

Revolutionizing Nitto Denko's systems with SAP S/4HANA

A new core to support
growth, agility and
innovation



The sun sets on a legacy system

Japanese company Nitto Denko Corporation (Nitto) is a leading manufacturer of high-performance materials for industrial and electronic components.

Founded in 1918, when World War I made it difficult to source materials from overseas, the company has grown its offering to the production of essential chemical products for a wide variety of industries, including electronics, automobiles, housing, infrastructure, medicine and the environment, with over 80% of sales generated internationally. However, the company's legacy system could no longer support its growth.

The 45-year-old system, which had served as a base for corporate growth

for many decades, could not provide the support or capabilities Nitto needed to operate with agility in a digital and rapidly changing industry. Nitto decided to turn the system's end-of-life deadline into an opportunity for change.

"The Reborn Project" was launched to decommission the host computer and build a new multiplatform IT system based on SAP S/4HANA® — a system that could support the company's global expansion going forward.

"Nitto had been proactively engaged in digital transformation, but it was difficult to move forward with our legacy system," says Nitto Senior Executive Vice President and CIO, Yasuhito Ohwaki. "For example, if we wanted to monitor our KPIs in real

time, an inordinate amount of labor and time was required to coordinate the host with a large number of other systems. One of our goals has been to grow our new, high-precision circuit board business, but the legacy IT system just couldn't keep up with operational requirements."

"We started out with the firm belief that, unless we took the time now to sunset our complicated and bloated legacy IT system and fundamentally reorganize the way we work, we would never have the standardized infrastructure we need to move forward with digital transformation. With the Reborn Project, our goal was to establish a completely new system architecture."

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YASUHITO OHWAKI
Nitto Senior Executive
Vice President and CIO

When tech meets human ingenuity

An ambitious implementation

Nitto asked Accenture to spearhead development of the new system, with the goal of establishing a system architecture in which business units, operations and IT function as a unified whole, using standard SAP S/4HANA package functionality to achieve a fundamental reorganization of workflows.

Nitto project team members from IT, procurement, accounting and other areas were included in the Reborn Project alongside the CIO, CFO and other top executives to ensure cross-functional leadership, beginning to end.

“Nitto offers a wide range of products, and each business unit has a unique manufacturing process,” says IT Department Head and Reborn Project Team Leader Kei Nakamura, describing how the new system was conceived. “For this reason, we decided to leave in place the production management systems that had been developed for each unit but create a new IT

system that would encompass all other work processes—and we planned to implement it across all departments at once.”

As the new IT system would eventually be rolled out to Nitto Group companies around the world, SAP S/4HANA was selected as the global standard in ERP. In addition, the team determined that the new solution would require a cross-system, multiplatform architecture that included a dedicated package system for optimizing warehouse and shipping management and facilitated the streamlining of complex workflows. The architecture also needed to serve as the base interface for data integration across systems and enable the coordination of the production management systems of each business unit.

After a pilot launch in Malaysia, the team worked to realize a successful implementation in Japan.





A valuable difference

An agile system supports expansion

The new system allows Nitto to remain agile as it grows and diversifies globally. “With the electronics industry and associated markets changing at a very rapid pace, it’s necessary for Nitto to build and maintain a highly flexible production system,” Nakamura explains. “As this new system is common to all our business units and is fully standardized, we are now able to pivot much faster.”

Notes Ohwaki, “Through the Reborn Project, we were able to create a unitary IT system that seamlessly connects the workflows of sales, finance, purchasing, procurement, HR and other business areas. It now integrates the data needed for management decision-making and addresses changes in our business portfolio with incredible speed. It has become the springboard for our accelerated digital transformation initiatives.”

For comparison, the legacy system comprised approximately 3,000 standard interfaces; the new

platform requires only 200 standard interfaces—a reduction of more than 90%. And where the legacy system took six months to stabilize the integration of a new business unit or manufacturing site, the new IT system is expected to take only two to three months.

Nitto is committed to understanding global and regional needs, and more quickly and efficiently creating new products and components that make life more comfortable for everyone, everywhere.

With ongoing operational and maintenance support from Accenture, the Nitto Group plans to introduce the new IT system to all its facilities in Asia, taking performance and stability to even higher levels.

When complete, this will offer the company real-time visibility of its global manufacturing sites and the KPIs essential to management decision-making.

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