TOMLINSON GROUP'S JOURNEY TO SAP S/4 HANA

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About the Speaker

Vince Siemens

- Corporate Controller and SAP Program Director
- Dual role in Corporate Finance coupled with extensive SAP implementation experience

Key Outcomes/Objectives

1. Why did we embark on a change in our ERP?
2. How did we make the decision to go S/4 HANA?
3. What has our digital transformation meant to Tomlinson and what will it mean?

Agenda

- Company overview
- Our SAP Journey
- Our Digital Transformation Story
- Benefits and Lessons Learned
- What's Next

Company Overview

- Headquartered in Ottawa, Ontario Canada with operations in Ontario and California
- The Tomlinson Group started as a private company with 1 single-axel dump in 1952
- Today, the Group is now in the hands of the third generation of the Tomlinson family

Company Overview

- Horizontally and complementarily diversified with over 1800 employees
  - Heavy Civil Construction
  - Sewer and Watermain
  - Quarries and Sand Pits
  - Ready Mix
  - Asphalt
  - Environmental Services
    - Roadside, recycling and industrial waste
  - Land Development – investments
  - Bio-solid remediation

Company Overview

- US growth through sales of stone and through our bio-solid remediation business
- We have experienced significant growth by means of acquisition with 11 acquisitions in 8 years
- Growth has taken us into expanding geographic markets

Our SAP Journey – Why Change

- The Tomlinson Group has been growing – new lines of business, new geographic locations
- Our incumbent ERP system was failing us:
  - Focus was only on Construction – it could not meet our needs in other lines of business such as Environmental Services
  - It could not handle multiple-country operations
  - The underlying technology was stretched to its limit and could not allow us to move towards being an Intelligent Enterprise

Our SAP Journey – Why Change

- We needed an ERP we could leverage to grow and would be a tool in our growth strategy and would meet our CEO's drive to digitization
- After a long selection process – involving specialized and Tier 1 ERP options - SAP S/4 HANA was selected

Our SAP Journey – Selection Process

- We undertook a detailed ERP selection process that took approximately 2 years
- Involving staff from all areas of the business we determined key ERP requirements and sent RFI documents to 24 ERP vendors
- Upon review of the RFI documents, we developed a detailed RFP document and sent to 14 of the ERP vendors

Our SAP Journey – Selection Process

- The RFP's narrowed the list down to 6 vendors for half-day presentations to our Selection Committee
- These sessions allowed us to further cut our vendor list to three: Microsoft (Dynamics AX), Oracle (JD Edwards) and SAP S/4 HANA

Our SAP Journey – Final Selection

- To make our final selection, we
  - Had each of the software vendors provide a multi-day deep dive presentation of their solution
  - Held 4 to 6 reference calls with companies who were comparable in size and complexity to ourselves
  - Attended sessions to assess which ERP solution would meet our current and, arguably more importantly, our future needs
- After a very extensive process, SAP S/4 HANA (On-Prem) was selected

Our SAP Journey – Why SAP S/4 HANA

- Our Selection Committee unanimously recommended SAP S/4 HANA after their clear demonstration the solution would best fit our needs both in core functionality an with respect to the migration to the Intelligent Enterprise
- SAP S/4 HANA was the most technologically advanced when considering key differentiators such as:
  - In-memory computing
  - Internet of Things (IoT) capabilities
  - Mobility
  - Position in its Product Life-Cycle

Our Digital Transformation Story

- Let's be honest, the Construction Industry is not known for being early adopters of technology!
- Our CEO – Ron Tomlinson – has always been a supporter of technology and wanted us to consider ways we could leverage to make our operations more efficient and to expand on initiatives that were already in progress:
  - Real time GPS tracking of our ready mix trucks available to the customer via a web interface
  - IoT devices embedded in the concrete so the customers can receive reading on the curing of their concrete via an app on their smart phone

Our Digital Transformation Story

- Our initial steps into digitization were stand-alone – we needed to start bringing in solutions that are linked to our ERP and can provide data to our Management
- However, to manage the level of change, we took the approach to gradually bring the technology to the field to ensure it could easily be utilized and, just as important, accepted

Our Digital Transformation Story

- Our first step was to replace the paper-based time and productivity reporting tools still used by some of our business units with an electronic field data capture FIORI apps running on iPads
- Now that we have done the first ‘baby’ step in the process, we are looking to how we can integrate technologies we are currently using with SAP
  - Use of GPS systems already in place
  - Drone technology for measurement of production

Our Digital Transformation Story

- In addition to the integration of existing technology into our SAP S/4 HANA environments, we are investigating other solutions such as:
  - IoT measurement devices and GPS geo-fencing for our Quarry operations
  - Truck and equipment dispatching tools
  - Automated employee and equipment time entry through GPS or other IoT device
  - Leveraging SAP Leonardo out-of-the-box enabled technologies such as cash application

Our Digital Transformation Story

- To support our Digital Transformation Journey, we have adopted a strategy to be one release back for the SAP S/4 HANA on premise solution:
  - On April 2nd, 2018 our solution went live with Version 1610
  - March 18, 2019 we rolled out our first successful technical upgrade to Version 1709
  - We will perform another technical upgrade to Version 1809 in Q4 2019
- Our upgrade strategy allows us to consider new out-of-the-box AI functionality being released with SAP Leonardo in addition to capitalizing on continued improvements to solutions like CPM

Why Now

- Our current system was failing and was becoming a potential barrier to growth
- The question became – do we upgrade our system or do we moved to the next level and implement a system that would not only meet our growth needs but also be a integral tool that can be leveraged in our day-to-day operations
- Guided by the vision of our CEO, we followed the path to put in a foundation that will allow us to digitize our resources wherever possible

Benefits Achieved

- Although we are very early in our Digital Transformation Story we have started to see some benefits:
  - Moving from a manual or bi-weekly time, equipment and production entry solution to our daily Field Data Capture App gives our Project Managers and Superintendents daily updates on their projects
  - Tighter purchasing controls with consistent use of Purchase Orders coupled with three-way match

Benefits Achieved

- Real-time tracking of telematics information to support maintenance on our heavy machinery
- Increased comfort by our organization at all levels as to the benefits and use of technology
- Easier integration of additional lines of business including acquisitions

Benefits Expected

- As we implement the solution across the organization, we are have realized and are hoping to have the following benefits:
  - Integrated real-time production information through integration of quarry scale operations
  - Reduction of paper leading to ease of reference for our various Health and Safety requirements

Benefits Expected

- Leveraging of GPS and Drone technologies to increase the accuracy and the efficiency of capturing production activities
- More effective maintenance operations leveraging telematics information with predictive maintenance capabilities of our system
- Better reporting on all levels

Lessons Learned

1. Start with the vision of the Senior Leadership - what is their ultimate goal
2. Assess the change impacts to the organization
3. Partner with a System Integrator with a strong roadmap and vision for levering emerging technologies that are both native or can be integrated with SAP S/4 HANA

Lessons Learned

4. Engage the users throughout the process
5. Plan the future vision and make reasonable steps towards realizing those goals
6. Stay abreast of the SAP release strategy and plan your transformation accordingly
7. Stay directly engaged with SAP and, where possible, SAP Industry Groups

What's Next in our Journey

- We will be rolling out the solution to the full organization over two more phases with each phase we will start with a technical upgrade
- Continued development and refinement of the Fiori apps we developed for Field Data Capture
  - Optimization and new development based on user feedback and needs
  - Expanding the capabilities to include Digital Assistant functionality

What's Next in our Journey

- Continued assessment and development of use-cases related directly to the digitization
- Expanding reporting capabilities with a focus on moving towards the Digital Boardroom
- Further enhancement of IoT and integration of our current drone technology
- Advanced development of our Commercial Project Management (CPM) tools

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Q&A

For questions after this session,
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