

ERP takes flight at Kenya Airways

Kenya Airways is the first airline in Africa with a large Oracle footprint and is expecting huge time-savings, rapid return on investment and a more effective ERP environment once all systems are online.

Based in Nairobi, Kenya Airways is the flag-carrier airline of the country who's name it bears. It has been in operation since 1977 and has since grown to operate more transcontinental flights than any other African airline with services throughout Africa and to Europe and the Indian subcontinent. Kenya Airlines has its main offices at Jomo Kenyatta International Airport and recently implemented an ERP system from Oracle that is being phased in to replace the company's transactional systems.

Consolidating divisions

"The challenge for Kenya Airways was to consolidate heterogeneous systems within the organisation," says Kevin Kinyanjui, Information Systems Director for Kenya Airways. "The company was using separate systems for its different divisions, such as finance, HR and payroll, supply chain and others."

When one looks at the processes within those different areas, however, we find that most of them flow interdepartmentally," he continues. "So what the airline needed was a system platform that would provide integration for processes throughout the organisation's departmental systems."

Kinyanjui says that the business was willing to surrender existing business processes in lieu of packaged processes from a competent ERP solution that would offer something better. This flexibility of Oracle's approach placed Kenya Airways in a favourable position to benefit from progressive solutions in the space. Data from old systems would, however, need to be migrated into the new solution.

"The approach was to improve processes within the airlines by using standard processes in our new applications. We felt that changing our processes to match the application would be more productive than trying to change the application to suit our existing approaches," he explains.

This would also allow Kenya Airways to implement the solution rapidly, with little custom development required.

"The only customisation we needed was in station accounting," says Kinyanjui. "This was because of the accounting that takes place at point of sales on an individual coupon basis for tickets."

The airline also required the new system to automate many of its manual processes, such as reporting and adhering to approval policies.

Kinyanjui says that these objectives are in line with the company's key business drivers; to grow passenger numbers and cargo tonnage, expand its network, grow its fleet size, optimise business processes, enhance cost management and increase its profitability.

Going with the leaders

In selecting a solution for its holistic ERP environment Kenya Airways looked to possible vendors who could provide a system that would cover all the basis in terms of its divisional requirements.

This meant looking at just about all the vendors in the ERP market space to make sure that the organisation chose the best possible solution," says Kinyanjui. "Integration of systems was of importance, along with a solution that would enhance the business with solid processes."

He says that once all the options had been considered by teams of representatives from the various departments that would be impacted by a solution covering finance, HR and supply chain, the teams made a joint decision to go with Oracle.

"Looking at Oracle's ERP solutions we found many feeds into our existing processes," states Kinyanjui. "But Oracle also met the requirement of providing enhanced processes to the business out-of-the-box."

The airline was very pleased with Oracle's implementation partner's, Satyam Computer Services, presentation and they exhibited an excellent sense of relationship management."

As the largest vendor of enterprise applications Oracle could provide Kenya Airways with applications for many business administration requirements, allowing more integration of the airlines departments.

A phased implementation

It was decided to phase in an Oracle ERP solution with the implementation of the Core Financials, Treasury, iExpenses & Internal Controls Manager, HR, Payroll, SSHR, Time and Labour, i-Recruitment & HR Intelligence, Purchasing, iProcurement, Inventory Management, Procurement Contracts, iSupplier Portal and Sourcing applications implemented within the first roll-out period.

The second phase focused on asset management (for ground support and building facilities) project management and costing with corporate intelligence and the implementation of Siebel CRM including UCM, Call Center & Campaign Management applications.

The first phase of implementation was initiated on 21 September 2007, with implementation partner Satyam meeting all of the goals of the first phase on time over a six month period. This included a one month period during the political unrest suffered in Kenya during which consultants working off-site in India.

Phase 2 of the implementation has begun, but Kinyanjui says that already major advantages of the system are already apparent.

“One of the biggest advantages is in the automation of administrative processes,” he says. “Self-service functionality allows individuals to conduct online transactions with less time spent than before. Everything is now done online.” For example, managers are able to pull reports on their own that they would have had to call another department for in the past, who would then have emailed it through. With the ability to pull reports themselves they are able to work quickly and securely and this system has brought a lot of visibility and transparency to the business too,” he adds. He explains that company policies have also been embedded into the system that replaces many traditionally manual approval processes.

“There is no emotion in the new system which means that policies are correctly adhered to. The system ensures that sign-off is received from the correct person without fail,” states Kinyanjui.

Satyam has also incorporated customisations required by Kenya Airways for its station sales accounting. This has been tested and is working well.

“We had to customise the Oracle solution to work with our tickets on a per-coupon basis,” explains Kinyanjui. “We are now rolling this out to the 40 stations where its required at the destinations we fly to on a one-by-one basis.”

Data from the airline’s retired systems has also been successfully migrated into the new system.

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