



NEWPORT

SHOWING ONE FACE TO THE CUSTOMER

QUICK FACTS

Industries

Industrial machinery and components, high tech

Revenue

US\$445 million

Employees

1,850

Headquarters

Irvine, California

Web Site

www.newport.com

SAP® Solutions and Services

SAP® ERP application

Implementation Partner

HCL AXON

To seize a unique and critical market opportunity, Newport Corporation had to unite the talents in its dispersed sites by providing a single, powerful solution to replace the disparate collection in place. Only SAP satisfied Newport's vendor stability requirements, so the firm implemented the SAP® ERP application at its 18 sites around the world. As a result Newport is saving substantially in IT, finance, and elsewhere while achieving its foremost goal: presenting a single face to the customer.

Key Challenges

- Take advantage of unique market opportunity by providing 1-stop shopping to outfit labs
- Integrate 18 noncollaborating sites with multiple languages and currencies
- Replace 11 disparate IT systems with 1 common business software solution
- Save costs throughout the company
- Deploy shared-services model for finance and consolidate IT operations

Implementation Best Practices

- Used the SAP® Best Practices packages (90% applicable)
- Began with IT-driven "Crawl" phase followed by business-driven "Walk" and "Run" phases
- Appointed process champions
- Studiously avoided "scope creep"
- Employed common global implementation blueprint with gap analysis for unique needs
- Received close attention from executives

Financial and Strategic Benefits

- Unified company under 1 software solution
- Achieved ability to quote, process, and ship systems with components from multiple sites
- Reaped \$4.6 million in annual savings and \$2.5 million in 1-time savings
- Implemented shared services in finance
- Improved visibility of information and ability to analyze and react to it
- Reduced system downtime
- Leveraged efficiencies to successfully weather the 2008–2009 economic downturn

Why SAP Was Selected

- SAP's corporate and software stability
- Ability to unite entire company on a common platform
- Global solution, with support for multiple languages and currencies
- Functionality to replace all legacy systems
- Strong customer references

Low Total Cost of Ownership

- Decommissioned legacy systems and databases
- Consolidated IT, for annual savings of US\$1.1 million and 1-time savings of \$350,000
- Did not permit customization
- Employed the Internet extensively for training
- Substantially reduced dependence on consultants
- Increased IT efficiency

Operational Benefits

Key Performance Indicator	Impact
Global inventory levels	-12%
Days sales outstanding	Reduced
Order errors	Reduced
Efficiency in sales, order entry, field service, manufacturing, procurement, and engineering	Increased
Sarbanes-Oxley compliance	Increased



“To take advantage of critical growth markets, we must combine products from many of our plants. This used to require heroic efforts, but SAP software let us streamline all the necessary processes.”

Greg Reischlein, Vice President and CIO, Newport Corporation

Newport Corporation is the leading global supplier of lasers, photonics, and integrated solutions for bioinstrumentation and therapeutic medicine. With its acquisition of the highly complementary firm Spectra-Physics Inc., Newport became the only company in the world with the right product portfolio to provide turnkey systems for making, managing, and measuring light. Taking full advantage of this unique position, however, required that Newport provide its customers with one-stop shopping. This in turn required hurdling a serious obstacle – a very complicated business software landscape. In 18 noncollaborating sites around the world, Newport was using 11 disparate legacy applications, each with a plethora of bolt-on products. Before it could present one face to the customer, Newport had to replace them all with a single, global solution.

Stability Sets SAP Apart

Newport needed an integrated application that covered the gamut of its business needs along with support for the world's currencies and languages, but that was not enough. The new solution had to be from a stable vendor with a clear strategy for the future. After a quick but intensive selection process, Newport determined that only SAP® software fit the bill.

Newport justified the move to SAP software based solely on conservative projected savings in IT and finance, both of which envisioned a consolidated, highly efficient shared-services model – possible

only with common software throughout the company. And with substantial improvements of many other kinds readily available, the firm knew that these savings would be just the beginning.

Big Job but Well Worth It

Ably assisted by its partner HCL AXON, Newport systematically implemented the SAP ERP application at all its sites, a project that took 33 months. Because the team held strictly to scope, shunned customization, and relied heavily on SAP Best Practices packages, nearly every implementation was on schedule and within budget.

Newport realized all the anticipated savings in IT through legacy system retirement and labor centralization and reduction, and also in finance, where the shared-services model greatly boosted productivity. Furthermore, as expected, other departments are seeing big benefits as well. Field service has far better visibility into its global spare parts availability, allowing fewer people to do a better job of increasing uptime and customer satisfaction. Financial closing periods are shorter, and tasks such as running a company-wide inventory are far easier – with a 12% drop in inventory levels to show for it. Consistency and service levels have improved dramatically with the common tool set, and errors have diminished, boosting customer satisfaction even more.

With so much better visibility into total company data, top management is reacting more quickly and making more informed decisions. And most important, Newport is

finally fulfilling on the promise behind the Spectra-Physics acquisition: now it can summon all of its far-flung resources to move in unison to efficiently build and deliver complex turnkey systems.

A Buttress for Today's Economic Storm, and a Future with Huge Potential

Newport realized yet another completely unexpected benefit. The global recession of 2008–2009 struck just when the implementation finished. With improved efficiency levels throughout, Newport found itself far better equipped to deal with the challenges of a severely weakened economy.

For its implementation Newport adopted a “Crawl, Walk, Run” approach in which IT paved the way for future business-led improvements through strict discipline. All the benefits so far are due to the success of the Crawl phase, which means that the truly massive benefits still lie ahead.

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