

Poppe & Potthoff

A midsize enterprise discovers SAP® software

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Konrad Fischer, Director of Finance and Administration, Poppe & Potthoff GmbH

Successful midsize enterprises have a natural desire to expand, and they often do so through mergers and acquisitions. Growing an enterprise requires thinking in new dimensions, realizing efficiencies of scale, and integrating diversified lines of business across national borders and languages. All this requires an appropriate IT philosophy – you can't think small if you plan to be big. And many midsize companies are discovering they don't need billion-euro revenues to reap the benefits of software that has worked well in larger enterprises for years.

A few years ago Poppe & Potthoff GmbH (P&P), a German manufacturer of precision steel pipes for the automotive and other industries, opened a state-of-the-art plant in Aika, Hungary, to produce common rail direct fuel injection components for European automakers. At that time P&P had approximately 400 employees. The number more than doubled recently when P&P purchased three firms, expanding its footprint to Belgium, France, and the Czech Republic. Together with its U.S. subsidiary, P&P has an international presence.

Careful Evaluation Leads to SAP

P&P knew it needed to modernize its

heterogeneous business software environment to help integrate its family of companies across product ranges, languages, and cultures; and to streamline and automate its processes. When the search began for an appropriate solution, integration and scalability were at the top of P&P's list of requirements. The legacy enterprise resource planning (ERP) application lacked a long-term development perspective and didn't support automotive industry-specific processes. During the software evaluation process, the name SAP kept coming up, recalls Konrad Fischer, Director of Finance and Administration at P&P. "At first we weren't sure SAP was right for a company of our size," he explains. "But then we concluded that something that has obviously worked well for thousands of companies worldwide couldn't be wrong. We also chose proven SAP software because it could cover all of our processes in one integrated package, avoiding the risk and administrative overhead associated with small-scale, insular solutions."

Success Convinces Everybody

P&P had no SAP® software experience and only very few IT employees. "We knew we couldn't do this alone," says Fischer. "We needed a strong



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Name:
Poppe & Potthoff

Location:
Werther, Germany

Industry:
Mill products

Products and services:
Precision steel pipes,
automotive specialty pipe
products

Revenue:
€135 million

Employees:
850 worldwide

Challenges and Opportunities:

- Insufficient IT support for growing enterprise
- Disparate IT systems used in international subsidiaries
- High IT maintenance costs

Objectives:

- Create an integrated, manageable, comprehensive business software environment
- Improve process and data quality
- Reduce cost of IT through centralization

SAP® Solution and Services:

SAP ERP application

Implementation Highlights:

- Smooth transition to SAP® software
- Excellent support from implementation partner itelligence



partner – an experienced international company we could count on wherever we do business. itelligence matched that profile.” P&P decided to begin with its Hungarian subsidiary, a leading high-tech manufacturing facility for common rail direct fuel injection components, where the need for adequate software was most pressing. Jointly with itelligence Hungary Kft., based in Budapest, P&P implemented the finance, controlling, and asset management functionality of the SAP All-in-One solution for the automotive industry. Within three months, the new software was live – on time and within budget.

Skeptics within P&P had expected the transition period to be rough, with the system outages and general confusion the company had experienced years before with its legacy software. “But this implementation went absolutely smoothly,

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including the going live,” Fischer reports. “Our employees found the new user interface easy to work with and adopted [the] SAP [software] immediately. Even those with little computer experience understood the processes right away. Hungary was our test case, and it was a full success.” A year later P&P added the logistics functionality of the SAP ERP application in Hungary. “Our complex logistics processes were previously handled manually using spreadsheets. As a seamlessly integrated, comprehensive application, SAP ERP makes a big difference in terms of ease, speed, and efficiency.” Sticking with the SAP software standard was one of P&P’s key objectives. “We needed to keep things cost-effective and simple. Adapting a few process steps to the SAP software was not

a problem for us. As a matter of fact, the SAP application improved our processes considerably by introducing efficiency, discipline, and best practices.”

P&P’s next step was to introduce SAP ERP with finance, controlling, and asset management functionality at its German headquarters. “This new project prepares us for future growth,” Fischer explains. “We are now building an integrated SAP NetWeaver® platform-based IT infrastructure for the entire corporation. Over the next 18 months, we plan to integrate our three recent acquisitions in this centralized system and consolidate everything in one data center.” While the Werther implementation project was in progress, the P&P leadership decided to outsource its IT infrastructure with itelligence AG to lower its operating costs. “We realize that with our limited personnel resources, we couldn’t operate a 24x7 IT department with constant server availability and a large number of languages. So we simply transported our equipment to an itelligence data center where it is now maintained professionally. The switch over went very smoothly, and we know our systems are in good hands.”

As a next step P&P is planning to deploy the logistics functionality of SAP ERP. “This will help our highly qualified employees focus on productive, value-adding work rather than tedious administrative processes,” says Fischer. Regarding the overall benefits of the SAP software, the Director of Finance and Administration radiates satisfaction. “For P&P, the SAP software is an enabler of standardization, centralization, and further growth. It makes us independent from specialized IT skills and staff limitations and ensures availability, flexibility, scalability, and investment protection. We couldn’t have achieved all this with any other software.”

