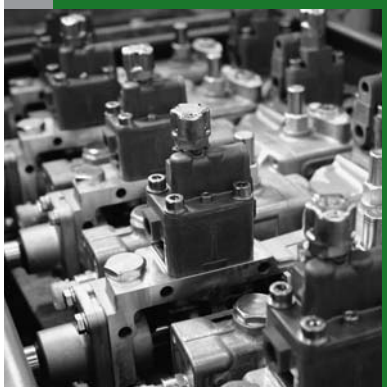
SAP Customer Success Story



> **"mySAP ERP gives us a plus in functionality, with many incremental improvements that add up to substantial tangible benefits."**
>
> Heidi Perr, IT Manager, Alois Pöttinger Maschinenfabrik GmbH

PÖTTINGER

mySAP™ ERP, SAP NetWeaver™, AND HP SUPPORT CONTINUOUS IMPROVEMENT AT PÖTTINGER

Providing up-to-date, innovative agricultural engineering technology to customers across Europe, North America, and Australasia for more than 130 years, Alois Pöttinger Maschinenfabrik GmbH (Pöttinger), headquartered in Grieskirchen, Austria, has maintained its independent position as a family-owned business in a global marketplace. The company's success lies in a simple, clear strategic vision: "We strive to make the lives of our customers easier," says Heidi Perr, IT manager, Alois Pöttinger Maschinenfabrik GmbH. Specializing in grassland mechanization and tilling equipment, Pöttinger prides itself on "smart engineering" and is at the forefront of innovation. The company is the world's largest manufacturer of self-loading forage wagons, with nearly 1,000 employees and annual sales of €134.3 million.

Pöttinger purchased the SAP® R/3® system in 1996 to support all its major business processes. It chose SAP software because, "Having an integrated information platform for all our processes instead of separate island solutions has always been a major criterion for us," says Perr.

AT A GLANCE

Company Name
Alois Pöttinger Maschinenfabrik GmbH (Pöttinger), Austria
www.poettinger.at

Industry
Agricultural technology

Key Challenges
- Support competitive position through ongoing improvement of products, services, and production, and more-detailed management reporting
- Improve planning to accommodate seasonal shifts in demand
- Improve performance, scalability, and functionality of overall SAP installation

Implementation Partners
- SRB EDV Consulting Team GmbH, Austria
- IDS Scheer Austria GmbH

Solution and Services
- mySAP™ ERP; SAP® Business Intelligence (SAP BI) and SAP Web Application Server (SAP Web AS), which are components of the SAP NetWeaver™ platform

Existing Environment
SAP R/3® 3.1i

Implementation Highlights
- Transitioned existing SAP installation to mySAP ERP
- Completely renewed and optimized IT infrastructure from HP
- Business content in SAP BI eased the fast implementation of SAP BI

Key Benefits
- Performance is vastly improved through increased system speed that has improved response times of SAP software, thus resulting in significant increases in user efficiency and user acceptance.
- Pöttinger is prepared to respond to future changes and growth in system demands with its new, highly scalable and flexible infrastructure.
- Substantial cost savings were achieved through new functionality in SAP R/3 Enterprise and mySAP ERP, in a stepwise integration of SAP software and new hardware.
- Company's system evolved to a new level of quality, detail, and efficiency in reporting with SAP BI
- SAP Web AS enables linkage to company's online Web shop and has better interfaces overall.
- Operating costs are reduced through centralized monitoring and system administration of renewed IT infrastructure.
- Transition to Unicode is eased.

Hardware
HP ProLiant Blade servers for application and Citrix terminal servers, HP StorageWorks SAN, HP StorageWorks Virtual Array Solution, and HP StorageWorks Tape Library

Operating System
Microsoft Windows 2000

hp invent

SAP®

CONTINUOUS IMPROVEMENT REQUIRES CONTINUOUS MANAGEMENT INFORMATION

The economic success of a manufacturer of agricultural technology depends on its ability to balance moving seasonal-demand patterns with optimized production capacity, while assigning the proper lead times for specialty parts and supplies. To do this, management requires detailed and cross-functional reports prepared in short intervals, to get a concise overview of all key performance indicators.

Based on the data contained in SAP R/3, Pöttinger's controlling department developed a detailed reporting system. Assembling these reports required substantial manual work, making the process time-consuming and error prone: time spent putting together reports could have been devoted to analyzing information.

Performance data is pivotal to Pöttinger's continuous improvement initiative and the controlling department was charged to provide a flexible way to view and use detailed performance data for business process analysis. With growing demand for this type of strategic project controlling, Pöttinger saw the need to quickly evolve to a new level of quality, detail, and efficiency in its reporting. The answer was to implement SAP Business Intelligence (SAP BI), a component of the SAP NetWeaver™ platform.

In addition, Pöttinger's IT department is constantly challenged to identify sources of optimization and to support the creation of lasting competitive differentiators. By upgrading to SAP R/3 Enterprise, installing new HP hardware, and subsequently moving to the mySAP™ ERP solution, Pöttinger created the opportunity for step changes in functionality, performance, and scalability for its entire SAP installation. These combined changes of SAP software and IT infrastructure provide Pöttinger with an adaptive platform for future growth and development.

STEPWISE MASTER PLAN FOR SAP SOFTWARE

With these requirements in place in an overall master plan for change, Pöttinger was ready for a major renewal of its SAP installation.

Phase one of the master plan was completed in the summer of 2003. It included the transition to SAP R/3 Enterprise, with a complete renewal of Pöttinger's IT infrastructure to support the software installation. Subsequently the company moved to a mySAP ERP license model. To derive maximum business benefit from these changes, Pöttinger conducted a thorough business process reengineering exercise with external consultants.

Next, the company kicked off phase two, with the implementation of SAP BI in several well-defined steps. Starting with a focus on improved financial reporting, the ultimate objective is to establish a management cockpit to provide Pöttinger's management with a balanced scorecard for strategic business management.

mySAP ERP HELPS PÖTTINGER BUILD COMPETITIVE DIFFERENTIATORS

Moving to SAP R/3 Enterprise and subsequently transitioning to mySAP ERP proved to be advantageous to Pöttinger for multiple reasons. All key users at Pöttinger are pleased with the improved user interfaces. In addition, as part of SAP NetWeaver, SAP BI comes with the SAP Web Application Server (SAP Web AS) component, which has allowed Pöttinger's IT department to link activities on its online Web shop for spare parts together with the company's business processes. Perr says, "This is something we could not have done otherwise." The online Web shop is perceived as a key competitive differentiator in Pöttinger's partner program for dealers and repair shops: it allows users to identify spare parts numbers by drilling down to exploded drawings of Pöttinger machines, allowing users to "make things easier for themselves with Pöttinger."

Through its supplier portal, Pöttinger offers its suppliers access to functionality of its SAP systems, helping them optimize production planning and improve their flexibility to adjust to shifts in seasonal demand. The new software has also vastly improved the company's ability to assign one physical warehouse to multiple logical warehouses. This allowed Pöttinger to consolidate two formerly separate physical warehouses (for production parts and spare parts), reaping yearly cost savings of over €150,000.

Another advantage of the transition is the Unicode capability of SAP software, which is especially important to a company that exports more than 75% of its products outside its home market in Austria. Beyond this, the planned introduction of SAP BI promised to be smoother with mySAP ERP in place. At the same time, the new license model allows an improved cost-performance ratio for the overall SAP installation.

In addition to upgrading software, Pöttinger realized that it required a fundamental renewal of its IT infrastructure to achieve multiple objectives in parallel. The company sought to substantially improve overall SAP system performance by installing a platform that provides a high degree of flexibility and scalability to cope with growth and future changes – such as the use of Unicode – while optimizing return on IT.

To achieve these objectives, the overall design of the SAP infrastructure became as critical as the technology itself. The optimum sizing and dimension design of the infrastructure was developed by experts from HP's SAP Competence Center and contributes greatly to implementing the Pöttinger master plan for change. Perr says, "HP's in-depth SAP know-how and the close cooperation between HP and SAP has been a big plus and had a strong impact on the overall decision to go forward with the master plan."

In preparing for the software changes, Pöttinger moved to a Citrix environment based on 10 new HP ProLiant BL20p G2 blade terminal servers. With these changes, Pöttinger could avoid investing in new PC equipment while supporting a growing IT user base, enabling the company to keep the number of IT resources constant as support requirements decrease.

Pöttinger also decided to run mySAP ERP on HP blade servers, because they offer scalability, uncompromised performance, and high availability. In addition, the blade servers take up less space in Pöttinger's data center, an advantage that could not have been

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Heidi Perr, IT Manager, Alois Pöttinger Maschinenfabrik GmbH

realized with servers from other vendors. The company now has six HP ProLiant BL20p G2 servers in use for its SAP systems. The SAP database sits on two HP ProLiant DL580G2 servers, combining outstanding levels of server performance and integrated server management with a flexible rack-optimized design.

All servers for both SAP and non-SAP applications are now linked to a new storage area network based on an HP StorageWorks SAN and an HP StorageWorks Enterprise Virtual Array 5000 solution, starting with a 3 TB capacity. SAN backups run on a new HP StorageWorks MSL 30-60-LTO tape library with 52 cartridges. "HP's storage technology especially allows us to meet the specific demands of our SAP application for consistently high-transaction I/O and high data-rate performance," says Perr. And the central monitoring and system administration software, along with the fully automated tape-backup solution, require less IT staff and help to avoid errors from manual activities.

The increased system speeds of the renewed infrastructure have substantially improved the response times of the SAP software, resulting in a significant increase in efficiency and satisfaction on the part of the 330 SAP users at Pöttinger. Perr says, "HP provided us with better SAP project know-how than its competitors, allowing us to bring Pöttinger to the newest technological state of the art and strongly contributing to the overall project success."

INTRODUCING SAP BI

In the initial introduction phase of SAP BI, Pöttinger is focused on establishing a powerful financial reporting solution, to support controlling in achieving fast closings for monthly and quarterly reports as well as reporting on profitability, sales volume, order intake, and stocks. In a second implementation phase, all controlling activities will be based on the data collected and analyzed in SAP Business Information Warehouse, a core component of SAP BI.

This will allow Pöttinger to generate faster and more detailed reports than it could before. Some of its new reporting options will include conducting detailed analyses of stock turnover, calculating contribution ratios of a country and sales area, and producing daily order-intake reports. In particular, the ability to easily generate multiple provider reports, drawing on data from more than one mySAP ERP extensions, is a very attractive new reporting option for Pöttinger. Previously, generating such reports would have required the programming of dedicated queries through Pöttinger's IT department, thus ruling out ad hoc analysis.

"The business content provided with SAP Business Intelligence allows a fast track implementation. A few weeks after installation on the test server we had the first report in our hands. That was extremely motivating for the complete team."

Peter Bartl, Project Manager for Introduction of SAP BI, Alois Pöttinger Maschinenfabrik GmbH

A major focus of the implementation has been the transition of source data from the controlling extension in mySAP ERP into SAP BW: Pöttinger views this as a critical success factor for the introduction of SAP BI.

"Its close integration with mySAP ERP extensions and the option to use existing data extraction tools are some of the major strengths of SAP Business Intelligence," says Peter Bartl, project manager for the introduction of SAP BI at Pöttinger.

Another advantage offered by SAP BI is the predefined business content provided with the application. SAP BI has ready-to-go queries that link data and information sources into predefined report formats. Bartl says, "The predefined queries provided us with many ideas and stimulated our own analysis questions, which helped in implementing, testing, and learning to work with the system. In addition, they helped us to quickly verify whether data was correctly extracted from the mySAP ERP extensions. We would not have had the data ready in such comprehensive formats in such an extremely short time frame had we done all of this ourselves."

FUTURE DEVELOPMENTS

Pöttinger's ultimate objective is to implement a management cockpit to provide performance indicators in a balanced-scorecard format to its management, by utilizing the strategic enterprise management software in SAP BI. In addition, the company will expand its use of SAP BI to provide function-specific reports for production and sales.

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