REYHER

WHOLESALER MIGRATES TO SAP® ERP APPLICATION IN 90 DAYS, 30% UNDER BUDGET

"The smooth upgrade gave our customers the confidence that we are a solid, prepared company."

Peter Bielert, VP of Logistics and Process Management, F. Reyher Nchfg. GmbH & Co. KG

QUICK FACTS

Company
- Name: F. Reyher Nchfg. GmbH & Co. KG
- Headquarters: Hamburg, Germany
- Industry: Wholesale distribution
- Products and services: Fasteners
- Revenue: €200 million
- Employees: 450
- Web site: www.reyher.de
- Implementation partner: FIS Informationssysteme und Consulting GmbH (Grafenrheinfeld, Germany)

Challenges and Opportunities
- Establish electronic connectivity with business partners
- Migrate to newest technology level of SAP® business software

Objectives
- Upgrade quickly and cost-effectively
- Retain existing, custom-developed settings from prior software solution

SAP Solution and Services
SAP ERP application

Implementation Highlights
- Rapid 90-day implementation, 30% under budget
- Emphasis on testing and user feedback to ensure smooth operations when going live

Why SAP
- 7 years experience with earlier release of SAP business software
- SAP's stability and commitment to technology upgrades

Benefits
- More opportunities for electronic links with business partners
- Faster processing times
- Greater customer satisfaction

Existing Environment
SAP software for enterprise resource planning

Third-Party Integration
- Database: IBM DB2
- Hardware: IBM i5 servers
- Operating system: IBM i5/OS

REYHER

SAP Customer Success Story
Wholesale Distribution

SAP

F. Reyher Nchfg. GmbH & Co. KG needed to upgrade to the SAP® ERP application – quickly and cost-effectively. It got exactly what it was looking for, making the migration in just 90 days, 30% under budget. The rapid, trouble-free rollout was crucial to the midsize firm, whose customers depend on the wholesale distributor to fulfill 15,000 sales-order line items daily.

"Customers don't want to hear that you can't answer their questions and need them to call back in two hours," says Peter Bielert, VP of logistics and process management at Reyher. "Whenever customers know you are conducting an upgrade, they are concerned that there may be problems and you will not be able to deliver. Our customers didn't have to worry – our upgrade went very smoothly."

A key success factor in the rapid, under-budget rollout was the performance of Grafenrheinfeld, Germany–based implementation partner, FIS Informationssysteme und Consulting GmbH. "FIS has a lot of expertise in the wholesale arena," Bielert says. "It implemented its industry-specific version of the SAP software solution."

That made a difference for Reyher's customers, who depend on the distributor for make-to-stock and make-to-order fasteners – 250 tons of inventory turnover a day. Says Bielert, "The smooth upgrade gave our customers the confidence that we are a solid, prepared company. Our larger customers, especially, liked the fact that we upgraded to the newest SAP technology; it demonstrated to them that we are a very stable and reliable partner."

Preserving Custom Settings

Hamburg, Germany–headquartered Reyher not only upgraded quickly – it was able to easily migrate the changes it had made to its previous version of the SAP software for enterprise resource planning.

"We customized our SAP software for process efficiency," Bielert says. "For example, we optimized the sales view to bring price, quantity, supplier, customer, warehouse, and availability data into a single screen. SAP ERP has functionality that helps you decide, during the upgrade, whether to maintain these settings or change them to the standard software. We migrated almost all of our self-developed code. This was very easy to do and is a strong point in favor of an SAP ERP upgrade."

Positioned for an E-Business Future

Reyher is now benefiting from these tailored processes plus the newest SAP software environment, the SAP NetWeaver® technology platform. SAP NetWeaver is the technical enabler of service-oriented architecture, which allows Reyher to encapsulate and reuse business logic as precisely targeted

enterprise services. The company can assemble and deploy processes based on business need and independent of systems and applications; users get simplified menus and process steps, shielded from complexity.

This helps Reyher address a central issue in its business – deepening the connections between itself and its business partners. "The SAP NetWeaver technology platform and service-oriented architecture support our efforts to implement more e-business solutions and automated processes that link us to our 10,000 customers and our 700 suppliers," Bielert says.

This is what customers want from Reyher, which maintains a lot of documentation in hard copy and has to deal with the paper flow. Says Bielert, "Our clients want paperless, electronic connections between their information systems and SAP ERP. This is where SAP NetWeaver and its service-oriented architecture can help, providing more opportunities for connectivity to partners' systems and to non-SAP applications within Reyher. SAP now offers preconfigured enterprise services, and we want to be able to implement them."

Rapid Replenishment of Customer Stock

Reyher has already made its vision of an electronic, interlinked supply chain a competitive differentiator. While a majority of its orders still come in over the phone, 25% are placed electronically. More than 1,000 customers order at Reyher's online Web shop and via electronic data interchange, communicating

from their own SAP and non-SAP software with the SAP ERP application at Reyher. As customers make inquiries and place orders, SAP ERP provides them with real-time, online feedback on availability and pricing.

This enables Reyher to quickly replenish customer stock from its 70,000 catalog products as well as the 40,000 items it stocks for specific customer needs. Reyher can deliver to either the customer's incoming goods area or directly to the shelf. It also supports e-kanban systems, where empty bins are scanned at the customer site to send real-time signals across the supply chain to refresh stock.

Incoming orders are transmitted to the warehouse – a single, centralized facility in Hamburg. Articles are shipped the same day for delivery the next. Reyher users have to work fast to keep pace. After the upgrade, Bielert reports that they were able to execute more quickly.

"The combination of the upgrade and new hardware, enabled us to speed up screen response times to 350 milliseconds from 600 milliseconds," he says. "This may not sound like much, but it gives users a speedier system. And if you look at a 33% decrease in processing time across 50,000 line items, with all the pricing and attr bute checking that must take place, these response

Using User Feedback for a Smooth Upgrade

Reyher tested extensively during the rollout. "This was not only done by IT," Bielert says. "We included people from the functional departments – sales, purchasing, financials, and so on. This ensured that we got real feedback from the people who have to work with the software, not just from the IT people who sometimes think something works only to find out that it doesn't when applied to the daily business. We executed, in advance, two complete test cycles for the entire upgrade process."

The smooth upgrade was a relief to senior management. "Our general manager was a little concerned about the upgrade," Bielert says. "Some people had told him that, because of all our self-developed coding, we would never have a small project and that it would take 1,000 days. But we completed the project in less than 100 days. This proves that SAP software is not something that will cost you large sums of money when you upgrade. Our successful upgrade means we are current with the newest level of SAP technology and can implement a lot of new, innovative processes at moderate cost."

Reyher, in fact, is so pleased with SAP software that it is acting as a customer reference center for SAP, hosting at its facility what is known as "SAP midmarket reference days for industrial wholesale." These regularly scheduled events bring together business prospects, other SAP users, and both SAP and outside experts to focus on business issues,

"The SAP NetWeaver technology platform and service-oriented architecture support our efforts to implement more e-business solutions and automated processes that link us to our 10,000 customers and our 700 suppliers."

Peter Bielert, VP of Logistics and Process Management, F. Reyher Nchfg. GmbH & Co. KG

The company also uses SAP ERP to track business metrics. Says Bielert, "We report in SAP ERP on daily sales, orders by customer and article, which items are trending up or down, and so forth."

Meeting Customers' Needs with Just-In-Time Services

Reyher leverages SAP ERP to handle both daily and variable delivery schedules. "A number of our customers operate like the automotive companies, where weekly and variable build schedules trigger their order quantities," Bielert says.

times are very important. Especially when customers are on the phone and would like to get their information during the call."

Process efficiency is crucial. According to Reyher, common fasteners make up 20% of customer purchases, yet consume 80% of the purchasing department's effort. In fact, process costs exceed product costs. Process optimization will help Reyher reduce these customer costs.

exchange industry best practices, and show how standard SAP software supports these best business practices.

These reference days are business forums where prospects and customers meet to share their experiences in order to improve their companies. Sample subject matter for the reference days – which focus on business issues, not IT – includes trends and innovation in the industrial wholesale industry, operational excellence in warehouse management, and services as competitive differentiators.

"Midsize companies considering SAP software visit us here to speak with our users to understand how SAP software can help them," Bielert says. "These companies are typically wholesale distributors or operate in a related business."

The visitors are not the only ones who benefit. Says Bielert, "These discussions are also good for us, because we get ideas about how other companies think and can benchmark our operations against their best practices."

THE BEST-RUN BUSINESSES RUN SAP™