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Chemicals firm makes 20-year commitment to SAP technology

Dow speeds up time to market with SOA

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Dow Chemical Company is rolling out a global SAP service oriented architecture (SOA) in a bid to gain a competitive advantage.

The £24.4bn US-based chemical firm is replacing a 20-year-old SAP R/2 system with an SOA based on SAP's Netweaver and MySAP enterprise resource planning platforms. Dow said it aims to run its business on the system for the next 20 years.

"The foundation platform we are putting in place will help enable Dow's new business models well into the future," said Melanie Kalmar, Dow's information systems programme director.

The project paves the way for other SAP R/2 users to migrate to SOA, said SAP.

The project will allow Dow, which spent £293m on IT in 2006, to reuse data definitions and code, speed up application development, cut system maintenance costs, and support business operations more quickly and responsibly, she said.

To prove the concept, Dow built a document management system us-

KEY POINTS

- ▶ Dow Chemicals replaces legacy SAP R/2 system with global SAP SOA
- ▶ Project will allow Dow to speed up development of new applications
- ▶ System has enabled Dow to streamline regulatory process for new products
- ▶ Key point of Netweaver system is support of non-SAP applications

ing elements from the SOA to co-ordinate and streamline the paperwork required for regulatory approval of a new product.

"We have not yet quantified the results, but the team saw such a drastic reduction in time that all future chemical products will take this route. Speed to market is a key competitive advantage in our industry," Kalmar said.

Dow's SOA, dubbed Next Enterprise Architecture, will go into production this year. It will replace R/2-based systems and another legacy system developed in-house.

The first five projects will cover purchasing, work and plant maintenance, commercial pricing, a platform to leverage joint ventures Dow has in developing economies, and a message optimisation platform for tracking correspondence and documents.

Christian Hastedt-Marckwardt, SAP's solution marketing director

for enterprise SOA, said the project would pave the way for other SAP users to update technology. "Dow is a key customer for us to show other SAP R/2 users how to migrate to more modern technology," he said.

Kalmar said Netweaver components had matured to the point that the time was now right to launch the SOA project. "We can implement them as enterprise services to replace legacy products, which will allow us to simplify our product and operational structure."

Netweaver's support for non-SAP applications was key to Dow's decision. "Underlying products and business strategy are different, but this similarity tells us that the market has found the right approach, which is built on industry data and messaging standards," said Kalmar.

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