

One of the Biggest Transformation Programs in Chinese Auto Industry

“Navigator Project” – the largest SAP implementation ever in China – is helping automaker DFL establish a management information platform for improved efficiency

The Situation

Dongfeng Motor Co., Ltd. (DFL) was established in June 2003 through joint investments from Dongfeng Motor Corporation and Nissan Motor Co., Ltd. DFL is one of the largest car manufacturers in the People’s Republic of China.

The company had set goals to double its sales and revenues over a four-year period, increase its operating profit and make the most of its joint venture partnership. To achieve these objectives, DFL felt the need to transform and streamline its business operations.

The Solution

The “Navigator Project” was developed to help DFL establish a management information platform that could obtain timely, consistent, accurate and transparent information.

The program, implemented with the help of Capgemini, consisted of a number of streams, including Policies and Procedures, Organization Alignment, Close Cycle Reduction and a large-scale SAP implementation.

“An SAP implementation across such a large business span, within such a short period of time is rare in China as well as in the world. Its success will undoubtedly be written into the DFL history.”

Mr. Atsushi Komatsu,
Vice President - Finance and IT,
Dongfeng Motor Co., Ltd.



“The SAP system was successfully implemented in the commercial vehicle companies and the passenger vehicle companies. Such a big transformation completed within such a short period of time is a significant achievement.”

**Mr. Katsumi Nakamura, CEO,
Dongfeng Motor Co., Ltd.**

The Result

The successful implementation of the Navigator Project, with SAP as the core, is an important milestone in the implementation of fundamental management improvements and company transformation at DFL. Along with QCD (Quality Cost Delivery), KPI (Key Performance Index), CMS (Cash Management System) and CFT (Cross Function Team), the program has been established as the “Dongfeng management methodology” and has:

- Upgraded the mindset and behavior of staff.
- Improved and standardized business and operational processes.
- Enhanced basic data maintenance management.
- Established a consistent business operations platform for 12 plants and eight departments.
- Significantly changed and improved the corporate culture.

How DFL and Capgemini Worked Together

The Dongfeng Motor Corporation began in 1969 as a state-owned enterprise. Dongfeng Motor Co., Ltd. (DFL) was established in June 2003 through joint investments from Dongfeng Motor Corporation based on its commercial vehicle assets, and Nissan Motor Co., Ltd.

It is the largest joint venture in China’s automobile industry with 70,000 employees and registered capital of RMB 16.7 billion (approximately €1.7 billion). The company’s products include a wide range of commercial vehicles, passenger vehicles, components, parts and automotive equipment.

DFL’s long-term ambitions include being ranked in the top three in the world for commercial vehicles, having its passenger vehicles be considered one of the best brands in China, and becoming a recognized brand name around the globe. In the medium term, the company set goals to double its sales and revenues over a four-year period, increase its operating profit and make the most of its partnership with Nissan.



However, the complexity of the original state-owned enterprise was still reflected in DFL's culture, working mentality and organizational structure, making it difficult to enact the revolutionary changes necessary to achieve these objectives. Given the fiercely competitive environment, DFL felt it needed to transform and streamline its business processes and systems to improve efficiency.

In addition, DFL agreed to meet Nissan's requirement to consolidate financial data within a five-day close cycle. The company also wanted to improve the quality of financial data in order to consolidate with and report to Nissan in an agreed format.

The Navigator Project, implemented with assistance from Capgemini, was developed to help DFL establish a management information platform that could obtain timely, consistent, accurate and transparent information. Capgemini assisted DFL with all the program streams:

- **Policies and Procedures:**
Developed a detailed central policy manual to be used by the DFL organization including the headquarters and subsidiaries to support the finance organization; standardized finance policies and operational procedures; established and trained an implementation team.
- **Organization Alignment:**
Designed an efficient "to-be" finance organization; delivered the transformation strategy and methodology; supported organization alignment for the SAP implementation; established and trained an implementation team.



"Through the implementation of this world-class enterprise management software, DFL will be able to obtain timely, accurate and transparent information."

More importantly, it promoted positive changes to the mindset and behavior of our 70,000 staff and further improved management in the entire DFL operation."

Mr. Qiao Yang,
Senior General Manager -
Finance and Accounting,
Dongfeng Motor Co., Ltd.

- **Close Cycle Reduction:** Assisted DFL Finance in achieving the first phase goal of the three-day closing, five-day consolidation monthly close cycle; established and trained an implementation team.
- **SAP Implementation:** Helped DFL establish the business operation platform for 12 plants and eight departments, covering 70% of the company's business; improved and standardized business and operational processes; standardized data and data management processes; established and trained an implementation team.

The SAP implementation was extensive with joint efforts from over 100 consultants, over 70 core business team members, more than 50 departments from 13 business units, and over 1,000 end users. The functional scope comprised Finance & Accounting (FI), Accounting Control (CO), Material Management (MM), Sales & Distribution (SD), Production Planning (PP) and Project System (PS).

SAP was implemented in parallel at three project sites (Shiyan, Xiangfan and Huadu) covering the commercial vehicle plants, passenger vehicle plants, the Dongfeng Automobile Co., Ltd. (DFAC), commercial vehicle sales headquarters and DFL corporate headquarters.

Capgemini continues to work with DFL on additional projects.

DFL has realized a number of benefits as a result of the SAP implementation:

- Established a management information system platform for DFL at a group level.
- Standardized business processes.
- Achieved transformation of management and working style.
- Formalized basic data management.

- Standardized cost management, cost accounting and analysis.
- Achieved integrated business and finance operation.
- Achieved phase 1 goal of Close Cycle Reduction.

Furthermore, the program will help DFL build the foundation for further enterprise transformation and optimization of business and operational management.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and

collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Capgemini employs approximately 61,000 people worldwide and reported 2005 global revenues of 6,954 million euros.

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Package Implementation – SAP

In collaboration with



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