VOESTALPINE
SAP® SOLUTIONS AND SERVICES HELP CONSOLIDATE SYSTEMS AND REDUCE COSTS

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Walter Osbelt, Project Lead, voestalpine group-IT GmbH

QUICK FACTS

Company
- Name: voestalpine AG
- Location: Linz, Austria
- Industry: Mill products – steel products and treatments
- Products and services: Steel, stainless steel, specialized steel for the railway and automotive industries
- Revenue: Over €10 billion 2007/2008
- Employees: Approximately 45,000
- Web site: www.voestalpine.com
- Implementation partners: SAP® Consulting, SAP Active Global Support organization, and voestalpine group-IT GmbH

Challenges and Opportunities
- Create flexible IT infrastructure to support changing business needs
- Support ongoing developments in system during consolidation project
- Consider modifications and in-house developments during data transfer

Objectives
- Consolidate disparate system landscapes and centralize IT
- Upgrade and convert IT systems to Unicode standard
- Cut operating costs

SAP Solution and Services
- SAP ERP application (upgrade to SAP ERP 6.0)
- System consolidation services from SAP experts in the System Landscape Optimization group

Implementation Highlights
- On-time implementation despite tight time frame
- Cost and time estimate based on analysis by System Landscape Optimization experts
- Inclusion of workflow from Nedcon Magazijninrichting BV
- Additional low-effort integration of systems at two other locations (savings through parallel approach)
- Positive project evaluation by IT

Why SAP
- Expert knowledge and guidance in consolidation projects
- Proven technology and long-standing experience
- Assurance of process continuity and data consistency after client transfer

Benefits
- IT operating costs cut by 64%
- Return on investment within 6 months
- Central administration of IT landscape
- Easier changeovers to a newer release and system implementations
- Increased system stability
- Better quality of IT support
- Lower maintenance effort

Existing Environment
SAP ERP functionality for financials, controlling, materials management, sales and distribution, production planning, and project system management

Third-Party Integration
- Database: Oracle
- Hardware: HP
- Operating system: Microsoft Windows

voestalpine
ONE STEP AHEAD.

SAP

Like companies everywhere, voestalpine recognizes that being able to effectively respond to fast-changing business conditions and continue planned growth requires the support of a robust, integrated, and flexible IT infrastructure. And when it comes to IT solutions, companies want high-level performance at the lowest possible operating cost.

For voestalpine Profilform – located in Krems, Austria and a division of leading steel maker voestalpine AG – cutting its operating costs and providing centralized IT support had become a priority. Profilform, which makes steel tubes and sections, was running several parallel systems of SAP® software with a total of five "clients" (self-contained units in SAP software systems with separate master records and tables) in four different countries. The existing IT environment included a base installation in Austria and three others in Belgium, Germany, and the Netherlands.

As a result, voestalpine – based in Linz, Austria – identified its division's IT environment as an area ripe with potential savings. More specifically, the company recognized that consolidating and centralizing its disparate IT solutions could yield impressive cost-cutting benefits. To carry out this initiative, voestalpine decided to upgrade its existing SAP software at its Austrian location and enlist experts from the System Landscape Optimization group to help make the system consolidation project a success.

Company's Divisions Are Market Leaders

voestalpine is a leading European steel-treatment company with its own steelworks. Quoted on the Vienna Stock Exchange since 1995, voestalpine has five divisions that operate in different markets: steel, stainless steel, railway systems, Profilform, and automotive. All of these divisions command top positions in their respective markets. The voestalpine group – with 2007/2008 revenues exceeding €10 billion and a workforce of over 45,000 – is represented by more than 350 production and sales locations in 50 countries around the world.

Using SAP Expertise to Centralize IT

In January 2007 work began on upgrading the target SAP ERP application in Krems, Austria, to the latest release. In parallel, the project team also began the job of converting to Unicode. A conversion to Unicode would allow the company's computing processes to transcend the limitations of traditional character encodings used for different languages. The company's computing at locations around the world could then operate using a global standard.

Starting in February – and in parallel with the conversion of the base system in Austria – the SAP experts from the System Landscape Optimization group performed an analysis to prepare for the transfer of clients between SAP systems. During the analysis, this group of experts – drawn from the SAP Consulting and SAP Active Global Support organizations – used client-independent analysis tools (specifically, repository analysis tools) to simultaneously analyze the various systems and identify existing similarities and differences. The experts then presented the results at a workshop, where they provided a basis for the project team members to agree on further steps and estimate the duration and costs of the consolidation.

Members of voestalpine group-IT GmbH – the group's own IT unit, working as an implementation partner on the project –

classified the differences that the SAP experts had identified. Because this analysis revealed that the additional effort of integrating the systems in Germany and Belgium was comparatively small, the team revised the original plan to migrate only the Netherlands-based system to the new target system in Austria. Walter Osbelt, the project

to spend time on other projects. During the project, the team migrated "company codes" from a total of nine different countries to the new system (a company code is the smallest organizational unit in the financing accounting software, for which a complete self-contained set of accounts can be drawn up for the purposes of external reporting). The nine

Massive Reduction in Operating Costs

As a direct result of the system consolidation, including harmonization and merging processes, the voestalpine group achieved greater system stability, reduced its maintenance and administration effort, and generally improved the quality of all its IT systems.

Most significantly, the company achieved the primary objective of the project – to cut operating costs – in full: "Based on the figures for 2006, we've been able to cut our operating costs by 64%. This means that the project – including the cost of necessary upgrades – has paid for itself in the space of six months," reports Osbelt.

> "Thanks to our centralized IT setup and our harmonized system landscape, the next project will be much easier and cheaper to perform."

Walter Osbelt, Project Lead, voestalpine group-IT GmbH

lead at voestalpine group-IT, says: "The effort involved in migrating these two locations was small and turned out to be well worth it. This parallel approach – which, incidentally, was very straightforward – enabled us to save money, time, and resources."

Successful Consolidation Despite the Tight Time Frame

The project team executed the consolidation in just six months. What made the undertaking particularly challenging was the fact that various other projects were taking place simultaneously at the Profilform division. This meant that the IT staff had to take special care at all times to identify and take into account any changes made to the system. It also meant that employees who were working on the consolidation also had

countries included Austria, Belgium, Germany, France, Great Britain, the Netherlands, Spain, the Czech Republic, and the United States. In addition, the project team transferred a workflow process from the Dutch storage technology company Nedcon Magazijninrichting BV to the new system.

The go-live was time-critical because ongoing day-to-day business meant that only one weekend was available for the system changeover. On the first working day after going live, however, all employees in the division were able to work normally. The project drew a very positive response from the responsible managers at voestalpine. Osbelt sums up: "The overall evaluation given by the IT managers at the individual companies in terms of timeliness, cost, quality, and execution was very positive."

Looking Ahead

Looking to the future, voestalpine is now planning to migrate other applications that are not yet running on SAP software into the consolidated system. "Thanks to our centralized IT setup and our harmonized system landscape, the next project will be much easier and cheaper to perform," concludes Osbelt.

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