variables. The underlying processes were under continuous review, and this meant we needed to be able to manage change under pressure. Throughout the project, we maintained a clear shared understanding of business priorities across the extended team."

On target together

The first instance of the new unified A1 SAP system went live on 7 January 2013, just 18 months after Atos was appointed prime contractor for this demanding project.

SAP consolidation and harmonization was a top business priority for A1: without unified processes, they could not be a unified company. This adoption of common processes is key to the company's strategic ambition. Their ability to capitalize on innovation to deliver a full spectrum of consumer and business services depends on operational excellence and the efficient flow of business data across the company.

The integration of company processes and systems is ongoing, but the first unified SAP implementation was a significant milestone - and one that was celebrated across the company.

It is about more than simply creating the technical apparatus for agility and efficiency, as Thomas Königshofer explains, "The project team comprised members of Atos and of A1 business and IT specialists from both Telekom Austria and Mobilkom. For the members of the team, working on our newly unified systems together also showed us the future for A1."

Looking forward

The work to date has established a consolidated set of SAP-enabled processes and systems for A1. This project has given A1 and Atos the opportunity to forge a deep professional partnership which capitalizes on Atos' strong local presence and easy access to additional international resources as required.

For A1, for example, it is essential to be able to do business together in German, and Atos has already been able to take advantage of its German-speaking nearshore team of SAP specialists based in Voronezh, Russia.

The combined team has achieved much under undeniably testing conditions: A1 were ambitious in their targets from the start, and needed to conduct many activities in parallel in order to reach their immediate business objectives.

Atos has demonstrated its ability to orchestrate complex and continually evolving scenarios under intense pressure, and looks forward to assuming ever-greater partnership responsibilities with A1.



About Atos

Atos SE (Societas Europaea) is an international information technology services company with annual 2012 revenue of EUR 8.8 billion and 76,400 employees in 47 countries. Serving a global client base, it delivers Hi-Tech Transactional Services, Consulting & Technology Services, Systems Integration and Managed Services. With its deep technology expertise and industry knowledge, it works with clients across the following market sectors: Manufacturing, Retail & Services; Public sector, Healthcare & Transports; Financial Services; Telecoms, Media & Technology; Energy & Utilities.

Atos is focused on business technology that powers progress and helps organizations to create their firm of the future. It is the Worldwide Information Technology Partner for the Olympic and Paralympic Games and is quoted on the NYSE Euronext Paris market. Atos operates under the brands Atos, Atos Consulting & Technology Services, Atos Worldline and Atos Worldgrid.

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