

Client Success Story

Leading Japanese Construction Firm Proactively Plans for 2021



Client Profile: Established in 1938, Kumagai Gumi Co., Ltd. is Japan's leading general construction company. The company has also been actively involved in the unmanned construction system promoted by the Ministry of Land, Infrastructure, Transport and Tourism, and is making steady progress in the construction of disaster prevention facilities in Mount Unzen.

Industry: Construction

Geography: Shinjuku, Tokyo (Headquarters), Fukui, Sapporo, Sendai, Nagoya, Kanazawa, Osaka, Hiroshima, Fukuoka, Tsukuba, Hong Kong, Taiwan, Vietnam, Sri Lanka

Revenue: \$2.3 billion USD (as of March, 2015)

Employees: 2,167 (as of March 31, 2015)

Applications: SAP R/3 4.7

Technology Platform: Windows, NEC



"Using Rimini Street's support services means that we can continue to use our current version of SAP as it is for the next 15 years, making it possible to defer unnecessary version upgrades."

Isao Shigihara
Corporate Planning Division
IT Planning Group
Kumagai Gumi

The Kanden tunnel from the movie *The Sands of Kurobe*, the Shinjuku Nomura Building and the skyscraper Taipei 101 in Taiwan are globally recognized projects.

The Kumagai Gumi Challenge

In accordance with its mid-term business innovation plan published in 1997, Kumagai Gumi implemented SAP R/3 in 1999. In 2005, the company upgraded to R/3 Enterprise Release 4.7. In subsequent years, continually rising SAP maintenance costs became an increasingly significant financial burden for the Japanese construction giant.

With SAP R/3 4.7 facing end of support in March 2013, the company decided it didn't make sense to continue with technical upgrades that offered few or no benefits to the end user. As a result, in October 2012, Kumagai Gumi started looking into the possibility of a long-term replacement for SAP.

According to Isao Shigihara of the Corporate Planning Division, IT Planning Group, "The technical platform of SAP's core system is extremely robust, and I'm incredibly satisfied with the stability of the application and supporting infrastructure. However, since upgrades to subsequent versions provide few or no advantages for the user, we can't help but think twice about performing upgrades that involve such high costs. What we really want to do is to continue using our current SAP R/3 4.7 version, which is more than adequately equipped with functionality and works without any issues, while we explore alternatives for the future."

The Rimini Street Solution

While researching the possibility of replacing SAP with a new ERP system, Shigihara came across an article in an IT journal about Rimini Street, an independent provider of maintenance and support services. What drew Shigihara's interest was the fact that using Rimini Street would allow him to immediately reduce maintenance costs by 50 percent.

Benefits

- **Investing in Innovation:** The reduction of ERP maintenance and upgrade costs has enabled investment in strategic IT initiatives.
- **Guaranteed 15 Years of Support for the Current Version:** Kumagai Gumi has confidence that it can rely on its SAP applications for years to come.
- **Premium-Level Service:** Higher quality support services are delivered by senior engineers with an average of at least 15 years of experience with guaranteed response time of 30 minutes or less for critical issues.

“Rimini Street has saved us money that we are reinvesting in strategic initiatives that will grow our core business.”

Isao Shigihara

Corporate Planning Division
IT Planning Group
Kumagai Gumi

For More Information

To read more about Kumagai Gumi or to read other client success stories, visit www.riministreet.com/clients.

He got in touch with Rimini Street and, over the course of several exchanges, gained a more detailed understanding of its services. Shigihara learned that the Rimini Street support program includes an established framework for promptly dealing with tax, legal and regulatory updates in order to ensure full legal compliance. Rimini Street also supports, at no extra charge, the extensive customizations that Kumagai Gumi has made to its SAP accounting and reporting software to adapt it for use in the construction industry.

These features of the support program gave Shigihara confidence that Kumagai Gumi would be able to continue to use its customized SAP R/3 software without upgrading.

Client Results

After a preparatory period of three months during which Rimini Street worked in tandem with the vendor’s maintenance support program, Kumagai Gumi moved to Rimini Street exclusively in January 2015.

From the beginning, the team took note of the significantly higher level of service. According to Shigihara, “The most noticeable difference was the swift response time. With vendor support, not only were there times when we would wait several months for a response, but there were also quite a few cases that were never resolved. In contrast, with Rimini Street’s support, it is possible to immediately contact a dedicated Primary Support Engineer to quickly work toward a resolution of the problem. They continue to follow up until all problems are resolved, and are also easily accessible for other routine consultations. We are extremely satisfied with their services.”

Dramatic cost savings are also a significant benefit of the switch. “The ERP maintenance costs we incur over a one-year period have been cut in half,” says Shigihara. “Using Rimini Street’s support services means that we can continue to use our current version of SAP as it is for the next 15 years — making it possible to defer unnecessary version upgrades with the archived software we now have — and save tens of thousands of dollars’ worth of expenses in the process. It is hard to imagine a better alternative to independent support from Rimini Street.”

Kumagai Gumi’s IT infrastructure roadmap for the future is to implement a new ERP system in 2021. At that time, the company expects to switch from its current SAP system. Shigihara comments, “Thanks to Rimini Street, we have cut our high and rising SAP maintenance costs significantly. Our current proactive planning for our ERP future has been made possible thanks to the flexibility and savings that Rimini Street’s independent support has provided for Kumagai Gumi’s IT strategic investments.”

Worldwide Headquarters

3993 Howard Hughes Parkway, Suite 500, Las Vegas, NV 89169, USA Phone: 702.839.9671 Toll-Free 888.870.9692
riministreet.com [linkedin.com/company/rimini-street](https://www.linkedin.com/company/rimini-street) twitter.com/riministreet

©2016 Rimini Street, Inc. All rights reserved. Rimini Street and the Rimini Street logo are registered trademarks of Rimini Street, Inc. All other brand and product names are trademarks or registered trademarks of their respective holders.

LT-US_072116