

SAP Customer Success Story

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Theo van Kruijsdijk, Corporate IS Director, VWR



AT A GLANCE

Company Name

VWR International
www.vwr.com

Industry

Life sciences (laboratory supplies distributor)

Key Challenge

Consolidate and integrate processes and systems of more than 30 newly acquired laboratory suppliers

Implementation Partner

Covansys Corporation

Solution and Services

- SAP® R/3® (now available in mySAP™ ERP)
- SAP Business Intelligence, a key component in the SAP NetWeaver™ platform

Existing Environment

- 8 completely independent and isolated SAP software systems
- 2 non-SAP software systems

Implementation Highlight

Replaced 10 separate solutions

Key Benefits

- Europewide networked organization
- Improved customer service
- Streamlined warehouse processes
- Increased revenues
- Reduced costs

Hardware

IBM

Operating System

AIX

VWR INTERNATIONAL

LEADING DISTRIBUTOR OF LABORATORY SUPPLIES IMPROVES VALUE CHAIN WITH SAP® SOFTWARE FROM THE SAP FOR CHEMICALS SET OF SOLUTIONS

It delivers within 24 hours throughout Europe. It provides unrivalled services. It makes the best possible use of time and resources: VWR International, a major player in the global laboratory supply marketplace. Behind this efficiency is a network of offices across Europe that depends on the reliable performance of seamlessly integrated SAP® software.

VWR International is a leading distributor of laboratory supplies to the industrial, pharmaceutical, educational, and government markets. The company employs more than 6,000 associates worldwide and generates revenues of approximately €2.8 billion (2003). From plastic spoons to precision instruments, its extensive product range contains enough materials, equipment, and chemicals to cover any laboratory requirement. Production supplies and a comprehensive range of customer-focused services for electronic and pharmaceutical production complete the offering.

INTEGRATING EUROPEAN SUPPLIERS

After acquiring more than 30 European laboratory suppliers, VWR International found itself facing a familiar problem: each facility had its own warehouse, IT solution, and organizational processes. This patchwork company needed to transform itself into a powerful European laboratory supplier, capable of responding to customer orders in real time and delivering product and service offerings within 24 hours throughout some 15 countries in Europe. This meant that VWR not only had to reduce its number of warehouse facilities, it also had to



restructure and integrate its warehouse processes and create a seamless logistics system. To do this, the company required a single, highly integrated IT solution that would enable it to consolidate a vast amount of master data. “The key to creating a European logistics structure was having an integrated IT landscape,” says Theo van Kruijsdijk, corporate IS director, VWR.

In order to consolidate its European operations, the company kicked off a project called “Unicorn.” VWR assigned all major warehouse activities to the three European distribution centers

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at Briare (France), Bruchsal (Germany), and Leuven (Belgium), with each center performing a specific function, and added production facilities at Briare and Leuven.

“The Unicorn project and SAP software formed the basis for redesigning our logistics network in Europe,” explains Peter Vanwallegghem, corporate logistics and supply chain director, VWR International. “Over the course of the project, we closed various smaller warehouses and built three first-class European distribution centers. At Briare, Bruchsal, and Leuven, we reduced the number of pallets by 20% and at the same time managed to increase revenues and considerably enhance our service.”

EFFICIENT ORGANIZATION NEEDED FOR FAST-MOVING VOLUME BUSINESS

Drawing from the SAP solutions, van Kruijsdijk’s high-caliber competence center designed an IT system that was perfectly tailored to VWR’s logistics and production processes and met the company’s core business requirements. For example, of the 250,000 laboratory products on offer, between 50,000 and 60,000 are stored at the warehouses. On average, around 11,000 delivery slips are produced every day at the new distribution centers.

“Because our business is characterized by a high volume of low-value orders, we need our organization to be extremely efficient,” explains van Kruijsdijk. “If we handle a product more than twice, it’s already cost us too much money. What this also means is that our IT system must be available at all times – we can’t afford to be without it for even half an hour. Constant availability – that’s what SAP software gave us.”

The single, enterprise-wide SAP platform replaced 10 separate solutions. The benefits were obvious: lower data-center fees, reduced operating costs, fewer licenses, and 1 IT department instead of 10. And, the new system enabled VWR to offer an integrated product assortment with uniform terms to its large pharmaceuticals customers.

CHANGING THE ORGANIZATION WITH “AN IRON FIST IN A VELVET GLOVE”

Unicorn competence center senior manager and project manager, Jef Wouters, assembled an outstanding team of highly qualified specialists for the project that would involve intensive design work and organizational restructuring. The team developed a standard SAP software system for Europe, covering 80% of the key functions common to all users, and performed an analysis to ensure the system accommodated all country-specific requirements, as well as the individual needs of each facility.

Following the first go-live in the Benelux countries, VWR implemented the new solution in France, Germany, Austria, Italy, and Switzerland. The go-lives in England, Scandinavia, and Iberia, planned for 2005, will mark the conclusion of the project after a total period of four years for implementation and rollout of the SAP solution.

OPERATIONS IN SAFE HANDS

The SAP system now enables VWR to manage all warehouse processes, from stock issue and production control through to strategic management support. The separate solution components are linked along the entire value chain like a string of pearls, delivering a host of benefits to every organizational unit.

Powerful SAP capabilities for strategic planning, financial accounting, cost control, and profitability analysis have helped the company greatly enhance cost management activities. Different local finance structures were replaced by an integrated chart of accounts and uniform cost center structures at the European level, enabling cross-country comparisons and targeted profitability analysis.

Today, all departments use SAP Business Intelligence – a key component in the SAP NetWeaver™ platform – as a central analysis tool and information hub. For example, all European customer and sales data is stored centrally in the system, enabling key account managers to evaluate their customers across national borders.

FEWER VENDORS, BETTER PRICES, MORE OPPORTUNITIES

The most important step in the company's expansion involved the creation of standard prices throughout its European operations. Around 80% of products are now ordered centrally. Purchase orders are generated in the SAP software system and sent automatically by electronic data interchange (EDI) or fax to vendors with-

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out any manual intervention from VWR. By ordering centrally, VWR now benefits from attractive discounts, improved terms, and lower delivery costs. More detailed forecasts of planned sales quantities can be called up at the click of a button. These forecasts also form the basis of production control for the vendors.

About one in four of all orders from VWR's 125,000 customers arrive at the company electronically. To handle these orders, the company uses SAP solutions to input data into electronic catalog systems featuring customer-specific price lists and Web-based access. If orders are received by fax, telephone, or e-mail for out-of-stock items, the system automatically proposes an alternative. Van Kruijsdijk explains: "It might suggest different quantities or a higher-value item. For us, the system is an extremely effective tool that we leverage to implement our sales strategy and position our A brands."

ENSURING NEXT DAY DELIVERY

"If an order is received before 1 p.m., we deliver the next day. We couldn't do that without SAP software," says van Kruijsdijk of the new and improved delivery capability. The SAP software controls a clever, tightly organized logistics system, supporting the coordination of the flow of goods, the sending of internal delivery notes from one warehouse to another, central picking, and the creation of shipping documents. And this is regardless of where the goods are stored – customers receive just one delivery per order, with one delivery note in their own language. "Without the integrated SAP software system, we would never be able to process an order involving several different distribution centers in different countries without the customer noticing it," says van Kruijsdijk.

FASTER STOCK TURNOVER IN DISTRIBUTION CENTER

In the Bruchsal and Briare distribution centers, the SAP warehouse management software has helped VWR dramatically shorten distribution channels and streamline warehousing processes. As a result, the company has lowered the number of goods movements and has improved stock transparency for all

products. With SAP, it can also now reliably control cross-docking operations. In addition, SAP console technology enables VWR employees to exchange all data online with the SAP software system using mobile handhelds, while bar code scanners allow staff to clearly identify goods. All conveyor movements are directly steered by the SAP software. In short, the SAP solution helps VWR perfectly coordinate all its warehouse operations.

BEST-IN-CLASS SERVICES

With SAP software, VWR International can now deliver reliable customer service by using capabilities such as customer-oriented batch management – which precludes copious amounts of quality inspections at the customer receiving site. In addition, handling unit management capabilities simplify and enhance communication with partners and support storage, distribution, and transportation processes, which are closely linked to production, plant maintenance, and quality management operations.

In addition to a range of standard chemicals, VWR supplies chemicals that are mixed to order. The SAP production and quality management software ensures that processes for blending chemicals at the Leuven and Briare production facility run smoothly. The SAP solution manages customer-specific recipes, checks that the precise mix ratio has been adhered to, and issues a unique batch number upon completion of every batch. These batch numbers can be used to trace the history of the chemicals at any time in the process.