



**DESIGNED FOR YOUR INDUSTRY.
SCALED TO YOUR BUSINESS.
READY FOR YOUR FUTURE.**

**SAP INDUSTRY BRIEFING FOR HEATING, VENTILATION, AIR
CONDITIONING, AND PLUMBING EQUIPMENT MANUFACTURERS**



BEST-RUN HVAC AND PLUMBING EQUIPMENT MANUFACTURERS RUN SAP® SOLUTIONS.

For over 30 years, manufacturers of heating, ventilation, air conditioning, and plumbing equipment have trusted SAP® industry-specific solutions to run their business. Not only do industry leaders like American Standard, Lennox, and Daikin run SAP solutions, but many midsize manufacturers, such as Modine and Moen, do, too. In fact, 7 of the top 10 manufacturers of HVAC and plumbing equipment run SAP solutions, and it may surprise you to know that 80% of SAP customers in your industry are midsize manufacturers.

Profitable Growth for Your Business Via the Globally Integrated Enterprise

SAP understands the complex drivers that face the heating, ventilation, air conditioning, and plumbing equipment industry – the constant pressure to grow your business by maximizing the value of your installed base while constantly innovating to meet increasing customer demands. Faced with these and other challenges, you can't afford to stand still.

The globally integrated enterprise equips you to overcome the challenges of change. By consolidating IT platforms with SAP® solutions, it leverages globally integrated business processes and workflows to help you gain competitive advantage. For example, you can increase visibility to negotiate better contracts, enable a 360-degree customer view, provide 24x7 services that follow the sun across continents, and have enterprise-wide visibility and control over every aspect of your business.

Today, solutions from the SAP for Industrial Machinery & Components (SAP for IM&C) solution portfolio are enabling the integrated enterprise to help manufacturers of HVAC and plumbing equipment improve processes in critical areas – from new-product development and introduction to aftermarket sales and service.

Just a Few of the World-Class HVAC and Plumbing Equipment Manufacturers That Run SAP:

- American Standard Companies Inc.
- Lennox International Inc.
- Modine Manufacturing Company
- Daikin Industries Ltd.
- Moen Incorporated

Increase Efficiencies, Reduce Operating Costs, Provide Premier Customer Service, and Improve Visibility

SAP has devoted decades to understanding the major trends, subtle details, and unique challenges industrial manufacturers face every day. The result is SAP for IM&C – a full range of practical, reliable solutions designed by the industry for the industry, and offering the richest set of functionality in the industry to support your most important business processes.

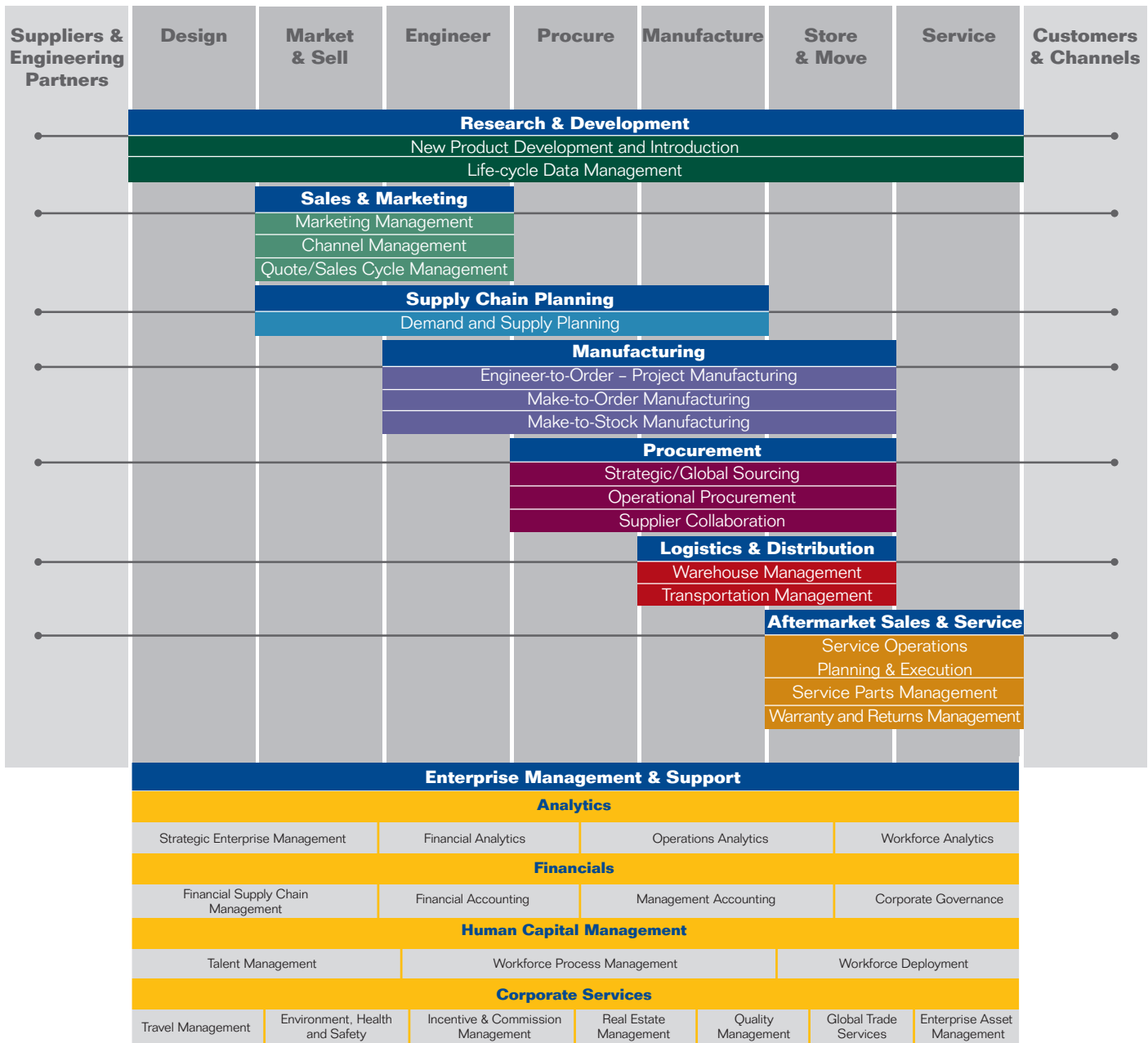
This great wealth of SAP industry experience is embedded into SAP solutions in the form of industry best practices. By leveraging these best practices, you can quickly implement a complete enterprise resource planning (ERP) solution at a very low cost. Over 60% of all SAP solution implementations are accomplished in fewer than 9 months. And 40% are completed in less than 6 months.

This unique, industry-specific approach using SAP Best Practices offerings speeds your time to value without sacrificing the flexibility needed to support the unique ways you do business, including your efforts to master lean manufacturing and Six Sigma practices to reduce manufacturing costs. With SAP as your partner, you can do more than survive in a competitive global market. You can quickly enable the globally integrated enterprise and lay a foundation for profitable growth without straining your budget or risking your business.

How SAP Solutions Support the Globally Integrated Enterprise for HVAC and Plumbing Equipment Manufacturers

Key Industry Business Needs	Features in SAP® Solutions
1. Apply lean practices across the enterprise	<ul style="list-style-type: none">▪ Graphical kanban board with alerts to enable users to quickly understand which are most critical▪ Full line-design support with graphical representation of tasks, sequence of events, line balancing, total product cycle time, critical path, and simulation▪ Six Sigma with built-in statistical process control
2. Support globalization with better utilization and analysis of data throughout the organization	<ul style="list-style-type: none">▪ Accurate time-zone stamping of transactions – not just “server time” – to enable faster, more accurate closing of global financials with full compliance with Sarbanes-Oxley▪ Prebuilt industry-specific reporting, key performance indicators, and scorecards▪ Real-time support of global coordination with local execution to support the migration from autonomous local manufacturing to synchronized execution across a global network of plants and suppliers
3. Improve customer loyalty and retention	<ul style="list-style-type: none">▪ Support for complex equipment configuration – online and offline▪ Ability to handle complex orders with a mix of engineer to order, configured equipment, service parts, and services on a single quote and order basis▪ Global available to promise and capable to promise▪ Price optimization and margin management▪ Sales force automation and call center support▪ Dealer and channel management
4. Improve manufacturing flexibility and operational excellence	<ul style="list-style-type: none">▪ Sales and operations planning with consensus-based forecasting and planning▪ Flexible serial number assignment at any point in the process▪ Integration of shop floor to top floor – ability to link systems for enterprise resource planning and manufacturing execution▪ “Do it right the first time” approach for product quality management and issue tracking▪ Management and tracking of outsourced and contract manufacturing
5. Enhance profitable service and aftermarket operation	<ul style="list-style-type: none">▪ Advanced functionality for service parts planning and management in multi-echelon networks▪ Full equipment life-cycle management via service, repair, and warranty management▪ Remote equipment diagnostics and monitoring with performance-based logistics▪ Service contract management
6. Reduce direct material costs	<ul style="list-style-type: none">▪ Spend aggregation and strategic sourcing across the enterprise▪ Tools to simplify insourcing and outsourcing decisions▪ Real-time supplier collaboration for JIT direct materials management▪ Supplier scorecards and performance management
7. Speed design of simple, reliable equipment	<ul style="list-style-type: none">▪ Management of new-product development and introduction▪ Design collaboration▪ CAD integration▪ Tools to maximize component and platform reuse
8. Support mergers and acquisitions	<ul style="list-style-type: none">▪ Open architecture to integrate acquired operations▪ Methodologies and tools to quickly roll out SAP® applications across acquired operations

World-Class Solutions for HVAC And Plumbing Equipment Manufacturers to Enable the Globally Integrated Enterprise



A Single Integrated Platform

From managing your supply chain and lean manufacturing operations to service management, financial controlling, and corporate services, SAP for IM&C solutions provide a single, integrated platform to enable global visibility. Built on open standards to facilitate future growth and flexible extensibility, SAP solutions provide functionality that improves and streamlines business intelligence processes, increases productivity, and helps HVAC and plumbing equipment manufacturers regain control of their business processes.

The SAP solution set includes SAP Best Practices offerings for more than 25 industries. Leveraging these best practices is the easiest way for industry leaders like you to create a corporate blueprint for business

processes and deploy a world-class ERP solution that supports the unique demands of your industry. SAP also offers industry-specific solutions that cover virtually every area of operations. These solutions, designed specifically for midsize companies, include software, industry-specific configuration, demo data, documentation, step-by-step implementation procedures, and conversion tools. They enable your business to have a working pilot implementation in only two weeks, with a full implementation of market-leading, industry-specific functionality in virtually every area of your operations in as few as 16 weeks.

WHY HVAC AND PLUMBING EQUIPMENT MANUFACTURERS CHOOSE SAP.

Three Ways SAP Matters Where It Matters Most

1. Solutions for Midsize Companies

- **Two-thirds of our customers are small and midsize companies like yours (the other third used to be).** With more than 24,000 companies under \$1 billion and over 80% of the FORTUNE 100 as customers, who knows how to support your business objectives better than SAP? Nobody.
- **The critics agree.** Hundreds of senior IT executives from midsize businesses selected SAP to be awarded the “Best Execution of a Mid-Market Solution” award at the Gartner Vision Events Midsize Enterprise Summit in April 2004.

2. Affordable Answers and Lower TCO

- **Ready to speed ROI.** SAP solutions come to you already configured with the experience gleaned from thousands of installations for midsize manufacturing customers.
- **Lower total cost of ownership.** Drastically lower, especially spread over time. In fact, the cost of SAP’s standard level of support is lower than the competition’s by 18% to 29% – and includes more features.

3. Fast Implementations

- **Over 60% of all SAP solution implementations are accomplished in fewer than 9 months.** And 40% are completed in fewer than 6 months. How? With software already configured for your industry and based on best practices, and an implementation with a defined price and scope that can be deployed up to 50% faster than the competition’s.
- **Don’t take our word for it; hear it from customers.** Like NexPress Solutions, a joint venture with 800 employees: “In just 16 weeks, SAP really helped us turn things around. Now we have a robust, scalable solution based on SAP industry best practices that helps us compete better and keep costs down.”
– Robert Scheidt, Vice President of Operations, NexPress Solutions Inc.

SAP Solutions: The Safe Option

SAP Best Practices offerings are ideal for midsize organizations seeking the globally integrated enterprise. They allow you to quickly implement world-class, scalable solutions tailored to your industry-specific needs and concerns, with functionality you can add incrementally as you grow over time. They can enable a predefined scope and a fast, predictable implementation.

By providing the following, SAP solutions can help your business benefit from security, innovation, and low total cost of ownership:

- Flexible and powerful technology combined with robust scalability designed for investment protection
- Vendor stability that mitigates risk and offers a rich heritage of world-class customer support
- Rapid time to benefit with minimum disruption to business activities
- An expansive, worldwide network of qualified SAP business partners who are experts in the unique requirements of midsize companies and your industry

When you choose SAP, you benefit from three decades of deep industry experience in helping companies improve their business fundamentals.

With SAP Solutions for IM&C, You Do It Once, Do It Right, and Do It To Last.



Why SAP Is the Vendor of Choice for Manufacturers of HVAC and Plumbing Equipment

What Makes SAP Different	Benefit to You
Deep industry experience	<ul style="list-style-type: none">▪ SAP has been providing enterprise applications to HVAC and plumbing equipment manufacturers since the mid-1970s.▪ Today, 7 of the top 10 manufacturers in this industry use SAP® applications to support their businesses.
Rapid time to benefit with minimum disruption to business activities	<ul style="list-style-type: none">▪ Our customers have worked with us to embed industry best practices into SAP solutions. By leveraging these industry best practices, you can deploy SAP solutions faster at a lower cost.▪ Over 60% of all SAP solution implementations are accomplished in fewer than 9 months. And 40% are completed in fewer than 6 months.▪ The cost of SAP's standard level of support is lower than the competition's by 18% to 29% – and includes more features to support your business around the sun as it operates 24x7 globally.
Primary focus on enterprise applications	<ul style="list-style-type: none">▪ Over \$1 billion of SAP's budget is dedicated annually to organic enterprise application development. This is more than the annual revenue of most ERP vendors.▪ You are assured of a solution designed to meet the specific needs of the HVAC and plumbing equipment industry. You have a stable foundation that can flexibly support your business now and well into the future.
Undisputed market leadership in enterprise applications	<ul style="list-style-type: none">▪ The SAP solution offering is the broadest and the deepest from any single vendor.▪ Applications are in SAP's DNA. SAP has a solid track record of enabling customers to become best-run businesses.▪ With SAP solutions, best-run businesses lower their total cost of ownership by reducing the need for custom modifications or third-party applications.
Long-term stability and viability	<ul style="list-style-type: none">▪ SAP is the enterprise application market leader – in every region you operate. You get unparalleled local support, no matter where you do business.▪ SAP has a stable architecture. Since its inception, SAP has given its customers an evolutionary approach to technology innovation. You can migrate easily to the latest technology without disrupting your business.▪ Who knows what your future business needs will be? With SAP, you have a flexible solution and a partner that can grow with you.

Find Out More

To learn more about how SAP Best Practices offerings and industry-specific solutions for the IM&C industry can help your company achieve higher levels of business success via the globally integrated enterprise, please contact your SAP representative or visit us at www.sap.com/industries/machinery.