

SAP Solutions for Small Businesses and Midsize Companies
SAP Business All-in-One

**GIVING MANUFACTURING
COMPANIES FAST TIME TO VALUE**

SAP® Business All-in-One
FAST-START PROGRAM



THE BEST-RUN BUSINESSES RUN SAP™



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Executive Summary

The SAP® Business All-in-One fast-start program supports the business processes of midsize manufacturers with proven, preconfigured software that enables you to run your entire business efficiently. Based on best business practices in your industry, this innovative program helps you implement a solution quickly and easily. A clearly defined business-process scope with predictable cost minimizes your risk and accelerates time to value.

GET A FAST START WITH SAP® Business All-in-One

HELPING MANUFACTURERS MEET OPERATIONAL AND PRODUCTIVITY GOALS

As a midsize manufacturer, your success depends on several factors. You must adapt to changes in the market while controlling costs. You must constantly develop innovative new products – and get them to market quickly.

Addressing these challenges is not easy. You face competitive pressures to lower prices, even though you may already have razor-thin margins. And

while you may operate an integrated global supply chain, lack of visibility into your demand or supply can seriously hinder productivity. With rising costs and shrinking product development cycles, you must continuously look for ways to increase internal efficiencies – from supporting flexible manufacturing methods to updating your product catalog and streamlining your decision-making processes.

Manufacturing Challenges

As a manufacturer, your challenges range from traditional competitive threats to macroeconomic drivers largely beyond your control. Your customers demand tailor-made, high-quality, low-cost products and expect on-time, accurate order fulfillment. In many product categories, the pace of innovation continues to accelerate, resulting in shorter-than-ever product

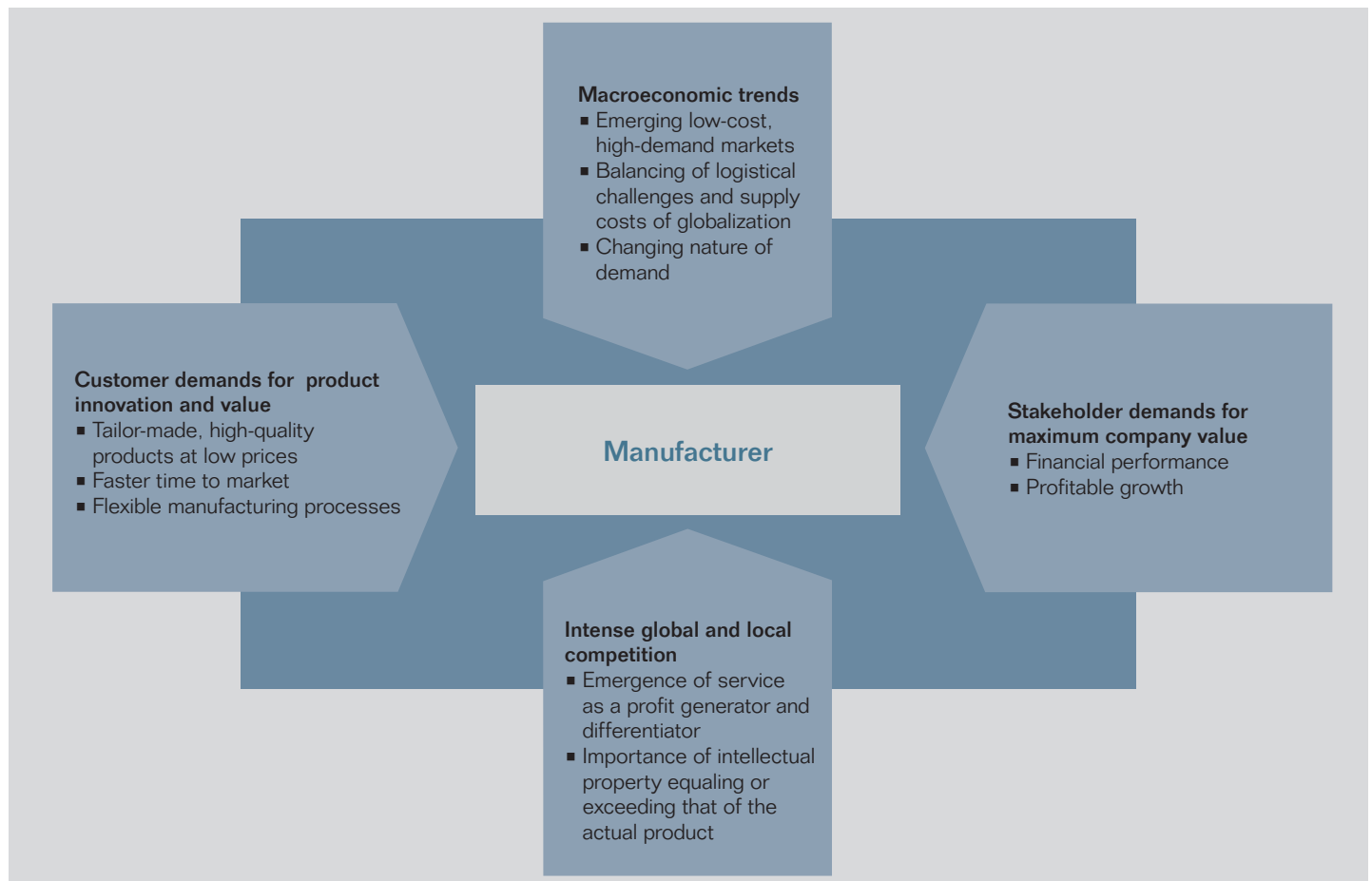


Figure: Challenges Facing Midsize Manufacturers

life cycles. What's more, your key stakeholders – from your board of directors to your largest customers – demand strong financial performance, profitable growth, and higher margins. At the same time, you may be facing new competition from emerging markets such as China and eastern Europe.

To control production and transportation costs, you may need to evaluate manufacturing options around the globe. And you must always be prepared to meet changing customer demands and absorb sudden shifts in demand patterns. Economic trends, such as rising costs for raw materials and energy, may add unexpected pressure to your ability to drive profitability.

Amid these challenges, many midsize manufacturers struggle with internal operating inefficiencies that only compound the issues. For example, inflexible manufacturing processes may make it difficult to gauge shifts in demand patterns, thereby slowing your reaction time. To succeed, you must be able to operate in mixed-mode manufacturing and shift between make to stock, make to order, and engineer to order as demands dictate.

Furthermore, you may have costing systems that are based on old standards or obsolete order histories. Outdated data makes costing and pricing less relevant and prevents you from capturing maximum profits. This is especially critical in markets that value – and pay a premium for – product innovation.

Many midsize manufacturers lack integration among their operations, R & D, and finance departments, which can delay decisions. Multiple, disparate systems can make it difficult to access your enterprise-wide data, produce actionable reports, or respond to customer inquiries in a timely fashion. And reporting and analysis that are time-consuming and error-prone impede information flow and slow down decision-making processes.

To address these challenges and improve your operational efficiency, you need a proven solution that:

- Produces timely and accurate data and improves visibility from your shop-floor operations to your top-floor executive suite
- Automates routine processes and streamlines decision making
- Enhances collaboration among engineering, R & D, and production, speeding your time to market
- Easily adapts manufacturing processes to meet your changing market and customer requirements and scales to grow as your business expands
- Delivers predictable costs, business process scope, and implementation time
- Supports best business practices in your industry

The SAP Business All-in-One fast-start program provides innovations that help midsize companies engaged in manufacturing to implement a solution quickly and easily.

How Do You Compare to Leading Manufacturers?

World-class manufacturing plants employ best practices at a far higher rate than their competition. For example, as shown in the table, 86% use lean manufacturing methods, 92% have continuous-improvement programs, and 57% use benchmarking and have supplier management programs. The results are impressive. These manufacturers generate higher sales per employee, enjoy a gross profit margin that is almost 5% higher, and turn their inventory much faster than their competitors. They also achieve a 19% return on invested capital.

Manufacturing Key Performance Indicators (KPIs)	Laggards (median)	Leaders (median)
Productivity		
Sales per employee	\$160,000	\$249,000
Gross profit margin	32.8%	37.6%
Total inventory turn rate (annual COGS ÷ average value of total inventory on hand)	7.6	11.2
Obsolete inventory (as percentage of total inventory)	5.0%	1.5%
Return on invested capital (net operating profit after taxes ÷ capital invested)	16.0%	19.0%
Quality and Service		
On-time delivery rate (percentage of goods delivered on time)	95.0%	96.0%
Scrap and rework (percentage of plant sales)	2.0%	1.0%
Warranty costs (percentage of plant sales)	1.0%	0.5%
Customer retention rate (percentage of customers retained from previous year)	95.0%	98.0%
Support KPIs		
Information-technology spending (as a percentage of sales) for 2006	1.0%	2.0%
Annual labor turnover rate	7.0%	5.0%
	Laggards (% of plants)	Leaders (% of plants)
Improvements		
Increased sales per employee in the past year	53.6%	78.5%
Increased total production output (unit volume) in past 12 months	38.9%	78.8%
Decreased per-unit manufacturing costs, excluding purchased materials, in the last three years	22.9%	49.9%
Increased total inventory turn rate in the last three years	51.1%	70.4%
Best Practices		
Lean manufacturing methods	32.1%	86.2%
Continuous-improvement program	43.4%	91.8%
Benchmarking	22.6%	57.3%
Supplier management program	11.3%	57.3%
Total productive maintenance	11.3%	54.5%
Majority of production employees in empowered or self-directed work teams	26.0%	46.4%
More than 20 hours of formal training per plant employee per year	17.0%	62.4%

Source: North America data from *Industry Week/Manufacturing Performance Institute 2007 Census of Manufacturers*; *Canada Manufacturing Study*, conducted by *Advanced Manufacturing* and Manufacturing Performance Institute; and *Estudio De Manufactura Mexico 2007*, conducted by Manufacturing Performance Institute with support of CS Events.

How do you compare to these leaders? Are you making the progress you want toward accomplishing your productivity, quality, and service goals? The SAP® Business All-in-One fast-start program may be able to help. It provides proven, preconfigured software to support the business processes of midsize manufacturers and is based on the industry best practices that you need to achieve world-class operational excellence and productivity.

A Proven Manufacturing Solution from SAP

Leveraging more than 35 years of industry experience, SAP Business All-in-One solutions are designed to help you improve operating efficiencies across your organization. Based on best practices in materials management, controlling, production planning, sales and distribution, logistics, and accounting, SAP Business All-in-One solutions span all major manufacturing categories, including:

- Aerospace and defense
- Automotive
- Chemicals
- Consumer products
- Engineering, construction, and operations
- High tech
- Industrial machinery and components
- Life sciences
- Mill products
- Mining
- Oil and gas

With SAP Business All-In-One, you get:

- Comprehensive, fully integrated business software to streamline your core business processes and give you visibility across your business (from procurement to planning, production, service delivery, financial management, and reporting)
- Flexibility and scalability to configure and extend the solution to meet your changing needs, based on proven enterprise resource planning software and the SAP NetWeaver® technology platform
- Improved employee productivity and adoption with a simplified user interface and role-based navigation
- Reduced costs and risks by leveraging SAP tools, best practices, and proven methods that increase the speed and efficiency of implementations
- A worldwide partner ecosystem

The SAP Business All-in-One Fast-Start Program

The SAP Business All-in-One fast-start program enables manufacturers to configure and install the solution quickly. It addresses their specific need to employ a business solution with predictable cost and scope. Furthermore, the preconfigured software supports all the basic manufacturing processes that meet their daily operational needs – from materials management and production planning to asset accounting and sales and distribution.

The fast-start program is predictable, proven, and safe. You can implement it confidently and quickly to speed your time to value. Complete with preconfigured settings based on best practices in your industry, the software is easy to adapt to your changing requirements. It is designed to scale and grow as your business does – and provides a predictable and low total cost of ownership (TCO).

With the SAP Business All-in-One fast-start program, you benefit from:

- Rapid implementation that lets you accelerate your time to value
- Predefined business-process scope and predictable implementation schedule and cost
- Proven track record with thousands of customers using SAP solutions and best practices packages for manufacturing
- Easily adaptable business software that meets your changing needs and scales to support your growth
- Low TCO thanks to hardware options from SAP partners and software that includes the Linux operating system and the SAP MaxDB™ database

Join Other Satisfied SAP Customers

Many midsize manufacturers are using SAP solutions to boost operational efficiencies and control costs. Another benefit these same companies enjoy by using SAP software: rapid implementations within their budget.

“The visibility and timeliness of data that SAP software delivers has allowed us to chop the size of our inventory in half, which accounts for nearly \$2 million a year in savings.”

Greg Wilson
Senior Vice President and CIO
CentiMark Corporation



CentiMark

CentiMark Corporation, a roofing contractor in Pennsylvania, was thinking beyond its needs of the moment when it selected SAP software to run its business in 1997. That decision is paying large dividends: the SAP solution accounts for more than US\$2.5 million in direct savings and helps keep all key business processes under control despite the firm’s rapid growth.

“SAP offered the best capability, a competitive price, global credibility, references, and an integrated solution with opportunity for enhancement and growth. SAP Consulting implemented the solution with virtually no issues and minimal disruption.”

Jan Orsuliak
Managing Director
Avex Production s.r.o.



Avex

Slovakia-based Avex Production needed an integrated enterprise resource planning (ERP) solution installed quickly at a fixed cost. Using the SAP Best Practices Baseline package, SAP Consulting implemented the SAP ERP application in only three months, resulting in a 60% savings in cost and time over typical projects.

“There’s no way we could have designed and implemented our system in five months, and kept our ongoing IT costs so low, without SAP Best Practices.”

Michael Thompson
Systems Manager
FutureFuel Chemical Company



FutureFuel

Arkansas-based FutureFuel Chemical Company, a specialist in biofuels, needed a business software solution that could help the company adapt to new markets yet have minimal initial and ongoing IT expense. In addition, FutureFuel wanted to purchase only the functionality it needed to optimize its growth opportunities. SAP helped FutureFuel meet its needs. The SAP Best Practices for Chemicals package supports the company’s business processes with preconfigured software that’s based on industry best practices.

Why SAP?

SAP Business All-in-One solutions are proven to deliver rich functionality in a solution that's fast and easy for small businesses and midsize companies to implement. Built on a proven foundation of SAP software and technology, the solutions reflect SAP's years of experience in enabling the best business practices of companies in all industries – and they are intuitive to use and predictable in cost and scope.

The fast-start program enables you to take advantage of proven best practices in manufacturing and adapt to changing business requirements. You gain the agility and support you need to grow – while staying well within your budget. In addition, whether you purchase an industry-specific solution or a qualified SAP Business All-in-One partner solution, you benefit from a global partner ecosystem that can support and extend your business software.

Learn More

Find out how you can join the thousands of manufacturers that rely on SAP Business All-in-One solutions to improve operational efficiencies and outperform their competition. Call your SAP representative or try the solution configurator today at <http://www.configurator.ch/dojo/apps/au/index.jsp?lang=en>.

Experience rapid time to value and the flexibility to tailor the solution to meet your changing needs, thus protecting your long-term investment. And you benefit from a global partner ecosystem that can support and extend the solution.

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