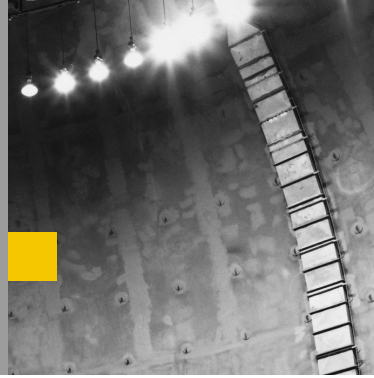


SAP Customer Success Story Mill Products



“We feel we have a very strong partnership with SAP and have a lot of confidence that it’ll provide us with the right resources when we need them.”

Charla Hodges, Senior Director, Management Information Services, SI Corporation

AT A GLANCE

Summary

With guidance from SAP® Consulting, SI Corporation, a US\$425 million manufacturer of polypropylene products, achieved dramatic improvements in its business processes.

Web Site

www.sind.com

Key Challenges

- Replace outdated, nonintegrated legacy systems
- Speed up financial closings
- Find the right implementation partner

Project Objectives

- Improve efficiency by removing non-value-added steps
- Improve visibility into demand and supply processes
- Horizontally integrate all business processes
- Improve multiple key performance indicators (KPIs)

Solution and Services

- ASAP implementation methodology
- SAP R/3® software (now available in the mySAP™ ERP solution)
- SAP Advanced Planning & Optimization, a component found in the mySAP Supply Chain Management (mySAP SCM) solution
- SAP NetWeaver™ platform: the SAP Business Intelligence component and the SAP Solution Manager tool
- SAP business scenario maps

Why SAP Solution

Offered comprehensive support for future growth

Why SAP Service

Chose SAP Consulting because of its familiarity and expertise with SAP software and its vested interest in a successful SAP implementation

Implementation Highlights

- Implemented on time, within budget (both phases)
- Involved 1 project manager for both phases, enabling continuity

Key Benefits

- Reduced finished goods inventory by 60%
- Improved inventory turns from 2.8% to 6.5% per year
- Improved the “perfect” order rate from 78% to 91%
- Improved forecast accuracy to more than double previous levels in some divisions
- Reduced SKUs from 34,000 to 5,300, contributing to a 10% savings in strategic sourcing costs
- Reduced financial closing cycle time from 10 days to 1 day
- Reduced total company back orders by 83%
- Lowered raw material inventory by more than US\$2 million

Implementation Partner

SAP Consulting

Existing Environment

- mySAP SCM
- Legacy systems

Hardware

IBM

Operating System

UNIX

SI CORPORATION

SAP® Consulting Guides the Business Process Changes, Then Helps Implement the Tools to Make Them Work

“There were two major reasons why we chose to use SAP Consulting,” says Charla Hodges, senior director, management information services, SI Corporation. “One, who would know the software any better than SAP – that’s its core competency; and two, who is going to have the greatest vested interest, beyond ourselves, in being successful with our implementation?”

As the results indicate, SI Corporation’s confidence was ultimately well placed.

Upgrading IT at Innovative Company

Founded in 1969, SI Corporation develops and markets innovative polypropylene-based products used for flooring, construction materials, soil stabilization processes, home furnishings, and filtration systems. Its products are also used by companies in the automotive, agricultural, and environmental markets. SI Corporation operates seven manufacturing facilities in Georgia, Tennessee, and Idaho, and employs approximately 1,900 people. In 2003, it generated sales of US\$425 million.

A few years ago, SI Corporation decided it was time to upgrade its outdated legacy systems. The company needed to establish a much better IT platform to allow it to meet business objectives. From manufacturing to supply chain management to shipping and delivery, it had to replace existing business processes and IT systems – otherwise, management would not have been able to grow the company.

Business Process Improvement

In addition, with five different manufacturing plants and several offices, some of which were acquisitions, SI Corporation needed to address the issue of standardized business practices. “We were very careful from the outset to specify that this was a business process improvement project, not just a software implementation,” says Hodges.

The CIO at the time wanted consultants who would be a part of the team. He wanted them to have an appreciation and an understanding of SI Corporation’s business processes. “We felt all along that SAP software, because it was implemented in a majority of FORTUNE 500 companies, brought with it leading and best practices,” says Hodges, “and we had every intention of conforming our business practices to what SAP brought to the table.” SAP® Consulting took on the role of prime implementation partner.

“In the last year and a half, we’ve implemented a pretty formal strategic planning process within our organization,” Hodges continues. “And SAP consultants participated in putting the thought processes and the ideas together around that. We have genuinely been pleased with SAP Consulting’s ability to match not only skill sets but our culture as well.”

On Time and Within Budget

The team first kicked off the phase of SI Corporation’s implementation with financials, warehouse management, materials management, order-to-cash planning, and sales and distribution software – basic mySAP™ ERP solution capabilities. SI Corporation expanded the scope to include SAP Business Information Warehouse – a part of the SAP Business Intelligence (SAP BI) component found in the SAP NetWeaver™ platform – as the foundation for reporting and analyses. The software went live in nine months.

The implementation team began the second phase in January of the following year. Phase two involved the implementation of SAP Advanced Planning & Optimization – a component found in the mySAP Supply Chain Management solution – and included capabilities for demand planning, supply network planning, and production planning and detailed scheduling. At the same time, the project team renumbered the entire materials inventory stock, recreating virtually all of SI Corporation’s material inventory and data.

The team completed both phases on time and within budget.

Knowledge Transfer

“We’ve been really pleased with the SAP rapid implementation methodology,” says Hodges. “We conformed to the ASAP methodology very stringently throughout our implementations and felt like that contributed to our success. We’ve also utilized business scenario maps; we used those a lot to address processes as opposed to functionality within the software. It’s a much better tool to use when you’re trying to get the business to understand how the processes should be delivered or executed.

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Charla Hodges, Senior Director, Management Information Services, SI Corporation

Further, the SAP Solution Manager tool, also part of SAP NetWeaver, allows us to manage our systems and keep our documentation in one place. It also houses all the business blueprints – so we get one repository for all that information.”

One of the most important accomplishments of SAP Consulting throughout both implementations was the transfer of knowledge. SI Corporation used very little consulting time to support the implementation after the go-live – perhaps four to six weeks at most in some of the critical areas. SI Corporation employees are now self-sufficient with the software and, in most cases, manage new projects with a very high ratio of internal people versus consultants.



Significant Results

SI Corporation achieved some significant results from its SAP implementations. After having standardized its processes during the first phase of the project, the company can now utilize powerful reporting capabilities available through SAP BI. With regard to its financials, for example, the company now enjoys a much quicker close process. In the second phase, managers achieved more visibility into the company's manufacturing

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performance and significantly improved the company's sales and operations planning processes. In short, a substantial portion of the benefits arose from business process alignment and business process standardization and a new understanding of those business processes. The company now uses SAP BI to enable comprehensive, accurate reporting and to enforce business process changes.

The second phase of the project had a considerable positive impact on the company's operations. Since implementing SAP APO, SI Corporation has achieved significant improvement in inventory levels, forecast accuracy, inventory turnover, inventory accuracy, order fulfillment, and a whole range of other key performance indicators (KPIs) that it was specifically targeting as part of the project objectives.

The numbers are impressive: To date, SI Corporation has reduced finished goods inventory by 60% and improved inventory turns from 2.7% to 6.5% per year; improved the “perfect” order rate from 78% to 91%; improved forecast accuracy to more than double previous levels in some divisions; reduced stock-keeping units (SKUs) from 34,000 to 5,300, achieving a 10% savings in strategic sourcing costs; and reduced financial closing cycle time from 10 days to 1 day. The company also realized additional benefits (after implementing enhanced planning processes), including an 83% reduction in total company back orders and a reduction in raw material inventory (amounting to savings of more than US\$2 million).

Ability to Close Books in One Day

The company also experienced an improvement in its ability to expedite financial closings. “Our CEO tells us all the time that people make the difference,” explains Charla Hodges. “Well, if people are going to make a difference and think and act like owners, they must have access to the information. So, on a monthly basis, everybody in this company from the CEO to the material handler on the shop floor sees the financials. Having the ability to get those out quickly was an important benefit of this implementation. Starting in phase one, we went from a 15-day close down to a 5-day close. Now we close in 1 day, and we take another day to get the financial information in the desired format and ready to go out. So we're down to a 2-day month-end closing process, but the books are closed in 1 day.”

SI Corporation will continue with the implementation of additional SAP capabilities. It is currently implementing the business planning and simulation capabilities of SAP Strategic Enterprise Management, an application found in the mySAP ERP Financials solution, with the intention of moving away from budgeting to a 15-month rolling forecast. The company will go live with the SAP customer relationship management solution in April of this year and will be prototyping the SAP portal to facilitate its use, starting on a small scale with internal functions. “What we're really positioning ourselves for is an overall collaboration strategy,” says Hodges. “We're going to be utilizing functionality internally so we can collaborate with our customers and suppliers more effectively.”

A “Very Positive” Experience

Hodges' appreciation of SAP Consulting – and its role in the company's continuing success – is clear. “I would say our experience with SAP Consulting has been very, very positive. As anticipated, it had a vested interest in our success and stepped up to the plate. When we needed additional help from SAP development team members, they were ready and willing to provide it. They were also willing to tell us when we were not going down the right path or straying away from the methodology, and I think that's important as well. We feel we have a very strong partnership with SAP and have a lot of confidence that it'll provide us with the right resources when we need them.”

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