



ENTERPRISE MANAGEMENT AND SUPPORT IN THE INDUSTRIAL MACHINERY AND COMPONENTS INDUSTRY

The Industrial Machinery and Components Industry

Manufacturers in the industrial machinery and components (IM&C) industry are challenged by growing global rivalry, industry consolidation, and shrinking margins. With more manufacturers vying for business, customers hold the bargaining power and are increasingly demanding customized products delivered on short lead times – all at lower costs. Even the once-lucrative aftermarket sales and services sector is suffering, as customer loyalty wanes in the face of fierce price competition.

At the same time, manufacturers are struggling to extend their supply chains to incorporate offshore manufacturing and pursue innovative business strategies to promote growth. To succeed in this environment, IM&C manufacturers will benefit from the following:

- Reducing costs and improving output through operational efficiencies
- Offering high-quality products and value-added services that promote customer loyalty
- Analyzing financial and operational metrics to determine which opportunities are worth pursuing

With more than 30 years helping companies of all sizes in the IM&C industry meet their business goals, SAP offers comprehensive solutions with options tailored to address the unique operating and production requirements of IM&C manufacturers. mySAP™ ERP is a key element of SAP® solutions for this industry, providing support for financials, operations, human capital management, and corporate services as well as all complex business processes associated with enterprise resource planning, customer relationship management, and supply chain management.

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mySAP ERP supports the most important business processes in any IM&C organization and provides tools to help improve these processes. With mySAP ERP, manufacturers can incorporate end-to-end processes into one scalable, adaptable industry solution, as well as add required functionality over time. Features tailored to meet IM&C manufacturers' unique requirements help these companies improve productivity and cut costs; efficiently operate an integrated, global supply chain; coordinate sales, engineering, and manufacturing to speed design and delivery of customer-specific products; and combine the aftermarket business with the rest of the organization.

Life-Cycle Data Management

Management of ongoing and changing product requirements is an important task for engineers, production schedulers, and buyers. These employees need access to up-to-date and relevant information to inform sound decision making. mySAP ERP enables manufacturers to meet dynamic customer requirements by making it easier to change inventory orders and manage product changes at the installed site. Product structure management capabilities support material, bill of materials, and routing management. These functions also make it easy to define and maintain product models that require variant configuration, and address the challenge of managing products under continual development. By increasing information transparency and accountability, and providing a means to monitor, implement, and control product changes, mySAP ERP helps increase efficiencies and reduce operating costs.

Quotation and Sales Order Management

To maximize profitability, IM&C manufacturers need to efficiently manage the quotation and sales order process. mySAP ERP provides sales order management capabilities that companies can use to determine pricing, create proposals, check product availability, acquire and enter orders, manage contracts, and track and manage orders. Quotation and sales order management features streamline the sales process and provide employees with immediate access to information they need to best serve customers.

Supply Chain Planning

For manufacturers facing pressure to shorten their time to market, improving supply chain efficiencies can mean the difference between failure and success. To ensure prompt assembly and delivery of customer-specific orders, manufacturers need sophisticated forecasting, planning, and inventory management capabilities, and systems that support the full range of product configuration options. And as product development processes are increasingly outsourced, accurate demand planning and signaling become even more important. mySAP ERP supports planning activities and strategic asset deployment that enable efficient resource management and scheduling, and reduce order cycle times. Support for full integration of supply chain management and customer relationship management solutions ensures accurate demand forecasts and a comprehensive view of the manufacturing process. As a result, businesses can improve manufacturing resource utilization, reduce excess inventories, and better meet shifts in customer demand.

Operations

The profitability of IM&C manufacturers often hinges upon their ability to improve operational efficiencies. mySAP ERP provides a comprehensive set of tools that support critical operations functions, including the following:

- **Manufacturing** – To help IM&C manufacturers respond rapidly to customer demands, mySAP ERP supports a range of production strategies, such as make to order, engineer to order, and make to stock. Using a complete solution to manage and assimilate all product-related information – from concept to design, production, and product launch – reduces time to market.
- **Procurement** – mySAP ERP supports traditional procurement processes such as requisitioning and purchase order management, as well as innovative features that enable the delivery of components required by outsourced manufacturing partners. By providing a means to continually monitor and improve procurement activities, mySAP ERP helps reduce inventory costs and improve inventory utilization.
- **Logistics and distribution** – mySAP ERP improves inventory and warehouse management by combining delivery and warehouse information with data from customers, suppliers, and logistics service providers. Accurate, up-to-date information across all partners improves visibility and reduces errors.

Aftermarket Sales and Service

Despite competitive pressures, the aftermarket sales and service market continues to provide higher profits than the initial product sale. Today's savvy manufacturers are seizing the opportunity to expand customer relationships and expand revenue streams by offering

value-added services such as consulting and maintenance. mySAP ERP provides equipment management features that ensure inventory managers are aware of physical inventory status at all times, facilitate the process for managing repairs, and help monitor cost centers, internal orders, and projects. By delivering real-time information about customers' products and unique requirements, mySAP ERP helps manufacturers recognize and address strategic opportunities.

Enterprise Asset Management

Without a clear view of all data across the company, IM&C manufacturers are challenged to make sound decisions. By integrating data from heterogeneous sources, mySAP ERP provides details on finances, human resources, operations, and other critical business functions. Enhanced insight into all external and internal processes and operations allows companies to better track trends, anticipate problems, and identify opportunities. In addition, support for the complete life cycle of critical production and operational assets enables companies to improve plant and equipment performance and track costs for individual assets, production lines, and entire facilities.

Regulatory Compliance and Corporate Governance

IM&C manufacturers face increasing pressure to meet transparency requirements demanded by industry regulators and the financial community. mySAP ERP improves corporate governance by providing functions that centralize the documentation of internal controls to help manage compliance. Online controls for internal and external auditors and the ability to export data to auditing software enable detailed insight into various audit functions, and support faster, more accurate reporting. Real-time visibility across the organization minimizes the risk of noncompliance and the costs of additional reporting driven by regulations such as the Sarbanes-Oxley Act and other legal requirements while helping maintain profitability.

Master Data Management

Available master data management capabilities allow data stored in legacy and non-SAP systems to be easily extended to mySAP ERP, facilitate successful collaboration across diverse business processes, and reduce IT integration costs. By driving business process integration, master data management enables lower total cost of ownership and faster implementation.

New and Enhanced Capabilities for the Industrial Machinery and Components Industry

mySAP ERP offers several enhanced capabilities designed to improve operations for businesses in the industrial machinery and components industry.

Role-Based Access

New role-based access provides employees with the right information needed to efficiently manage their jobs. The new plant or production manager role provides an overview of all key information related to production, exceptions, personnel, revenue, costs, budget planning, and other processes for one or more plants, delivering an aggregated view that helps managers identify issues that need to be addressed. The new purchasing agent role helps handle routine functions – for instance, converting requisitions to orders – so that personnel can focus on strategic activities, such as improving supplier relationships.

Collaboration

To encourage vendor collaboration and speed time to market, mySAP ERP offers functionality that enables manufacturers to open the design process to the entire value chain. New and enhanced capabilities ease collaboration both within and outside the enterprise and facilitate real-time collaboration at every stage of engineering design and production. Through the Collaboration Projects (cProjects) suite, mySAP ERP offers support for collaborative product development processes from the planning phase to product (or process) validation, while internal and external document access provides employees and partners with up-to-date documents such as design specifications and contracts. Enhanced support for collaboration with partners and suppliers ensures integration of various systems and simple, Web-based access to necessary files and information.

Maintenance Cost Budgeting

Accurate budgeting is necessary for businesses seeking to run efficient operations. New maintenance cost budgeting features in mySAP ERP enable automated and standardized budgeting processes, which reduce budget preparation time and provide more information transparency. mySAP ERP can automatically approve or reject budget proposals, trigger workflows, generate reports, and plan budgets based on the organization's defined strategy.

Why mySAP ERP in the Industrial Machinery and Components Industry?

The success of today's IM&C manufacturers depends on innovative product development processes, wise investments in technologies that enhance internal efficiencies, and the ability to adjust business processes as market conditions change. mySAP ERP is a cost-effective solution that provides the capabilities manufacturers need to quickly respond to new industry challenges and client demands, implement processes to address regulatory compliance, and streamline business processes to ultimately realize lower costs and higher revenues. In fact, SAP solutions have helped leading industrial machinery and components manufacturers decrease production lead times by up to 18%, reduce inventory by up to 53%, and close financials in as little as one-third the previous time.

By providing a flexible, proven solution used by more than 1,400 IM&C manufacturers, SAP ensures rapid deployment and a low total cost of ownership. Organizations can deploy functionality as needed and leverage existing IT investments for cost-effective integration. mySAP ERP supports IM&C manufacturers' strategies of accelerating growth, speeding innovation, reducing costs, and increasing productivity and customer satisfaction.

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