

## SAP Customer Success Story



Accelerated growth, acquisitions, and joint ventures mold the expansion course of the **K+S Group**. To support its expansion, the company implemented a comprehensive planning system using SAP® Strategic Enterprise Management (SAP® SEM), a key component of mySAP™ Financials. Today, mySAP Financials and mySAP™ Supply Chain Management (mySAP™ SCM) enable the group to reliably plan sales and revenues across different departments and business areas and improve reconciliation processes companywide.



## K+S GROUP

### OPTIMIZED PRODUCTION AND FINANCIAL PLANNING WITH SAP® SEM

The K+S Group, which extends its reach into a variety of business areas, is one of the world's leading manufacturers of potash and magnesium products for agriculture and industry. COMPO and fertiva, which comprise these primary business areas, collectively represent Europe's second largest supplier of agricultural and special fertilizers. Furthermore, COMPO, which also manufactures plant fertilizers for consumers, is the leader in the growing leisure market of gardening. In a joint venture with a European salt company, the K+S subsidiary esco has established itself as one of the most important European manufacturers of salt. Another business area within the K+S Group includes waste management and recycling. Specialized IT and logistic services complete the portfolio. Based in Kassel, Germany, the K+S Group employs approximately 10,160 people worldwide. In 2001 it generated sales of more than €2 billion.

### CLOSER TO THE MARKET

To remain closer to the market, the K+S Group focuses heavily on rolling forecasting. Every month, the group checks whether the targeted plan values for sales and revenues have been met. If the values come in below the target marks, the group performs analyses to determine the reasons and adjusts planning to the actual market situation. However, up until recently, the group was entering and evaluating its data using semiautomatic

or manual processes. This made planning time consuming and complex for those in sales/marketing, production, and controlling. And, the isolated, PC-supported planning systems that had been developed partly in-house further complicated the process.

Extensive restructuring, the creation of new companies, investments in companies, and the generation of new business areas – such as fertiva and COMPO – also placed heavy demands on the group’s planning processes and outmoded IT system. “Our heterogeneous system environment made the integration of new companies and cross-area cooperation more difficult,” says Dietmar Mänz, the head of EDP coordination, profitability analysis, and rolling forecasting at the K+S Group. “We were therefore looking for a central standard solution with which we could extend the rolling forecasting to a larger group of users and include all decision makers.”

#### **DECISION FOR A CENTRAL SOLUTION**

The company decided to implement the SAP® Strategic Enterprise Management (SAP® SEM) business planning and simulation capabilities in the fall of 2001. The group turned to SAP SEM

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– a key component of mySAP™ Financials – in part because it could easily meet the company’s demands for rolling revenue and sales cost planning and profit and financial planning.

Another important criterion included the solution’s simple integration with the group’s existing SAP® R/3® System. “There weren’t any interface problems that we would expect with third-party solutions,” says Thomas Hartwich, EDP coordination, profitability analysis, and rolling forecasting at the K+S Group. “The data from SAP R/3 can be easily transferred into the planning process, as the reports necessary for this run in the data warehouse within mySAP™ Business Intelligence.”

#### **INFORMATION FLOW AT EVERY LEVEL**

The K+S Group uses SAP SEM for profit and financial planning. The group forecasts for results – up to six months in advance – for 200 account groups belonging to approximately 100 profit

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centers. The business areas deliver relevant data from SAP R/3 and mySAP™ Supply Chain Management (mySAP™ SCM) and other planning solutions for this purpose – altogether about 400,000 data records are evaluated in the data warehouse.

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At the moment, mySAP SCM is productive at fertiva, which also uses business planning and simulation with mySAP Financials. This involves some 50,000 data records for the monthly revenue and sales cost planning for about 100 product groups. The group plans to roll out the mySAP Financials capabilities to other business areas such as esco in early 2003.

The company also profits from central planning capabilities, which encourage closer cooperation between departments and business areas. "The integrated system forces those responsible from sales, production, and controlling to exchange information and strategies regularly and to discuss closely with each other when defining the targets," says Mänz.

#### **LIVE AFTER SIX MONTHS**

The K+S Group completed the implementation of the business planning and simulation capabilities along with its IT subsidiary data process GmbH and SAP AG. The project started on September 1, 2001 and went live six months later. "The cooperation with SAP was very rewarding," says Jürgen Jordan, project leader and IT consultant at data process GmbH. "The SAP development

**"mySAP Financials business planning and simulation brings all those involved to one table and makes the regular exchange of information and strategies easier."**

**Dietmar Mänz, Head of EDP Coordination, Profitability Analysis, and Rolling Forecasting, K+S Group**

team realized individual requirements – for example, the trends in receivables and liabilities are extrapolated into future planning time frames. Currently, 50 users work with the mySAP Financials planning component at the different plants. "All users acknowledge the user-friendliness," says Jordan. "Most of all, they profit from workbooks that are tailor-made exactly to their requirements."

#### **CLEARLY NOTICEABLE BENEFITS**

The positive effects of the new planning system are clearly noticeable for the K+S Group. Liquidity and profit planning have become more transparent. "You can easily see how SAP SEM differentiates itself from fixed planning systems," says Mänz. "Other systems are only able to compare plan versus actual or

**"We have made rolling forecasting more reliable, extended it to a larger group of users, and considerably improved communication between sales and production with a central standard solution."**

**Dietmar Mänz, Head of EDP Coordination, Profitability Analysis, and Rolling Forecasting, K+S Group**

actual with actual data, but our valuation is now more reliable and the company can be managed closer to the market as a result of the reconciliations that now take place as a matter of routine."

The K+S Group in the meantime has also upgraded to the newest version of SAP SEM. This enables the company to enter plan values with comments and as a result improve information. In addition, K+S expanded the analysis of plan deviations and key figures such as prices, quantities, currencies, and structures. SAP SEM business consolidation capabilities went live for legal consolidation in January 2003 and management consolidation just started.

Users from all worldwide locations will begin using the planning and consolidation system medium-term. Direct access using the Internet is planned for 2003.

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