



PFLEIDERER

OPTIMIZED DEMAND, CAPACITY, AND PRODUCTION PLANNING

QUICK FACTS

Company

- Name: Pfeleiderer AG
- Location: Neumarkt, Germany
- Industry: Mill products
- Products and services: Engineered wood, surface-finished products, and laminate flooring
- Revenue: €1.38 billion
- Employees: 5,600
- Web site: www.pfleiderer.com
- Implementation partner: Consilio IT-Solutions GmbH

Challenges and Opportunities

- Streamline supply chain processes
- Replace legacy systems with an integrated, comprehensive application
- Incorporate customers and suppliers into business processes

Objectives

- Reduce inventory
- Enable multilevel capacity-requirements planning
- Optimize production planning
- Streamline demand and capacity planning
- Ensure delivery date accuracy

SAP® Solutions and Services

- SAP® Advanced Planning & Optimization component of the SAP Supply Chain Management application
- SAP for Mill Products solution portfolio

Implementation Highlights

- Excellent collaboration between Pfeleiderer and Consilio IT-Solutions
- Project completed within tight time frame

Why SAP

- Long-standing technology partnership with Consilio IT-Solutions
- Best-fit solution for the challenge
- Extensive existing SAP software-based landscape

Benefits

- Greater flexibility and ability to respond rapidly to changing demand
- Real-time alerts to draw attention to problems
- Multilevel production planning that enables transparency across all stages of production
- Reduced inventory
- More efficient use of machinery

Existing Environment

SAP ERP application

“In the short term to midterm, we plan to extend the benefits of SAP APO by rolling it out to other sites. We are pleased with the results we have seen to date.”

Hans-Jürgen Weiss, Head of Global Application CC – Logistic, Pfeleiderer AG



To respond rapidly to changing requirements, manufacturers need 360-degree, real-time visibility into inventory, supplier relationships, and customer demand. Staff members require access to accurate, detailed information, so they can draw up production schedules that make the most efficient, cost-effective use of resources. Pfeiderer, a German-based manufacturer of timber products, opted to implement a comprehensive, integrated solution to streamline supply chain processes and improve planning. The results speak for themselves: reduced inventory, optimized planning, and greater flexibility.

Founded in Heilbronn, Germany, in 1894, Pfeiderer AG started life as a timber-rafting company. Today it has evolved into a leading global manufacturer of engineered wood, surface-finished products, and laminate flooring and is now headquartered in Neumarkt, Germany. Pfeiderer serves customers in the furniture, home improvement, and interior design industries in more than 80 countries. The company operates 22 production plants across North America and Western and Eastern Europe. It boasts a workforce of some 5,600 employees and posted revenues of €1.38 billion in 2009.

Reducing Complexity

To help operations run smoothly and provide the best possible service to its customers, Pfeiderer relies on a sophisticated IT backbone – largely comprising software from SAP. It began its SAP journey in 1999, and it has now rolled out SAP® solutions to all 22 of its sites around the world. It still has a variety of

software releases and databases in operation, but the vast majority of the core systems are now based on SAP software.

The motivation behind this was to reduce the number of interfaces and improve transparency across the entire enterprise. And this is also the goal of a more recent project: to replace legacy applications for production planning and supply chain management with state-of-the-art, comprehensive software solutions. Pfeiderer decided the time had come to update its systems and introduce integrated solutions that would help further standardize processes and go a step closer toward a harmonious IT landscape.

Hans-Jürgen Weiss, Head of Global Application CC – Logistic at Pfeiderer, adds, “But it was primarily a business-driven decision taken by senior-level executives. The main aim was to optimize production planning and increase operational efficiency.”

SAP Comes Out on Top

Pfeiderer set about finding a suitable solution that would meet all its requirements. Weiss and his team and others conducted extensive research into supply chain solutions, including visiting competitors to find out how they had solved similar challenges. In total, they tested and evaluated four software products – before opting for the SAP Supply Chain Management (SAP SCM) application and the SAP Advanced Planning & Optimization (SAP APO) component. The executives were convinced the SAP solutions would meet their high demands. What’s more, the decision was in line with the company’s underlying goal of standardizing its IT environment and reducing the number of interfaces.



“All in all, collaboration between Pfeleiderer and Consilio IT-Solutions was very good. And both parties were pleased with the results”

Hans-Jürgen Weiss, Head of Global Application CC – Logistic, Pfeleiderer AG

Pfeleiderer already had a long-standing partnership with certified SAP partner Consilio IT-Solutions – an independent IT company based in Aschheim near Munich, Germany. Consilio IT-Solutions operates internationally, delivering expert consulting, planning, and implementation services in the SAP space. The company is committed to providing cost-effective

on capacity constraints and materials availability. SAP APO takes supply chain management one step further, providing advanced functionality for streamlined processes and maximum transparency.

Both solutions were implemented within the scope of the SAP for Mill Products solution portfolio. This offers a wide

Throughout implementation, experts from Consilio IT-Solutions worked hand in hand with Pfeleiderer’s own IT people to ensure everything went smoothly. Tasks included migrating master data from the company’s multiple legacy systems to the new, single solution. In addition, it needed to train 180 employees in using the new software. Consilio IT-Solutions also helped out in that respect.

“SAP APO verifies that all required parts are in stock before production begins, preventing costly delays further down the line. What’s more, the solution offers very high availability – which increases efficiency and boosts productivity.”

Hans-Jürgen Weiss, Head of Global Application CC – Logistic, Pfeleiderer AG

“All in all,” summarizes Weiss, “Collaboration between Pfeleiderer and Consilio IT-Solutions was very good. And both parties were pleased with the results.”

solutions that deliver maximum value. On the back of previous successful engagements, managers from Pfeleiderer were certain Consilio IT-Solutions would provide the support and specialist knowledge they needed.

A Solution to Fit the Bill

SAP SCM is a comprehensive supply chain management solution designed to integrate suppliers and customers with a company’s back office. As a result, it helps transform traditional, linear supply chains into adaptive supply chain networks that offer businesses greater flexibility. The application supports planning, production, inventory replenishment, and logistics based on actual demand.

SAP APO is a component of SAP SCM. It enables accurate, multilevel capacity-requirements planning and supports the generation of production schedules based

range of standard software and tools that have been specially selected and customized to meet the needs of customers in this industry.

A Strong Team

IT professionals from Pfeleiderer and Consilio sat down to define requirements and set out a timeline for the ambitious project. They decided to implement the solution at two Pfeleiderer plants – Neumarkt and Gütersloh – with the option of extending it to further sites in the future. The date to go live was slated for a year after kickoff. “However, during the course of the engagement, it became clear that some of our requirements had changed. This caused alterations to the overall scope of the project and meant the scheduled start date had to be postponed by six months. But with the help of Consilio IT-Solutions, meeting the new deadline was no problem,” explains Weiss.

Total Transparency, Optimized Planning

Since going live, Pfeleiderer has been reaping the benefits of its new approach to supply chain management. Thanks to SAP APO, the company can now respond much more flexibly to fluctuations in demand. All the data it needs is now in one place and available in real time. If there is a capacity bottleneck or other issue, planners and other relevant staff receive an alert and can take the appropriate action.

In addition, supply and demand is now more closely aligned at the two Pfeleiderer sites. Delivery dates can be met and realistic confirmations made to customers. Multilevel capacity-requirements planning helps ensure complete transparency across all stages of production.

But that's not all. The capacity of machinery can be planned and used much more efficiently – and the software takes into account the necessary cooling times of the raw and melamine-faced chipboard. As a result, Pfeleiderer has optimized its resource allocation and increased productivity. What's more, thanks to better planning and improved collaboration with suppliers and customers, inventory has been reduced – which provides scope for cost reductions.

“SAP APO verifies that all required parts are in stock before production begins, preventing costly delays further down the line,” explains Weiss. “What's more, the solution offers very high availability – which increases efficiency and boosts productivity.”

As part of the ambitious project, experts from Consilio IT-Solutions integrated

SAP APO with a third-party, industry-specific, trim optimization tool – called PCUT. As a result, Pfeleiderer is able to make more efficient use of materials and reduce costs.

The Road Ahead

Some of the executives are currently assessing which further Pfeleiderer locations could benefit from the new solution. “In the short term to midterm, we plan to extend the benefits of SAP APO by rolling it out to other sites,” explains Weiss. “We are pleased with the results we have seen to date.”

As an international company with an extensive IT landscape, it is always looking for ways to streamline and enhance its environment. The long-term, ongoing objective is to further consolidate systems.



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