

# Implementation of information system at siemens

[Business](#), [Company](#)



## Thesis

## Statement

“ Implementation of a custom designed information system, having been modified from SAP R/3, enabled Siemens to globally link their operations, cut down their costs and maximize their profits with increased efficiency and productivity in their departments.”

## Outline

- 1) Executive Summary on IS system name
  - a. To standardize and cut-cost in Siemens worldwide.
  - b. Covers all the areas of IT services in Siemens
  - c. Provides consistent and uniform structure of information therefore it requires very less maintenance
  - d. It is easily adaptable to the structural changes of the organization resulting from merger and acquisition
  - e. Data being consistent and uniform helps Siemens in faster and accurate decision making
  - f. User friendly system which provides security and availability of data
- 2) Organizational Structure
  - a. Various departments at Siemens; Production Planning, Human Resources, Financial Accounting, etc.
  - b. Each department managed separately being bridged by the information system

c. Departments further subdivided into divisions. Chief Executive Officer presides over division.

d. Decision making use of information system by the Chief Executive officer and higher level managers

e. Operational use of information system used on daily basis by Floor managers and supervisors in department

### 3) Inputs and Outputs

a. Daily Costs incurred under differing reasons recorded as input

b. Inputs vary over different departments according to the needs; e. g. Order follow ups are recorded by the Customer Support department and not inputted by any other department.

c. Outputs generated in the form of reports

d. Report contents dependent on receiver. Daily information reports provided to operational managers whereas Reports containing Monthly and Yearly information provided to Higher level managers.

### 4) Organizational Usage

a. Data Collection and storage

b. Report Generation

c. Data Security

d. Cost cutting

e. Profit maximizing

- f. Improved Communication between departments
- 5) IS Organizational Impact
- a. Caters to the needs of 60, 000 users in more than 70 countries
  - b. Interconnectivity helps employees to do business anywhere in the world with easy access to information and the information system.
  - c. About 90% of all operations were standardized at a global level
  - d. IT costs saving up to 50%
- 6) Hardware (HW) and Software (SW)
- a. Hardware: existing systems which had been using previous SAP R/3 software were sufficient enough. However additional hardware required for creating connectivity. Systems had regular input output devices.
  - b. Software: SAP R/3 replaced by a customized information system created by Siemens own IT consulting firm. The new system compatible with all existing operating systems.
- 7) Recommended Improvements
- a. Create more freedom in systems to meet country's individual legal requirements rather than across-the-board single type of system.
  - b. Improving monitoring of the system by adding software support programs such as eG SAP

Executive

Summary

Spiridon is an enterprise wide IT solution and is integrated with a SAP R/3, which is used by Siemens and integrates the global processes. The purpose

of Spiridon was to standardize and cut-cost in Siemens worldwide. It covers all the areas of IT services in Siemens, with its professional project management system and knowledge of SAP it provides security at all levels (SAP R/3 Enterprise Release 4. 70). It results in standardized and improved data and quality information which provides clarity and better control. It provides consistent and uniform structure of information therefore it requires very less maintenance. It is easily adaptable to the structural changes of the organization resulting from merger and acquisition.

Spiridon helped Siemens to reduce cost, increase revenue and make the customer base larger, the data being consistent and uniform helps them in faster and accurate decision making. The system is user friendly and received user acceptability fairly quickly and provides security and availability of data by assigning rights to access to the users.

The implementation of Spiridon was successful because it had a customized one window template solution. It caters to the needs of 60, 000 users in more than 70 countries and its objective was to provide business excellence and cost saving. Implementing the system to standardize 90% of the operations globally did not be an easy task as it needed to connect and keep in mind the requirements of all the 60, 000 users. The interconnectivity helps employees to do business anywhere in the world with easy access to information and the information system.

Implementation of Spiridon at Siemens

Throughout the paper I will discuss the various aspects of Spiridon as an information system and how its implementation at Siemens proved beneficial

to the organization in its various processes and how the information system fulfilled the requirements of the Siemens as an organization.

### Organizational Structure

There are various departments in the organization. Each department works independently from the others with communication carried out amongst them to manage budgets and other order placements and business related activities. Spiridon plays a vital role in the organizational decision making. In order to make financial decisions, Spiridon provides with a financial accounting module through which various financial statements can be created and analyzed in a very little period of time. Every function of the organization is supported by the information system of the company.

The organizational structure at Siemens is that it is initially divided into various business units (BU) depending on the manufacturing facility. Then each BU has a hierarchy existing within it having departments like Finance, Planning, Selling etc. Apart from this there is the corporate division that has an overseeing Human Resource, Finance/Audit, Health Services and Administration Department. The corporate and manufacturing divisions are held together by the Spiridon system which covers 12 different modules namely: Sales & Distribution, Materials Management, Production Planning, Quality Management, Customer Service, Human Resources, Financial Accounting, Controlling, Assets Management, Project Systems, Warehouse Management, and Business Warehouse.

The Chief Executive officer presides over the various departments of the Business Units. The routine decisions of the managers are fully supported by the Spiridon and in order to justify effective decision making, the managers

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rely mostly on the information available from the IS in different forms. However the decision making at the executive level at Siemens is not solely based on the information provided by the IS, rather they use their intuition, experience and gut feeling also in making strategic decisions.

#### Input and Outputs from Spiridon

Since Spiridon is an enterprise system, it covers all the functions of the company. For example for the financial accounting formulation, the basic inputs common in each BU is the evaluation of the costs that they incur. Each and every transaction is entered into the system in real time by the responsible managers and thus these costs are collected by Spiridon and made available to the chief executives and managers depending on their authority. The higher-ups are not bothered with the trivial day-to-day costs but instead receive the output of monthly costs and expenditures and earnings. The managers supervising plants and other middle management posts get the output of daily, weekly and monthly costs budgets.

Spiridon utilizes costs, volumes and other quantifiable data from on-site production and manual inputs from the users. Each department sends the information it deems important to the information system. The system then stores the information in specific fields and then generates reports, which are the output, from that information.

The pattern of the reports differs due to the needs of the users. The reports may include information pertaining to:

- Offer completion with price
- Review of customer requirement at enquiry stage

- Offer follow up
- Lost order analysis
- Order/contract review/confirmation
- Order/contract confirmation
- Planning of product

#### Organizational Usage of Spiridon

Principally created for the purpose of cost cutting measures, Spiridon proved to be of more use than simply that. The information system stores selective data which the organization wishes to retain whereas the information which is not that essential is discarded. This task which initially fell upon managers has been removed as the physical storage and existence of data is no longer that crucial for daily activities.

Another benefit from the information system is that it has made report generation much easier as selected fields are automatically used in generating reports based on the demands of the managerial post. The executives who have to build strategies and assign goals for production managers have to have information relating to broader scope. The information meeting their criteria is selected and the report generated. Production managers use information relating to daily floor activities and the reports they receive provide them with knowledge relating to their demands.

Data security is a key benefit for any Information system and Spiridon is no different. It limits accessibility to information and only authorized people can



access information rather than anyone in the hierarchy accessing information at all levels.

Spiridon was successful in cutting down the costs by creating better information channels and providing timely information to concerned parties which helps make them decisions which improve not only the production chain but the overall productivity of the workforce.

When costs are cut then the overall profit margins increase for an organization. With maximizing their profits, the organization can divert their resources into improving their growth or capturing more market share by extensive promotions or improved customer support. Spiridon has helped management at Siemens to utilize their profits in a more productive manner and the overall customer base of Siemens has increased since the implementation of Spiridon.

#### Impact on Operations by Implementation of Information System

The Spiridon system was implemented in Siemens for two reasons as mentioned by the company representatives. One was to standardize the business processes to ensure consistency of data and easy sharing and communication of information in Siemens' worldwide operations. The other was to minimize the costs for the organization to increase revenues.

Spiridon, Siemens' own customized SAP R/3 template, was a one window solution of integrating the global operations under one centralized structure. Spiridon is a standard application covering more than 250 individual SAP R/3 systems working in more than 70 countries. This project was undertaken by the Siemens Business Services, a Siemens IT consulting group, with the

objective of business excellence and costs savings. After the implementation of the system, about 90% of all operations were standardized at a global level with IT costs saving up to 50%.

Connecting 60, 000 people in 70 countries initially was no easy feat to accomplish. However the intense efforts made by all stakeholders in all the Business Units of each region, Siemens managed to gain enormous benefits in standardization, cost savings and business excellence. With interconnectivity between all regions through Spiridon, employees at Siemens can conduct business all over the world with their customers through secure yet flexible data communication. This leads to capture a bigger customer base while improving decision making at the same time.

#### Hardware & Software

Siemens had initially implemented individual SAP system into their organization worldwide. Since Spiridon was a customized form of SAP, they did not need to add additional hardware apart from devices to connect Siemens worldwide on Intranet which included infrastructural changes such as cables and wiring. SAP is basically a software program which can work on a combination of hardware devices so the benefit of the information system in this case was that the regular hardware utilized in the workstation which included the basic system, monitor, input output devices were adequate. The hardware requirements for Spiridon aren't that complicated. The basic system is necessary for the operations of the user. Aside from the basic hardware devices the additional attachments are for the users own convenience and not a requirement of the system.

In contrast Spiridon's software requirements were different to the ones used in individual SAP. Although the same SAP template was used, due to the different unique nature of Spiridon's software, the employees had to be re-trained in the Siemens SAP academy so to learn how to operate the new system. The system can run on any operating system since it is custom designed. Spiridon is compatible with Oracle, Windows, Linux and many other operating systems.

### Recommendations

Implementation of Sap R/3 is very complex since it is never the same in two places. So the customized Spiridon may benefit since it meets the customized needs of the users. However, a problem still exists for a company with the dimensions of Siemens. It is a global pning organization so changes in legal regulations vary. So it must keep in mind the requirements of the users in different countries and be flexible to change. Any new regulations in one part of the operations in some country should have not affect the overall information system of Siemens.

Monitoring SAP, the foundation software of Spiridon, is very difficult. If one tier collapses in the system then all the tiers fall as well. Implementing technologies such as the eG SAP monitor (SAP Monitoring, SAP Performance, SAP Diagnosis, SAP Optimization, SAP Troubleshooting, and SAP Reporting using eG SAP Monitor).

### Improved Capability

As mentioned earlier it caters to the needs of 60, 000 users in more than 70 countries and its objective was to provide business excellence and cost

saving. Implementing the system to standardize 90% of the operations globally is not an easy task as it needs to connect and keep in mind the requirements of all the 60,000 users. The interconnectivity helps employees to do business anywhere in the world with easy access to information and the information system.

Other benefits of the implantation of the new information system are:

- **Reduction in Costs:** Costs have significantly reduced thanks to streamlining the processes and improving the efficiency of the processes by marking the sectors wasting resources and fixing them.
- **Higher Revenues and bigger Consumer Bases:** Since excess costs would be reduced, the profit margins would increase and the overall benefits would be reinvested into the operations improving the products and eventually raising customer satisfaction creating a larger consumer base.
- **Faster and More Accurate Decision Making:** With Spiridon, Siemens is easily able to transfer information from one office to the next thanks to existing infrastructure. Information is sent much more quickly and is received by the intended party in a timely manner.
- **User Acceptability:** Siemens has on-location IT departments which helps the users of the system get acquainted with the system properly. The users have easily gotten used to the system thanks to its user friendly nature.
- **Security & Availability of Data:** Data is much more secure on the Information System because access to people is monitored and privileges to

edit or manipulate data are bestowed according to the positioning of the user in the organizational hierarchy.

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