

SAP Chemicals

You Can Believe (Almost) Everything You Hear



SAP Industry Business Unit Chemicals
March 2009

THE BEST-RUN BUSINESSES RUN SAP™



True or False?



- SAP is ONLY for the big guys – FALSE
- SAP is too cumbersome to quickly implement – FALSE
- Achieving a reasonable ROI is impossible – FALSE
- SAP is far too expensive – FALSE
- SAP is difficult to use and inflexible – FALSE

Let's take a closer look at some common misconceptions...

Myth #1 – SAP Is Only for the Big Guys

The SAP logo is located in the top right corner of the slide. It consists of the letters 'SAP' in white, bold, sans-serif font, set against a blue rectangular background. This blue background is positioned on the right side of a larger yellow rectangular area.A circular icon with a red center and a yellow border. The text 'Myth #1' is written in white, bold, sans-serif font in the center of the red circle.

Myth
#1

- **It's True...**

- 70 percent of the world's Fortune 500 companies run SAP

- **But It's Also True That...**

- SAP has products and services just for companies like yours – qualified SAP Business All-in-One partner solutions and SAP packaged solutions are affordable, scalable solutions that meet your needs

- **Think About It...**

- 81 percent of SAP chemicals customers are midmarket companies or small enterprises
- SAP has over 1,700 chemical midmarket customers
- Across all industries, SAP has more than 35,000 SAP ERP installations at midsize companies
- SAP received Gartner's "Best Execution of a midmarket Solution" award already in April 2004
- SAP provides chemical companies with packaged solutions developed by SAP and partners
- SAP has a dedicated development, sales and marketing organization for the midmarket

Just Ask...



Revenue: €475M, 32 Subsidiaries
Pilot subsidiary: 10 Weeks; one subsidiary: 40 Days Implementation



“After 10 years of using SAP Software, it was an easy decision to select SAP Business One for our smaller subsidiaries, which did not need the full functionality of the SAP ERP solution.

Our decision to deploy SAP Business One and to put all our locations on one server was absolutely correct. It has made managing data so easy.”

– Klaus Plagmann,
Project Manager, MHM Holding



Revenue: US\$345M
16 Week Implementation



“Entegris worked with SAP and Bristlecone, Inc. to rapidly improve our demand planning processes and forecasting accuracy, which has resulted in significant gains in customer service levels and reduced operating costs.”

– Mike Beller, Entegris

Myth #2 – SAP Takes Too Long to Implement

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Myth
#2

■ It's True...

- That for a global deployment of a large enterprise instance, it may take a year or more to complete

■ But It's Also True That ...

- For companies like yours, SAP implementations take weeks or months

■ Think About It:

- 61 percent of all SAP ERP implementations take fewer than nine months; some systems can be implemented in four
- SAP for Chemicals has 84 preconfigured, industry-specific scenarios built in, so there's less time required for customization
- 1,500 local partners have been trained and are ready to help with your implementation
- Most qualified SAP Business All-in-One partner solutions take only a few months to implement, and SAP Business One implementations can take as few as 12 days
- Partners have developed methodologies and accelerators as part of their chemical solution packages to dramatically reduce implementation time to 15 to 20 weeks

Just Ask...



Myth
#2



Revenue: US\$140M, Employees: 800
5 Months Implementation across five Divisions



SAP consultants supported us 100% throughout the implementation: expert technical support, end-user training, industry knowledge, and a SAP Best Practices approach that ensured rapid implementation.”

– Don Cormier,
Director of Information and Quality Systems, Toray Plastics



Revenue: US\$996M, Employees: 950 (now part of Hexion Specialty Chemicals)
8 Months Implementation for US



This 17 month [global] project was executed on time, within budget, and with a high quality result. After a year of operation the efficiencies in all functional areas resulting from this project can be clearly identified and measured.”

VP and CIO, Resolution Performance Products

Myth #3 – We Can't Justify the Investment

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Myth
#3

■ It's True...

- That in the past, implementations for large enterprises were quite costly

■ But It's Also True That ...

- Implementation project cost is a sum of software and consulting, and with the use of SAP Best Practices for Chemicals, you can greatly improve time required for the project and still get a much improved focus on your specific needs and requirements
- In companies of your size, SAP systems can pay for themselves within months

■ Think About It:

- You can deploy – and pay for – exactly the functions you need now, and build on the solution as your needs change
- More than 15,000 companies of your size have chosen SAP to enhance performance and efficiency
- SAP solutions streamline and accelerate business processes, enabling fast ROI

Just Ask...



Revenue: US\$ 7.5Bn, 2,500 Users
4 Months Implementation for Upgrade

Myth
#3



“SAP has previously had a credibility problem linked to the fact that its solutions are comprehensive and expensive and that fast deliveries have therefore been a problem. I think that our experience in this respect destroys this myth.”

– Rune Bratteberg, CIO, Yara (formerly Hydro Agri)



Revenue: €400M, 800 employees
9 Months Implementation across 9 countries



“We achieved a 15% reduction in our inventory in year one, a savings of €12 million. We reduced the month-end close from seven to three days. We cut the financial consolidation from eight days to a half day.”

– Ken Greatbatch, CFO, AZ Electronic Materials



Revenue: US\$800M
18 Months Implementation for 10 NA locations



“In 2004 alone, we’ve been able to reduce inventories by 10% to 12%, compared to 2003. While the SAP solution isn’t the only reason for that, it’s an important part of the equation.”

– Jim Pall, VP of Logistics, Stepan Company

Myth #4 – SAP Is Too Expensive

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Myth
#4

- **It's True...**

- The average cost of a SAP implementation for large enterprises can be significant

- **But It's Also True That ...**

- Your company doesn't need the same functions as a large enterprise – so you only pay for what you need
- Midmarket companies typically experience a high ROI

- **Think About It:**

- SAP Financing provides predictable payments and exceptional terms
- Shorter implementation time translates to reduced consulting fees
- Shorter implementation time translates to reduced overall expenses
- SAP can be implemented using a phased approach

Just Ask...



Revenue: US\$140M, Employees: 800
5 Months Implementation across five Divisions



To be frank, there was a cost issue. Could we afford SAP? Toray was an early adopter and SAP Consulting provided seasoned consultants, executive level focus, and a rapid implementation approach that spanned five divisions yet still fit our budget. Why go with a mediocre solution for slightly less when we could have a market-leading system for slightly more? The choice was clear.”

– Don Cormier,
Director of Information and Quality Systems, Toray Plastics



Revenue: US\$40M, Employees: 250
Group of 8 legal entities



“I’ve had extensive experience with five major manufacturing resource planning systems, and I can tell you that the SAP Business One and Microshop system stacks up very well against the best of them, even though it targets smaller companies. It is very flexible and is much more reasonably priced.”

- Lou Giovannone,
Group Controller, Fagerdala USA

Myth #5 - SAP Is Difficult to Use and Inflexible

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Myth
#5

■ It's True...

- Due to SAP's comprehensive solutions and extensive functionality, first-time users can sometimes find screen navigation and usability difficult

■ But It's Also True That...

- SAP is offering multiple options for user interfaces and user experience

■ Think About It...

- SAP provides role-based dashboards
- Duet software, the first joint product for use with Microsoft Office and SAP, brings together business productivity and enterprise applications
- SAP Best Practices for Chemicals provides a 'guidance' for standardized business processes, which can be implemented as is or taken as a basis to start with
- All scenarios or business processes delivered by SAP Best Practices for Chemicals can be selected independently and individually
- SAP NetWeaver Business Client delivers a simple, integrated and personalized interface. It is the single point of access for all information and applications
- SAP solutions are scalable to support your company's growth

Just Ask...



Revenue: €400M, 800 Employees
9 Months Implementation across 9 Countries



“The SAP Offering gave us the flexibility to tailor business processes and financial and legal requirements to individual business units in each country. We want to implement SAP Best Practices across our group, regardless of the size of each business unit. SAP Best Practices for Chemicals has the flexibility to do that.”

– Ken Greatbatch,
CFO, AZ Electronic Materials



Subsidiary of Chemical Group Yule Catto
80 Employees



“What we’ve now got is a platform which not only allows us to work extremely efficiently and effectively, but also provides a strong base upon which we can really build. And as it’s SAP, it has the strength of an enterprise solution with the speed and flexibility that a midsized company requires.”

– Dr. Richard Smith,
Managing Director, Oxford Chemicals



Key Solution Capabilities – SAP Best Practices for Chemicals

Sales & Distribution	<ul style="list-style-type: none">■ Quotation and Order Management■ Sales Order Processing■ Delivery Management	<ul style="list-style-type: none">■ Availability Check■ Billing
Production Planning	<ul style="list-style-type: none">■ Sales and Operations Planning■ Material Requirements Planning■ Capacity Planning	<ul style="list-style-type: none">■ Planned Independent Requirements
Manufacturing	<ul style="list-style-type: none">■ Make-to-Order■ Make-to-Stock■ Continuous and Batch Production	<ul style="list-style-type: none">■ Batch Management■ Paperless production (PI Sheet)
Materials Management	<ul style="list-style-type: none">■ Sourcing and Contracts■ Operational Procurement■ Inventory Management	<ul style="list-style-type: none">■ Procurement via Import■ Goods Receipt with QM■ Recipe Management
Financials	<ul style="list-style-type: none">■ Financial Management■ Controlling■ Internal and External Accounting	

AMR verified SAP Successfully Addressing the Chemical Midmarket



AMR Research

Alert



SMB Chemical Companies May Be Able To Leap-Frog With SAP

Tuesday, September 13, 2005

Colin Masson

The Bottom Line: SMB's have an opportunity to leap-frog their larger competitors in the Chemical industry by adopting the *sap ERP 2004*-based *Chemicals Packaged Solution*, deploying it at up to 50% lower cost and in a fraction of the time of previous *SAP R/3* implementations.

The early results from SAP consulting engagements are promising, with implementations in less than 20 weeks and implementation effort slashed 30% to 50%. The *Packaged Solution for Chemicals* approach [...] will undoubtedly win over many Chemical industry executives with the combination of *SAP Best Practices Template for Chemicals* proven functionality, and lower risk, implementation, and lifecycle costs than they've come to expect from *R/3* implementations.

Conclusion: SAP has done more than systematically address most of the objections of midmarket executives to deploying ERP from the same vendor that powers their top-tier competitors in the Chemical industry. SAP has provided the Chemicals midmarket with its latest business process platform, *sap ERP 2004*, and a packaged product that will allow early adopters to leap-frog more conservative competitors with a stable and scalable platform that will be the target for SAP and partner extensions for the rest of the decade.

TEC verifies SAP is a Chemical Midmarket Leader



SAP for Chemicals: A Packaged Solution for Mid-market Companies

 *Featured Author - Olin Thompson and PJ Jakovljevic - May 30, 2006*

1. A Rough-and-tumble Ride
2. SAP's Chemicals Background
3. Chemicals Industry Specific Solutions

Thus, although the market perception is that SAP is only for large enterprises, SAP in fact already has a substantial presence in the mid-market.

[...]

Over the last two years or so, the SAP Chemicals IBU and SAP Best Practices teams have systematically worked together to deliver a packaged ERP product to mid-market chemicals companies, with price breaks and simplified implementation that make it attractive to SAP, its partners, and targeted smaller customers.

SAP: Working for You



- As your business grows, SAP is growing with you
- Only SAP has chemical-specific functionality and can get you live in 20 weeks
- Sellers and partners dedicated to your industry
- SAP has 35+ years of expertise in Chemicals
- Chemical industry best practices built in
- Dedication to your growth and success

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