

SAP Customer Success Story Chemicals – Electronic Materials



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Ken Greatbatch, Chief Financial Officer, AZ Electronic Materials sarl

AT A GLANCE

Summary

Luxembourg-based AZ Electronic Materials sarl is a worldwide leader in electronic materials for the flat-panel display, semiconductor, and printing markets. Working with partner Accenture, the €400 million company used the SAP® Best Practices for Chemicals offering to beat a tight deadline to bring up a worldwide information system.

Web Site

www.az-em.com

Key Challenge

Link separate information silos residing throughout subsidiaries to enable information transparency worldwide

Project Objective

Install global information system across 9 countries in less than 1 year

Solutions and Services

- SAP Best Practices for Chemicals
- SAP NetWeaver® Business Intelligence component
- mySAP™ ERP application, including the SAP Environment, Health & Safety application
- SAP Recipe Management application

Why SAP Solutions

- Fast implementation times and lower total cost of ownership
- Preconfigured business processes, allowing company to meet an overwhelming percentage of its needs
- Easily configurable software, enabling company to accommodate different size business units and country-specific financial, statutory, and process requirements

Implementation Highlights

- Rapid implementation of 9 months
- On time at fixed budget
- Elimination of business blue-printing with preconfigured best practices
- Strong executive sponsorship

Key Benefits

- Worldwide visibility into financial, sales, manufacturing, and supply-chain metrics
- 15% reduction in inventory in 1st year
- Faster month-end close (3 days versus 7 days)
- Streamlined financial consolidation processes (a half day versus 8 days)
- Less administrative work
- Reduction in IT costs (less than 2% of revenue)

Implementation Partner

Accenture

Existing Environment

Various instances of SAP software and non-SAP software

Third-Party Integration

- Database: Microsoft SQL Server
- Hardware: HP
- Operating system: Microsoft Windows

AZ ELECTRONIC MATERIALS

AZ Picks SAP® Best Practices to Beat Tough Deadline and Reduces Inventory in First Year by €12 Million

When Luxembourg-based AZ Electronic Materials sarl was carved out of Clariant International and sold to a private equity firm, the new company was given one year to wean itself off its parent's IT system. AZ beat the clock by three months, working with partner Accenture to roll out SAP® business software across nine countries and six manufacturing plants in only nine months. The rapid install – which included a completely new IT infrastructure of desktops, local and wide-area networks, and peripherals – was achieved using the SAP Best Practices for Chemicals offering.

The SAP Best Practices family of offerings empowers companies with proven preconfigurations of SAP software solutions, step-by-step implementation procedures, and documentation for training. Rollout partner Accenture convinced AZ it was the quickest way to get things done.

“SAP Best Practices saved us three months at the outset – the template was available on day one, allowing us to eliminate the business blueprint phase,” says Ken Greatbatch, chief financial officer at AZ, a worldwide leader in electronic materials for the flat-panel display, semiconductor, and printing markets. “The SAP offering also gave us the flexibility to tailor our business processes and financial and legal requirements to the individual business units in each country. This enabled us to implement a global solution on time with a fixed budget. SAP Best Practices allowed us to reduce our risk and cost and create a stand-alone company in a record period of time.”

AZ Electronic Materials uses SAP enterprise resource planning software and specialty applications for all major business processes: procurement, financial accounting, sales and distribution, production planning, inventory management, and

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environment, health, and safety management. It uses SAP business intelligence software to gather information regarding financials, manufacturing, sales, orders, and the company’s supply chain.

“We have realized a huge improvement in our management information,” Greatbatch says. “And these are not just numbers – we can drill down into them to find out what’s there. We now monitor sales on a daily basis. I can tell you sales by product or by customer. I can tell you the local margin, the transfer prices

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and consolidated margins on intercompany sales, and the profit on each customer. I know the profit each company is making as well. Our global product managers can see which customers are buying which products and the margins and trends – what they did last year, this year, last month, this month. This is information we have never had.”

This, in turn, allows the company to do things it could never do before.

“We determined that we could move 400 customers to a distributor, because we now know our product profitability and the gross margin that will be handled through that distributor,” Greatbatch says. “We’ve also been able to rationalize customers and have gotten rid of a number of products, all because of our improved management information. We would never, ever, have been able to do that previously.”

Better information also means cash back to the bottom line.

“We achieved a 15% reduction in our inventory in year one, a savings of €12 million,” Greatbatch says. “We reduced the month-end close from seven to three days. We cut the financial consolidation from eight days to a half day.” And that’s with a lean IT staff. Says the CFO, “We run a €400 million business with 21 IT professionals. Less than 2% of our revenue goes to IT costs.”

Lower Total Cost of Ownership

SAP Best Practices lowers that total cost of ownership (TCO) with settings that reduce both implementation time and ongoing operating costs. Rollout partner Accenture, a global

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management consulting, technology services, and outsourcing firm, helps the TCO equation by hosting the information system. AZ lowered costs even further by giving its personnel an incentive to limit customization.

“The project was driven by global process owners for supply chain, sales, and finance,” Greatbatch says. “We encouraged them to minimize deviations from the template. When the process owners went to each country to analyze gaps – the difference between the template and the processes people wanted – they were motivated to minimize changes.”

SAP Best Practices for Chemicals also enabled AZ to rapidly implement a full-function solution throughout its operations in China, France, Germany, Japan, Korea, Singapore, Taiwan, the United Kingdom, and the United States. The preconfigured country-specific processes were particularly beneficial in Asia, which is a growth market.

AZ employs 800 people worldwide, all of whom now use the SAP software. Some countries have large operations; one business unit has three users.

“We wanted to implement best practices across our group, regardless of the size of each business unit,” Greatbatch comments. “With SAP Best Practices for Chemicals, we had the flexibility to do that. Now every unit has a fully operational solution, and information they never thought possible is available to people in every country. This is very important to AZ, because we are dealing with high-quality companies – all the major suppliers of flat-panel televisions, names you would immediately recognize. When you’re dealing with customers like that, you must have high-quality products and an information management system of similarly high caliber. This is what SAP software provides.”

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