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Dave Hubert, Manager of Global Information Systems, Molex

AT A GLANCE

Summary

Molex – headquartered in Lisle, Illinois – is the world’s second-largest manufacturer of electronic, electrical, and fiber-optic interconnection products and systems. The company employs 21,000 people and has 55 manufacturing facilities in 19 countries. As part of a pilot project, it implemented demand-planning software available through the SAP® Demand Planning Service Select package and realized many benefits.

Web Site

www.molex.com

Key Challenges

- Find better way to effectively manage a huge volume of data at customer and material planning level
- Improve forecasting efficiency and performance

Project Objectives

- Streamline demand planning
- Use outside resources to ensure efficient implementation of software solution

Solutions and Services

SAP Demand Planning Service Select package (which includes demand planning functionality found in SAP Advanced Planning & Optimization, a part of mySAP™ Supply Chain Management)

Why SAP Solution

Fit in perfectly with company’s extensive SAP environment

Implementation Highlights

- Implemented solution – with no disruption to business operations – in just 12 weeks
- Involved a four-phase implementation approach that focused on speed to value – adding maximum value in a minimal amount of time

Key Benefits

- Improved system performance dramatically – what used to take days now takes hours
- Enabled employees to perform demand planning tasks in 1/10th the time
- Improved forecast accuracy/overall efficiency
- Reduced inventory levels
- Increased order fill rate
- Reduced operational spikes

Implementation Partner

SAP Consulting

Existing Environment

- SAP R/3®, now available in mySAP ERP
- mySAP Customer Relationship Management
- SAP NetWeaver™: SAP Business Information Warehouse (a part of SAP Business Intelligence) and SAP Enterprise Portal

Hardware

HP

Operating System

HP-UX

MOLEX

The SAP® Demand Planning Service Select Package Brings New Levels of Forecasting Accuracy and Efficiency to Global Company

“As our transaction volumes and user base grew, the SAP demand planning software that we installed more than seven years ago was beginning to feel the strain,” recalls Dave Hubert, manager of global information systems at Molex, which has been running a comprehensive range of SAP® solutions since 1996. “It could no longer handle the huge volume of data that we were generating at the customer and material planning level. We had to step up our ability to gather and use historical forecast information. We needed to be able to look at all the materials in an entire plant in one pass, and align historical data with current master data.

“But mainly we needed to reduce the long processing cycle that caused tight deadlines every month,” Hubert continues. “We tried to tweak the existing system, but it became clear that we had outgrown the original SAP software; we needed a new demand planning system, and we didn’t have the manpower or the expertise to do it ourselves. Fortunately, out of the blue, I was contacted by a Chicago-based SAP consultant I knew, and he asked if we would like to participate in a pilot project. The product was SAP Demand Planning Service Select. His timing couldn’t have been better.”

The SAP Demand Planning Service Select package is available through SAP Consulting, and offers demand planning functionality found in SAP Advanced Planning & Optimization (SAP APO), a part of the mySAP™ Supply Chain Management solution.

A History of Steady Growth

In 1938, Molex – then the Molex Products Company – was founded to manufacture such things as clock cases, flowerpots, valve wheels, and salt tablet dispensers using a newly developed plastic. Two years later the company discovered that the material had excellent electrical insulating properties, and the stage was set for 65 years of steady growth.

Today, Molex – headquartered in Lisle, Illinois – is the world’s second-largest manufacturer of electronic, electrical, and fiber-optic interconnection products and systems. The company employs 21,000 people and has 55 manufacturing facilities in 19 countries.

“Given the size of our operations, an effective supply chain is critical to the company’s success,” remarks Hubert. “For example, we ship product involving more than 48,000 part numbers each quarter to 16,000 customers located in 70 countries.”

Molex runs its SAP software system – more than two terabytes – at 97% of its sites to help manage its operations. At any point in time, more than 1,800 of the system’s 8,000 users are online, generating 2 million transactions each day.

A Smooth “Vanilla” Implementation

The implementation of the SAP APO demand planning software went quite well, according to Hubert. “The project’s success was due in large part to the knowledge transfer from SAP Consulting to our people,” he says. “In fact, our IT employee who was very familiar with SAP demand planning functionality worked right alongside the SAP consultants. Also, we were well prepared for this initiative because we had developed a significant SAP Business Information Warehouse [SAP BW] application around sales, booking, billings, and sales history – we had all the data necessary to support the SAP APO environment.”

The implementation, which Hubert refers to as “highly vanilla,” took place during a period of 12 weeks. Using linkages supplied by SAP, the SAP/Molex team established communications between the three key SAP environments: SAP R/3® (now available in mySAP ERP), SAP BW (which is part of the SAP Business Intelligence component found in the SAP NetWeaver platform), and SAP APO.

Hubert says that another reason why the implementation went so smoothly is that the SAP Demand Planning Service Select package is configured with standard structures and processes that can be readily adapted to most businesses’ demand planning tasks. “We did have to make some adjustments to accommodate our database naming conventions and some of the nuances of our product descriptions. But, all in all, it was about as vanilla an implementation as you can get.

“We experienced no business disruption whatsoever,” Hubert adds. “The SAP consultants’ use of SAP Demand Planning Service Select implementation methodology made it all come together seamlessly. SAP Consulting used a four-phase implementation approach that focused on speed to value – adding maximum value in a minimal amount of time. Knowledge transfer from SAP to our team members began in week one right after the system was set up, and continued throughout the implementation. This was critical to the success of the deployment and our subsequent use of the SAP software.”

Deliverables from SAP Consulting included two planning areas, four planning books, six planning views, advanced macros, Business Explorer (BEx) reporting, a monthly job execution list, and a variety of other documentation, models, and SAP BW InfoCube connectivity configurations. Documentation deliverables included such essentials as end-user work instructions, configurations, business processes, monthly process schedules, test scripts, and business practice workshops.

Monthly planning results are now transferred back to the SAP enterprise resource planning software using SAP APO. Data for inquiries are available in SAP BW and planning results are collected in the warehouse for overall reporting. Data is loaded into two sets of planning functions: sales forecasting and operations planning.

The SAP APO demand planning software extracts all the necessary data from SAP BW into a single combined history InfoCube, which allows planners to easily realign these data with current master data.

The benefits of the move to SAP APO demand planning became quickly apparent to the 200 master schedulers and senior planners who are now using the tool. For example, before the implementation, accessing parts data was a highly fragmented and time-consuming process. Now, users can view parts at a plant in a matter of seconds – either aggregately or in subcategories – because much of the data is stored in memory rather than in a database.

“The SAP APO methodology also uses a process that SAP calls ‘consistent planning,’” Hubert says. “This means that if I change data at a lower level – for example, a part number – that adjustment is automatically made throughout all levels of the system. We were able to do this with the previous SAP solution, but it was a very slow process. Now it happens instantly.”

A Bundle of Benefits

Hubert summarizes the main benefits of the implementation as improvements in Molex’s forecast accuracy; reduced inventory levels; increased order fill rates; and reduced operational spikes. “Processes that used to take days to run can now be done in hours,” he says. “For example, here is a typical story from one of our employees who is now using SAP APO to do supply chain demand planning and forecasting. Previously he would spend hours opening and closing tables and at least two and a half more days to actually run the job. With the SAP APO demand planning capability, it takes our users about one-tenth the time to do the equivalent work. The shortened process cycle time allows them to spend more time on analysis. The result is that the quality of our demand planning has improved along with our overall efficiency.”

Because historical data is always aligned with the company’s current master data, users across all of Molex’s four worldwide regions are working with uniform information. To date, three of the regions have gone live with the SAP APO demand planning capability. In addition, Molex is exploring the feasibility of implementing other SAP APO functions in the near future.

“We learned some valuable lessons during this implementation process,” Hubert says. “Right at the top of the list was how to make a major improvement in system performance by streamlining the structures in SAP BW so the InfoCubes have only the

minimum characteristics necessary for planning. Another lesson learned was the need to create individual, specialized planning books rather than one cumbersome master book. Also, in the older system, we were not able to restate historical characteristics if they changed – for example a change in the planner ID code associated with certain parts. Now we use the system navigation attributes to the fullest extent, allowing us to align these data with current master data on the fly. We also left room in the design for future expansion – the small sacrifice in system performance is worth it.

“But I think the biggest lesson that we learned was to make sure that we were working with experienced consultants who know the technology and can transfer that knowledge to your team members,” Hubert concludes. “SAP Consulting filled that role admirably.”

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