

SAP Case Study



mySAP™ ENTERPRISE PORTAL **AT VIBRACOUSTIC**

THE BEST-RUN BUSINESSES RUN SAP



AT A GLANCE

Strategic Goals:

- Optimization of cross-divisional collaboration and communication between global subsidiaries
- Standardization of important processes to shorten transaction times
- Improved efficiency of available systems
- Reduced time to market of products and services
- Efficient availability of knowledge and information companywide

Approach:

To reach its strategic goals, Vibracoustic considered implementing a portal solution, in this case mySAP™ Enterprise Portal. The company conducted a cost-effectiveness assessment to make certain that implementing an enterprise portal would satisfy economic expectations, as well. The study compared the savings against the costs of investing in a portal solution and recurring costs. The fundamental goals of the assessment were to:

- Determine the effects (of implementing the enterprise portal) on specific controlling processes, knowledge management, and IT
- Determine concrete figures for potential costs and benefits in regards to specific processes and operational areas
- Gain information about the future portal design and the forthcoming implementation
- Describe qualitative user potential in detail

Results:

- ROI (in mySAP Enterprise Portal) within one year
- Savings of €1.5 million in administration, IT, and knowledge management costs in the first three years
- Shorter product time to market as a result of accelerated processes in investment and procurement activities
- Increased cash discounts resulting from a quicker billing run
- Time savings following the decentralization of cost center monitoring
- Quality improvements as a result of increased risk transparency in stock monitoring
- Savings of €290,000 resulting from intelligent document search and management in knowledge management
- Cost reductions of more than €50,000 as a result of single sign-on functionality
- Use of mySAP Enterprise Portal as a strategic platform to prepare the company for the implementation of mySAP™ CRM and SAP® BI

STUDY PROVES COST EFFECTIVENESS OF mySAP™ ENTERPRISE PORTAL

THE VIBRACOUSTIC BUSINESS

“We convert noise and vibration into sound and comfort.” This claim says it all: Vibracoustic supplies the international automotive industry with vibration control products and system components. The global corporation has subsidiaries in Europe, the United States, Japan, and Korea. It originated at the beginning of 2001 as a joint venture between the vibration control divisions of the Freudenberg and Phoenix Group. In fiscal year 2002, Vibracoustic posted revenues of €400 million in Europe.

Vibracoustic integrates its products and services to eliminate unwanted vibrations and noises in every phase of the development process of an automobile. The customer alone decides when to involve Vibracoustic – either right at the beginning during system development; during the design phase; during the development of parts; or during the fine-tuning stage of the finished automobile. The company’s operational units, which involve the drive train, engine mounts, chassis, and suspension struts, either work independently or simultaneously depending on the nature of the task.

MOTIVATION FOR IMPLEMENTING AN ENTERPRISE PORTAL AT VIBRACOUSTIC

“The success of a company merger considerably depends on how it can create its own identity, harmonize business processes, centralize access to information, and standardize the database,” explains Volker Fluhr, director of controlling at Vibracoustic.

As an international joint venture, Vibracoustic must optimize the cross-divisional cooperation between the worldwide locations and individual processes. In order to rapidly implement projects and innovations and stand up against tough competition, the company must achieve efficient and cross-company

cooperation. It also must standardize processes and make them transparent in order to decrease costs. An additional criterion for success includes quick and targeted communication.

Vibracoustic felt that an enterprise portal – in this case, mySAP™ Enterprise Portal – could help it reach these goals. To determine the financial profitability of investing in mySAP Enterprise Portal, Vibracoustic hired the consultancy firm Freudenberg IT (FIT) and SAP Consulting at the end of September 2002 to carry out an assessment.

GOALS OF THE COST-EFFECTIVENESS ASSESSMENT

The study was not only supposed to produce concrete figures for comparing the potential cost and benefits of the portal investment: “We wanted, moreover, to acquire information about the most suitable portal design for us so that we could use it for the implementation project afterwards,” says Fluhr.

Hubert Hoehn, project manager for the SAP implementation, adds, “Implementing mySAP Enterprise Portal should be financially worthwhile and should guarantee a decent return on investment.”

The company also requested that the assessment include a detailed description of the qualitative benefits.

THE PROCEDURE

The team carried out the assessment, which included a requirements analysis, within two months. The main goal was to describe the effect the portal implementation would have on exemplary business processes for a period of three years. First, Vibracoustic targeted four operational areas and eight corresponding processes:

| Operational Areas | Processes |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Controlling/finances | <ul style="list-style-type: none"> ■ Billing run ■ Cost center monitoring ■ Stock monitoring |
| Workflow | <ul style="list-style-type: none"> ■ Investment request |
| Knowledge management (KM) | <ul style="list-style-type: none"> ■ Document management including an intelligent search engine ■ Collaboration |
| IT | <ul style="list-style-type: none"> ■ Single sign-on and IT-support ■ Central document storage (memory space) |

The SAP Consulting group used a tried and tested criteria to determine the operational areas and related processes. “The choice of processes and workflows logically integrated within the portal considerably influences the time when the investment pays off and the extent of consequent savings,” says Susanne Baun, project manager at SAP Consulting. “Generally there is a trade off between quick wins and higher potential in the long run.”

The criteria included:

- Sufficient quantitative and qualitative potential
- High degree of scalability
- High rate of coverage of document management activities alongside the process
- Ease of process standardization
- Ability to selectively assign cost and user potentials to the enterprise portal rather than to the underlying systems

Subsequent to the process selection, the billing run, cost center monitoring, stock monitoring, and investment request processes were examined according to the following procedure:

The actual processes were first observed and analyzed. Then, FIT and SAP simulated the new processes as optimized by mySAP Enterprise Portal, and described the quantitative and qualitative potential for improvement as well as the amended costs for quality management. To simulate and redesign the processes, FIT used, among others, the company's own demo portal.

“As an innovative manufacturer, we invest approximately €15 million every year in modern equipment for production and development. In order to shorten the time to market for our own products, we must implement the necessary investments quickly,” says Fluhr, regarding the importance of the requisition process. Currently, the applicant sends the requisition to the investment team. The necessary information is

“The results of the cost effectiveness assessment were clearly in favor of implementing mySAP Enterprise Portal. We were most convinced by the short pay-off period of barely a year, and the savings in the first three years of €1.5 million.”

Volker Fluhr, Director of Controlling at Vibracoustic

collected by e-mail, internal mail, or over the telephone, then reviewed and compiled, and finally forwarded to the approvers. The wide range of documents and numerous diverse processes make standardization extremely difficult. The requisition process lacks transparency across the board, especially for the applicants.

mySAP Enterprise Portal enables Vibracoustic to considerably accelerate the requisition process and establish it as an automated workflow. The applicant initiates the workflow, which then runs through all the areas involved. The applicant can call up the status of his or her requisition using the enterprise portal at any time. All those involved in the process profit from the automated workflow because the enterprise portal punctually displays instructions for procedures (for example, tasks or essential documents and information).

Integrating processes into mySAP Enterprise Portal also creates clear added value, including:

- Increased cash discounts due to a quicker billing run
- Time savings following the decentralization of cost center monitoring
- Quality improvements as a result of increased risk transparency in stock monitoring
- Savings of €290,000 due to intelligent document search and improved knowledge management
- Cost reductions of more than €50,000 as a result of single sign-on functionality

RESULTS

FIT and SAP proved the cost effectiveness of mySAP Enterprise Portal in relation to the specific processes. As a result, Vibracoustic decided, in November 2002, to implement the SAP enterprise portal solution across the entire company. “We were most convinced by the short pay-off period of barely a year, and the savings in the first three years of €1.5 million,” says Fluhr. The savings were spread over the targeted operational areas and processes as follows: 33% from the billing run, investment request, and cost center monitoring and stock monitoring processes, 64% of the savings from knowledge management, and 3% from IT.

In the first half of 2003, Vibracoustic plans to launch the portal rollout for specific user roles (with approximately 300 users in Germany and Europe) parallel to implementing SAP® Business

“The option of logically integrating processes into mySAP Enterprise Portal also creates clear added value for the other processes examined, such as savings of €290,000 thanks to the intelligent document search and improved knowledge management.”

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Intelligence (SAP® BI), mySAP™ Customer Relationship Management (mySAP™ CRM), and a product data management solution.

The company plans to roll out mySAP Enterprise Portal for the remainder of the German and European divisions starting in 2004. Vibracoustic intends to gradually link all divisions across the world (approximately 1,500 users) to the mySAP Enterprise Portal by 2005. Systems like SAP BI, mySAP CRM, mySAP™ Human Resources (mySAP™ HR), and SAP® R/3® Enterprise will also be integrated into the enterprise portal at this time. In addition, partners and vendors will have access to the Vibracoustic enterprise portal. “From our point of view, it is ideal to implement mySAP Enterprise Portal early, that is, simultaneously with other new applications,” says Fluhr. “In this way, we minimize our training costs and increase user acceptance of the new solutions.”

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