

SAP Customer Success Story



Avnet Inc., a FORTUNE 500 company with \$9 billion in global revenue, had outgrown its financial-reporting system. As the company grew, its legacy system proved to be unreliable and costly, and wasn't scalable enough to meet its future financial-reporting needs. **Avnet** brought in SAP® Business Information Warehouse – a key component of SAP Business Intelligence – and now more than 20 data sources are tied into a single information repository, resulting in greater efficiency and improved decision making.



AVNET

SAP® BUSINESS INFORMATION WAREHOUSE – A KEY COMPONENT OF SAP BUSINESS INTELLIGENCE – HELPS AVNET COPE WITH DOUBLE-DIGIT GROWTH

Phoenix, Arizona-based Avnet Inc., one of the world's largest wholesale distributors of electronic components and computer products, currently serves approximately 100,000 business-to-business customers in 68 countries and employs approximately 9,800 people.

The company acquired more than 30 companies in the past 10 years, and was starting to outgrow its financial-reporting tools.

“We had growing pains,” says Steve Slatzer, Avnet's director of strategic finance. “Our finance users needed a reliable reporting tool to help them close the books in a timely fashion and disseminate reports to upper management for decision-making purposes. But their analysis was slowing down as our transaction volume increased and the organization became more complex.”

In late 2001, Avnet brought in SAP® Business Information Warehouse (SAP BW) to solve its dilemma. SAP BW lets Avnet get instant reports each morning, even though it's drawing operational data from multiple sources – both SAP and non-SAP – around the world. SAP BW is a component of SAP Business Intelligence, a key offering of the SAP NetWeaver™ technology platform.

As a result, company managers can rely on a “single version of the truth” for their business planning and performance analyses. And Avnet’s financial analysts can save time in closing the books and preparing their monthly reports.

THE CHALLENGE: GROWING THE BUSINESS

From the time it was founded in the 1920s by Charles Avnet, who sold excess radio parts in New York City, Avnet has worked diligently to keep up with, and even anticipate, the challenging dynamics of the technology industry.

Avnet distributes products to original equipment manufacturers (OEMs), independent software vendors, and value-added resellers around the globe. “Avnet plays a vital role in the electronics supply chain,” says Slatzer. “Through two operating groups, Avnet markets, distributes, and adds value to the products of about 250 of the world’s leading technology manufacturers such as IBM, Intel, Microsoft, Texas Instruments, HP, and National Semiconductor. We also provide supply chain management services, product integration, engineering, and technical support to suppliers and customers.”

Between 1997 and 2001, Avnet grew “dramatically,” says Slatzer, growing from within and via acquisitions. During that time, the company employed online analytical processing (OLAP) software to perform financial analyses.

“As we grew larger, our financial analysts found the OLAP software ran more and more slowly and wasn’t very reliable,” says Slatzer. “The system also required a substantial amount of time and effort to maintain. In the event of an organizational change, it would sometimes take days to rebuild the database in order to accommodate the new structure. The system was bursting at the seams and wasn’t flexible enough to meet our needs.”

At this point, the company decided to replace its legacy OLAP software with SAP BW. Avnet also brought in SAP Strategic Enterprise Management (SAP SEM), a key component of mySAP™ Financials.

CHOOSING SAP BUSINESS INFORMATION WAREHOUSE

Avnet chose SAP BW for several reasons. First, according to Slatzer, the company had implemented SAP R/3® Systems in its Asian and European operations, and Avnet viewed SAP as a strategic partner. “Having SAP as our technology platform was important; if the business intelligence [BI] solution could integrate closely with that technology, all the better,” says Slatzer.

Second, Avnet analyzed the business-intelligence needs of various groups within the company, and found that, taken altogether, it really needed four BI systems: a robust analytics environment, a new budgeting system, a strategic planning system, and an executive cockpit. A review of BI industry vendors showed that only one company, SAP, could deliver all four functions in an integrated bundle.

“This was the reason we selected SAP BW along with SAP SEM,” says Slatzer. “By using the data-warehousing functionality in SAP BW, we would get a single global repository for budgeting and financial reporting. And SAP SEM would give us strategic-planning and executive-cockpit capabilities.”

STARTING WITH LEGACY SOURCES

Avnet undertook the SAP BW implementation in two phases: Phase one, which ran from June to December of 2001, focused on loading financial data for Avnet’s North American operations. This meant setting up extract/transform/load (ETL) operations with non-SAP systems.

“Phase one dealt with our legacy mainframe systems,” says Slatzer. “We are currently running GEAC Millennium software for general ledger, accounts payable, and fixed assets, and we found it very easy to tap into them and build our own update rules using the SAP BW administrator workbench.”

In phase two, which was completed about nine months later, Avnet incorporated financial data from its Asian and European SAP R/3 Systems.

To date, Avnet has developed more than 20 BW InfoCubes and operational data stores. The company has more than 300 finance users located around the world who use the system for budgeting,

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financial reporting, and analysis. Users run approximately 30,000 queries per month and utilize SAP BW’s powerful OLAP functions to “drill down” to underlying detail in order to analyze results.

“In addition, we’re using the DB [database] connect function to extract data from a growing number of relational databases, located in the U.S. and Europe,” says Slatzer.

DELIVERING BETTER INFORMATION, FASTER

With SAP BW, Avnet financial analysts can now look forward to up-to-date, accessible information when they come in to work in the morning. “The warehouse needs to be updated each night during our closing cycle,” says Slatzer. “And the updates must occur in a relatively small window of time.”

Slatzer says that with SAP BW, the update only takes about an hour to run. A major reason for the quick update speed is the SAP BW delta feature, which ensures that only “new” data is actually sent from the sources to the repository.

“Now our analysts can arrive in the morning, log on, and get right to work on their reporting. With the old system, the update would take several hours,” he says. “Not only that, but frequently the jobs would fail, or there would be some hiccup in the process, and the system wouldn’t be available until 10 or 11 o’clock, or even noon.”

Today, using SAP BW, Avnet’s finance users are more productive and produce faster reports. “This is important because we need to get the information to our executives in a timely fashion so that they can make proactive business decisions,” says Slatzer.

HIGHER-QUALITY INFORMATION

Additionally, SAP BW makes it possible for analysts to produce higher-quality reporting. “Now that we can pull information from all our data sources into one place, we can create a very rich reporting environment,” says Slatzer. “It lets users drill down to all kinds of underlying detail – detail that wouldn’t have been visible with the old system. As a result, they can answer questions quickly and focus their efforts on analyzing results instead of gathering data from multiple systems.

“For instance, they can drill from the general ledger into the fixed-asset system, in order to see what fixed assets are currently assigned to a particular location. Or they can look at head-count information to see what positions employees hold in a certain department. Before, they’d have to access multiple systems for this information. It would take longer, and they’d be forced to jump back and forth between different systems and query tools. Now the process is more intuitive – and more effective.”

Avnet’s analysts also use the SAP BW hierarchy tool to create different organizational roll-ups. This feature lets users build reports that are modeled on Avnet’s internal business structure. Also, it lets them simulate reorganizations quickly and easily – especially valuable for a company, such as Avnet, that has complex reporting requirements.

PROJECTS ON THE HORIZON

For the future, Avnet plans to tap into additional data sources. "SAP BW has been a tremendous success for Avnet and we will continue to look for new ways to leverage our investment," says Slatzer.

For now, Avnet is pleased that its BI strategy, with SAP BW at the core, is being well received by users.

"Achieving a high degree of user acceptance is very important," says Slatzer. "Our CFO is very pleased, and he's received a lot of positive user feedback about the system. Having visibility to the right information is critical and SAP BW provides the analysis capabilities that we need in order to make strategic business decisions."

AT A GLANCE

Software	SAP® BW, SAP SEM
Hardware platform	HP-UX 9000/800
Operating system	UNIX
Database	Oracle 8.1.7
Number of users	300
Types of sources	Legacy mainframe, relational database, SAP R/3®