

hp success story



hp and mySAP SCM:  
increasing the  
pace on business  
performance

"mySAP SCM with live Cache technology on a 64-bit HP AlphaServer platform gives us a clear competitive advantage. We have the speed, computing power and precision we need to reduce inventories, strengthen our ability to deliver on time and improve customer service."

Falko Lameter, CIO, Kaeser Kompressoren

In today's hypercompetitive market, only the most efficient and streamlined organizations can expect to flourish. Kaeser Kompressoren, based in Coburg, Germany, is a global leader in compressed air systems and services. Employing 2800 staff, Kaeser is renowned for its early lead in adopting innovative technologies and solutions to optimize its business processes.

Business process reengineering commenced in 1993 with the enterprise-wide introduction of SAP R/3 with HP Tru64™ UNIX, and has been gathering momentum ever since. In 2000, Kaeser was looking for a robust platform to move to the next level of their extended business environment. "Essentially, we needed a supercomputer to power our e-business vision. We wanted a platform that could handle everything we throw at it – from mobile customer relationship management to global supply chain management – and stay up and running around the clock," explains Lameter.

Kaeser chose HP and was the first company worldwide to go live with AlphaServer and HP TruCluster™ Server in 2000. This highly scalable, disaster-tolerant platform continues to give Kaeser the freedom and flexibility it needs to roll out new extended solution elements and evolving technologies without having to worry about system stability, exponential scaling or compatibility." When we assessed our business-critical requirements, the AlphaServer platform was the obvious choice for us," adds Lameter.

In 2001, Kaeser decided to optimize its supply chain with mySAP SCM. The objective was to ensure the timely delivery

of spare and repair parts, at the same time reducing inventory levels. With an average turnaround time of several months on spare parts, Kaeser was keen to tighten warehouse management.

Improved availability of parts would, in turn, enhance customer satisfaction and give Kaeser a strong lead over the competition. According to Falko Lameter, "mySAP SCM is the best solution to improve logistics planning and lower stock levels without impairing the short-term availability of stock."

## **unleashing the full power of mySAP SCM with liveCache and 64-bit processing**

Supply chain operations involve moving large volumes of data between disk and memory very quickly. Bottlenecks can occur during this transfer of information. Kaeser was looking for a platform that could deliver the speed and processing capabilities necessary for maximum supply chain management functionality.

Again Kaeser turned to HP. "Our HP AlphaServer platform combined with live Cache technology gives us the speed and computing power we need to respond in real-time and with precision to customer demands. We can effortlessly handle the massive data stores required for supply chain planning and forecasting," adds Lameter.

mySAP SCM on the HP AlphaServer platform is a particularly powerful product combination, as 64-bit processors are ideally equipped to take full advantage of SAP's live Cache technology. live Cache is an extremely fast memory-based technology for executing sophisticated, data-intensive functions. Leveraging new, very large main memory hardware architectures that can support tens of gigabytes of RAM as well as 64-bit processors, live Cache eliminates bottlenecks associated with the transfer of data between disk and memory. This removes a critical limiting factor on system performance. It dramatically reduces the run-times for certain memory-intensive functions, such as forecasting and supply chain planning and optimization.

## **phased roll-out**

Phase one of the SCM project looks at ensuring Kaeser's ability to deliver on time while keeping stock levels to a minimum. This involves creating complete transparency across the supply chain." The ability to replace material with information and optimize the flow of goods has a major impact on our competitiveness. This is the biggest window of opportunity we have to cut costs in the company," comments Lameter.

Phase two looks at extending the benefits of optimization beyond company walls. "We are looking for a way to integrate all players in our supply chain – customers, partners, dealers, field service – and drive synchronization beyond company borders across the entire collaborative supply chain," says Lameter. Kaeser anticipates that this will create a win-win situation for all involved by tightening relationships and passing the benefits of process efficiencies along the entire chain.

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## **solution at a glance**

### **hp services:**

- planning
- installation
- migration

### **hardware:**

- 2 four-way HP AlphaServer™ GS160 servers
- 5 HP AlphaServer™ DS20 servers
- HP StorageWorks™ Enterprise Storage Array 12000 system (ESA12000)
- HP TruCluster server configuration

### **software:**

- HP Tru64™ UNIX operating system
- HP AlphaServer™ TruCluster™
- SAP R/3
- mySAP SCM
- mySAP Customer Relationship Management (mySAP CRM)(planned)
- mySAP Business Information Warehouse (mySAP BI) (test system)
- SAP Web Application Server 6.1

## **trouble-free deployment**

Kaeser relied on HP Services for help in planning, installing and commissioning mySAP SCM. "Over the years, we have developed a relationship of trust with HP," continues Lameter. "Whenever we roll out a new solution, we call in HP Services, Consulting & Integration to get the system up and running and we get on with running the business. Since we migrated to the HP AlphaServer platform, we have spent practically no time looking at hardware issues. A seamless upgrade path within the HP AlphaServer family has served us well over the years, especially now that we have 1800 users – with up to 1500 online at any one time."

Close cooperation between HP and SAP also helps to reduce time-to-innovation by ensuring accurate sizing and optimum interoperability. "Due to the intensive mySAP SCM product life-cycle collaboration between SAP and HP, the deployment time could be reduced effectively while both partners offer us maximum flexibility and protection to support our continuous transition into an e-business adaptive supply chain," says Lameter.

## **bottom line**

In modeling its supply chain, Kaeser has uncovered significant hidden potential for optimization and cost savings – not only on the distribution side, but also on the production side by focusing

on material flow rather than output. mySAP SCM has also delivered an unprecedented level of transparency, enabling Kaeser to eliminate delivery uncertainty and take proactive measures to avoid bottlenecks.

In addition, mySAP SCM enables Kaeser to streamline processes through automation. Leveraging the tight integration between mySAP SCM and SAP R/3, Kaeser is currently investigating automation of the entire parts ordering process in response to given triggers.

The bottom-line benefits are equally impressive. Inventory has already been cut by up to 50%. Cost savings running up to millions of dollars are expected to increase as mySAP SCM expands its reach. Most importantly, Kaeser has boosted customer loyalty by securing its ability to deliver what customers need, when they need it.

"Not only is HP the clear leader in 64-bit computing, no other vendor can bring such a broad range of best-in-class services and products to the table to cover our entire requirements spectrum," concludes Lameter. "From PCs to high-end servers; mobile computing devices to powerful storage systems – not forgetting high-caliber integration and support services – HP provides us with the building blocks we need to seamlessly extend and optimize our global value chain."

## looking forward

Looking to the future, Kaeser will be investigating mySAP Enterprise Portals to further extend its value chain. It is also looking at mySAP Business Information Warehouse (mySAP BI) with a view to capitalizing on the synergy effects of close integration between mySAP BI and mySAP SCM.



### business results:

- benefit of cost savings to the company that add up to several million dollars
- reduction of inventory by up to 50%
- enhanced customer loyalty through increased customer responsiveness
- increased competitiveness through better supply and demand matching
- fast and confident roll-out and deployment time
- increasing enterprise benefits through expanded, seamless transition to adaptive supply chain



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