

SAP Customer Success Story

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Bernd Mauz, Project Manager of the IKB Shop



AT A GLANCE

Company Name

IKB Deutsche Industriebank AG
(IKB) (Germany)
www.ikb.de

Industry

Banking

Key Challenges

- Reduce purchasing costs by automating processes
- Ensure uniform procurement processes

Implementation Partners

- SAP® Consulting
- C.PARS GmbH
- CaRD GmbH

Solution and Services

mySAP™ Supplier Relationship Management (mySAP SRM)

Existing Environment

mySAP ERP

Implementation Highlights

- Rapid implementation of mySAP SRM-based “IKB Shop” in just 2 months
- 90 users at go-live, with an eventual 200 expected

Key Benefits

- Standardized purchasing processes
- Support for growth
- Reduced costs
- Ability to screen vendors

Hardware

FSC Prime Power 650 and
FSC DI 409

Operating Systems

- Solaris 8
- Windows 2000 Server

IKB DEUTSCHE INDUSTRIEBANK AG

mySAP™ SUPPLIER RELATIONSHIP MANAGEMENT: IKB PUTS FAITH IN STANDARDIZED PLATFORM FOR DECENTRALIZED PURCHASING

By implementing mySAP™ Supplier Relationship Management (mySAP SRM), IKB Deutsche Industriebank AG (or IKB) is now fully equipped for the world of electronic procurement. With its “IKB Shop” purchasing platform, the bank can now ensure uniform procurement processes and keep material and procurement costs down, making a significant impact on the bottom line.

A WINNING STRATEGY IN AN UNSTABLE MARKETPLACE

In spite of the fact that the German banking industry has been experiencing one of its most tumultuous periods in recent history, IKB has steadily improved its market position. One of the key factors behind the bank’s success is a strategy that involves systematically analyzing and modifying its internal business processes – and most recently, streamlining procurement processes. IKB’s immediate objective was to lower material and procurement costs in the medium term as well as standardize procurement operations, with longer range goals of capitalizing on existing market potential and exploiting synergies.



IKB, which specializes in long-term financing, is the only national bank in Germany that tailors its services exclusively to the needs of small and midsize businesses (SMBs). Founded in 1924 by a group of entrepreneurs, IKB pioneered the practice of long-term lending for companies. Today, it focuses on long-term corporate

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lending as well as real-estate finance, structured finance, and private equity loans. The bank’s target group is highly innovative and fast-growing SMBs. With around 1,500 employees at home and abroad, IKB reports assets of €36.41 billion (fiscal 2002/2003).

OVERHAULING THE BUSINESS PROCESSES

In contrast to many German banks, IKB runs a decentralized purchasing system. Although each business unit makes purchases on its own, the corporate purchasing department tries to ensure that products and services are standardized across the group, helping IKB get the best product or service at the best price. The purchasing department, which also holds responsibility for price/contract negotiations and vendor management, must also deal with a purchasing volume that amounts to approximately €65 million per year. This is no small task, indeed.

STRATEGIC DECISION

After considering three solutions, IKB opted for mySAP SRM, together with the BugsEye catalog software from Requisite Technology. “The decision to go with mySAP SRM was basically a strategic one,” says Bernd Mauz, IKB Shop project manager.

The solution’s comprehensive, state-of-the-art functionality was a key factor that tilted the scales in the product’s favor. In addition to working seamlessly with the catalog system, the SAP® solution enables IKB to map and automatically execute every business process – from creating the purchase order to approving the invoice. With mySAP SRM, data flows smoothly between the procurement solution and the mySAP ERP financial accounting/cost management software.

THE WORLD OF E-PURCHASING

Since January 1, 2004, the bank has been making electronic purchases via the IKB Shop, which contains catalogs for office supplies, office equipment, hardware, and software, as well as for services like IT consulting, legal advice, and management consulting. It also has links to external Internet stores for specialist literature and journals and offers capabilities for travel management. While the internal catalogs are maintained by IKB itself, product information from external suppliers is imported directly via XML-based interfaces. The catalogs will be gradually expanded and refined, eventually containing up to 3,000 products.

When the purchasing agents at IKB access the IKB Shop via the intranet and enter purchase requisitions, the store automatically triggers the necessary approval processes, establishing a transparent audit trail – an obvious benefit to the bank.

PARTNERSHIP IS KEY TO SUCCESS

The IKB Shop project kicked off in August 2003, with SAP Consulting and partners C.PARS GmbH and CaRD GmbH on board for the implementation. The bank chose the two consulting enterprises on the strength of their comprehensive service offerings, their streamlined, flexible project plans, and prior experience with other SAP projects. “When we undertake an IT project, one of our priorities is to establish a good working relationship between our project team and external partners,” says Mauz. In addition to providing technical expertise, the consulting team also helped with user training.

After defining and analyzing the required processes, the project team was able to implement the IKB Shop in just two months. By December 2003, various departments, business units, and branches began using the shop for purchasing. During this period, the project team, led by Mauz, made sure the users felt comfortable with the new system. “One of our main duties was to keep people constantly updated about the project and promote a dialog with the IKB employees involved. As a result, employees were fully behind the IKB Shop project and eager to use the services right from the start,” explains Mauz.

Since the go-live in January 2004, all the bank’s offices and branches in Germany have been using the store to procure their office supplies, while its travel management services have been available to the whole group. Some 90 employees are currently working with the store. Over the course of this year, it will be rolled out to the subsidiaries. A total of some 200 staff will eventually use the e-procurement application.

TANGIBLE RESULTS

“The IKB Shop provides perfect support for our decentralized purchasing processes, while ensuring adherence to our guidelines,” says Jan-Eike Schumacher, group purchasing manager at IKB. “The Web-based business processes not only underpin our purchasing strategy, they are also the benchmark by which it is measured.”

Although the bank has not performed any specific financial analyses, it can identify tangible results. For instance, the procurement processes are now standardized, transparent, and faster. The store also provides comprehensive data on vendors and on

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Jan-Eike Schumacher, Group Purchasing Manager at IKB

the bank’s purchase volume and buying behavior. Purchasing agents can use this data to assess vendors and, if necessary, choose new suppliers or partners. By carefully selecting its vendors, IKB can improve control of its inventory and reduce its costs – and optimize its value chain.

“In the future, we want to process around 80% of our purchases through the IKB Shop. This will allow us to slash our costs and significantly improve the bottom line,” adds Schumacher.

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