

SAP for Chemicals Brief



SAP® ERP CHEMICALS PACKAGED SOLUTION

The SAP® ERP Chemicals packaged solution is an affordable option for any organization, large or small, that wants to rapidly implement a set of business processes within an ERP system. Based on SAP Best Practices for Chemicals, the solution can be implemented in as little as 15 weeks and provides a rapid ROI. It will help you increase productivity, provide visibility to your most critical data, reduce inventory, and boost profitability.

Today, chemical manufacturers are facing a variety of challenges, including dealing with a volatile market characterized by fluctuating prices, changing demand patterns, increasing competition, and heightened regulatory pressures.

You are looking for practical and affordable solutions to these problems, while creating new ways to enhance your company's operational excellence and profitability.

Specifically, you want to increase the flexibility of your sales and operations planning, streamline business processes, and grow your customer relationships. You would like your supply chain to be lean and flexible – one that supports adaptive business networks and pull, rather than push, manufacturing production strategies.

You need visibility into your pricing and profits and the ability to adjust your service and product offerings based on that data. Plus, you require robust financial modeling and analytical capabilities that allow you to quickly adapt to changing market conditions.

To further complicate matters, you may have incomplete reporting or be working with a variety of information systems – such as financials, general ledger, sales planning, quality management, and maintenance. One of your top priorities is to integrate these disparate systems.

And you need to do all this at the lowest possible price – and you need to do it now.

The Answer: SAP ERP Chemicals Packaged Solution

Fortunately, there is an answer.

The SAP® ERP Chemicals packaged solution is an affordable option for any chemical company, no matter what your size. After an implementation of 15 to 20 weeks, you will benefit from a world-class ERP solution with a predefined price and project schedule. You know exactly what your commitment is, both financially and in terms of time and resources.

The SAP ERP Chemicals packaged solution combines the best of SAP Best Practices for Chemicals preconfigured ERP application software with consulting expertise to install the software and business processes. This approach minimizes your risk and reduces implementation time and costs.

Specifically, a packaged solution consists of two primary components with options to enhance your solution:

- **ERP application software** – A set of 13 preconfigured business scenarios known as SAP Best Practices for Chemicals, which are the core of the mySAP™ ERP solution
- **Consulting services** – A defined-price and defined-scope offering to install the SAP Best Practices for Chemicals business processes and advice to get your team ready for change
- **Added value services (optional)** – You have the option to add hosting, training, or additional consulting.

An SAP financing program is also available that offers you a wide range of financing options. The SAP financing program can provide financing for software, consulting, and maintenance, whether offered by SAP or our partners.

“SAP has done a good job with the first version of this chemical industry packaged solution, as it addresses the vast majority of issues (scenarios) that a company may face.”

Simon Bragg & John Moore, ARC Advisory Group,
September 7, 2004

The SAP ERP Chemicals packaged solution will help you:

- **Integrate your supply and demand chains** – The solution combines sales planning and production planning cycles into one integrated process. This eliminates unplanned production and expedited shipping costs.
- **Monitor and improve performance** – The solution provides real-time data and analyzes performance, using reporting features specifically designed for the chemical industry. You get the visibility and flexibility needed to respond to changing customer demand.
- **Manage order-to-cash, plan-to-make, and procure-to-pay cycles** – Because the solution’s business processes are tailored to chemical industry needs, you can efficiently manage complex business rules and relationships across your organization.
- **Implement batch, continuous, or third-party processing** – All manufacturing options are covered including blending, repackaging, and tank trailer processing.

SAP Best Practices for Chemicals

SAP Best Practices for Chemicals serves as the foundation for the prepackaged, ready-to-use solutions that make up the SAP ERP Chemicals packaged solution. SAP Best Practices for Chemicals are based on more than 30 years experience in the industry. Globally, 1,300 chemical companies, ranging from the smallest to the largest enterprises, are using SAP software in their operations.

Our preconfigured business scenarios help you rapidly realize business benefits without extensive time for business process planning and configuration changes. SAP Best Practices for Chemicals is especially well-suited for midsize and small chemical companies that are seeking a fast, easy implementation of industry-specific functions and low total cost of ownership.

You will also experience a rapid ROI soon after your implementation of the SAP ERP Chemicals packaged solution. Companies that have implemented SAP Best Practices for Chemicals report inventory reductions of 10% to 30%, closing cycles shortened from two to three weeks to three days, and dramatic drops in their supply chain costs.

SAP Best Practices

The packaged solution includes the following SAP Best Practices for Chemicals business scenarios to support your business practices in the following areas:

- Sales and distribution
 - Order entry, billing, collections
 - Sample processing and intercompany sales
- Procurement of materials and services
 - Requisitions, request for quotation, and purchase orders
- Manufacturing execution
 - Batch and continuous processing
 - Batch control and quality management
 - Blending, repackaging, and third-party processing
- Financials
 - Overhead control
 - Product costing
 - Profitability analysis
- Reporting

You also have the option of augmenting this package by adding additional business processes, including:

- Warehouse management
- Plant maintenance
- Product safety
- Industrial hygiene and safety

“We used the SAP Best Practices template . . . we found the preconfigured template extremely valuable to our implementation team, giving them a basis for understanding how a ‘generic’ chemical company would implement SAP. The implementation was on time, within budget, and is providing many of the benefits we expected.”

James Pall, VP – Logistics, Stepan Company, Illinois

Rapid Implementation at a Defined Price

You face the challenge of maintaining a lean operation while responding to customer demands. Smaller businesses are further constrained by limits in people and IT resources. SAP offers a phased implementation approach based on a defined pricing and scope structure. This streamlined approach provides you with an affordable, rapid implementation that minimizes the impact on your day-to-day operations and maximizes enterprise adoption and ROI payback.

Consultants who install the SAP ERP Chemicals packaged solution leverage experience gained from thousands of consulting projects worldwide, making them experts in all aspects of implementation consulting. They will advise and assist your team with proven tools, accelerators, and methods in areas such as business process analysis, system installation, integration, implementation, and technical planning.

In addition, all customers have access to SAP Customer Services Network, a single point of access to other SAP services, such as education, support, custom development, and hosting.

The SAP ERP Chemicals packaged solution best practices, as implemented by SAP Consulting or your partner, address your specific business processes and are supported with clear documentation. The implementation methodology defines project timelines and responsibilities.

Specifically, implementation of your SAP ERP Chemicals packaged solution includes:

- **Project road map** – This road map, tailored for chemical packaged solutions, is designed to deliver your implementation in the shortest time possible at a defined cost. This ensures that your budget is met and project risks are minimized.
- **Preconfigured business processes** – Includes complete business processes supported with data conversion tools, test cases, authorizations, print forms, and authorization roles
- **Comprehensive documentation** – Industry- and business process-specific documentation, covering your configuration, data migration formats, and business process procedures and scenarios is provided. Also included are test catalogs, which can be used for system evaluation, self-study, and project team and end user training.

Why Phased Implementation?

SAP's phased implementation approach provides a number of tangible benefits by implementing what you need, when you need it. Your SAP ERP Chemicals packaged solution is your first phase of achieving these benefits.

Your SAP ERP Chemicals packaged solution implementation:

- Addresses key business issues and processes from a chemical industry perspective
- Limits business disruption through predefined services based on industry best practices
- Completes the implementation within budget and on time
- Provides fast ROI
- Enables you to implement the functionality you need now and defer other investments until required
- Leverages and extends existing investments – you decide what to add or replace
- Supports future growth
- Delivers business value through service provider experts
- Improves your overall business operations

Why SAP?

When you decide to implement the SAP ERP Chemicals packaged solution, you are leveraging SAP's extensive knowledge gained while serving more than 24,000 customers in over 120 countries. SAP has widespread experience with companies of all sizes, not just large enterprises. In fact, nearly 60% of all SAP solutions are in organizations with less than \$500 million in annual revenues.

When you choose SAP, you benefit from more than 30 years of industry experience in helping companies improve their business fundamentals, business processes, and overall business results. You are working with a stable and strategic supplier that offers a rich heritage of world-class customer solutions and customer support.

Implementing the SAP ERP Chemicals packaged solution provides you with a flexible, scalable, and powerful technology that will provide a rapid ROI, lower your TCO, help you grow your business, and meet your industry's constantly changing customer and market requirements.

Find Out More

To learn more about how SAP can help your company achieve higher levels of business success, contact your SAP representative or visit us at www.sap.com/chemicals

“Small and midsize business chemicals prospects should view SAP as the low-risk option for enterprise resource planning (ERP) . . . Mid-market chemicals prospects should put SAP Best Practices for Chemicals at the top of their ERP short list – a list that will have few low-risk candidates with matching functionality.”

Colin Masson, AMR Research, May 14, 2004