IBM

EDDING AG

edding AG has been using SAP's R/3 application suite on the IBM AS/400 operating system since January 1997 to support its reorganization program. Following rapid implementation and six month's "live" operation, both users and IT chiefs are more than satisfied with the end result, not least because of the new system's short response times and increased efficiency.

Company Profile

edding AG was formed in 1960 when Carl-Wilhelm Edding and Volker D. Ledermann began marketing the first felt-tip pen, the edding No.1, in Germany. edding soon achieved a market share of over 70%, becoming leader in the permanent marker and refillable fiber-tip pen market. The group's current range of products includes conference and presentation equipment, and office stationery. Headquarted near Hamburg, the group today has subsidiaries in England and Japan with a total headcount of 326 employees. In 1996, the edding group posted total sales of DM 141 million, 63% generated in Germany, 37% in international markets.

System Requirements

Until 1996, edding's IT infrastructure comprised a variety of custom and packaged software applications. At this time, a decision was taken to phase out custom software programs in favor of pakkaged business software that would also support the company's newly developed logistics concept. The basic idea behind this strategy involves using integrated order posting and management systems to link merchandise management systems. Customers use the functions of a merchandise management system tailored to their needs, but the goods are shipped from the most appropriately located warehouse.

The new packaged software would also be required to support restructuring of the edding group, which involved merging autonomous business areas into business units.

Given its high level of availability, technical security, and the group's knowledge of the platform, edding wanted to continue using the IBM AS/400 operating system. It was therefore only logical that edding's systems department intensively studied the possibilities of SAP's R/3 System when it became available on the AS/400 platform. Following a feasibility study conducted by the Steeb consulting firm, edding decided in Sep-

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tember 1996 to gradually replace its entire software infrastructure with SAP's R/3 application suite, using the new AS/400 Advanced Series as a hardware platform. edding's decision to deploy R/3 was also prompted by the ability of the SAP system to provide the necessary apparatus for restructuring business processes in accordance with the ISO 9001 quality standard. edding plans to automatically link the ISO 9001 processes, which are currently mapped in a separate system, with the processes in the R/3 System.

Project R/3 on AS/400

Implementation of the R/3 System began with the Financial Accounting and Materials Management components. The second phase of the project involved implementing the logistics system to cover business processes specific to the edding group.

edding has been working with the R/3 modules FI and CO at its Ahrensburg, Hamburg plant since January 1, 1997, and the Assets Management component went live in mid-June. The SD and MM components are slated for production operation on October 1, 1997.

SAP's implementation tools were instrumental to the success of the project. The SAP Reference Model and accompanying implementation guides supported project activities. Thanks to the MIDAS transfer tool for R/3 supplied by the Chemnitz-based Computer & Systemdienst GmbH, legacy data transfer and interface overhead was clearly minimized. After having attended only one training course, edding employees were able to develop additional interfaces without external assistance. By standardizing its interfaces, edding AG was able to continue using its legacy system for its high rack storage system. A separate AS/400 system manages automatic high rack stores and pallets. Picking data is transferred to this system by means of a standardized interface.
The AS/400 system then reports movements of goods to the SD and MM modules of the R/3 System.

„SAP R/3 has helped us restructure our business processes in accordance with ISO 9001."

Experience

edding implemented R/3 without any major difficulties, managing to meet its schedule and keep within its budget limits. Despite the size of the project, training overhead for IT employees was minimal. As expected, the AS/400 platform is stable, and response times are currently meeting all expectations.

User departments already working with the R/3 System, in particular management accounting, are now operating more efficiently, especially since numerous sub-ledger transactions and special statistics are processed in PC spreadsheet programs, with R/3 ensuring data consistency. Analysis and decision-support functions have also improved considerably. For example, it is now possible to take account of purchase order commitments in budget controls. The management accounting department is also able to use drill-down functionality to run searches at document level. All in all, the decision to deploy R/3 on AS/400 is now seen to be pointing the way for the future positive development of the edding group.

edding AG's R/3 System

- R/3 modules: FI, CO, AM, SD, MM,
- Hardware: AS/400 (53 S)
- Database: DB2/400
- Users: 150