

Tightening inventory control with new software in Germany

Thyssen subsidiary Edeltahl Witten-Krefeld uses SAP software to control inventories of raw and finished materials

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German steelmaker Edeltahl Witten-Krefeld GmbH (EWK) expects to cut its information-technology costs in half by using standard software from SAP AG in production and process control and other areas of the company.

Standard software is off-the-shelf software that can perform many standard functions. The multiple modules developed for various industrial functions and the growing base of steel-industry enhancements to the software

make it a good tool for steel companies, SAP and the software's users say.

EWK, a subsidiary of Thyssen Stahl, began the second and final phase of implementing the software system in April; the implementation began two years ago. The system includes seven modules of R/3 enterprise software from SAP, said Hans-Josef Kay, SAP's project manager for EWK, at a recent conference in Neuss, Germany, sponsored by SAP.

SAP is the largest supplier of standard business-application software and the fifth-largest software supplier in the world, SAP says. Based in Walldorf, Germany, the company provides 34 percent of the world's client/server enterprise-application software.

The new system at EWK will improve the company's control of raw and finished-material inventory, Kay said. It also has better planning tools; EWK will be able to expand the system in the future. The company's old systems wouldn't support future expansion, he said.

SAP's R/3 client/server system competes primarily with IBM's metals-industry product and several proprietary software systems, said Reinhold Gefrerer, an official



Hot metal pours from ladle into BOF at Edeltahl Witten-Krefeld GmbH.



Operators monitor coil-slitting at EWK.

of SAP's steel-industry center, which is based in Düsseldorf, Germany.

As of Nov. 1996, LTV, Hylsa, Böhler, Arbed, Sidmar, Preussag, Thyssen, Krupp-Hoesch, Mannesmann, Hoogovens, Kindlimann, and BHP had purchased SAP's R/3 software.

In February, more than 400 metals-industry managers, mainly from European companies, attended the first of three forums SAP is hosting this year for metals producers. It plans to hold the other two forums in the U.S. and Japan.

EWK began considering new soft-



ware after Thyssen Stahl AG set it up as a wholly owned subsidiary in early 1995. EWK produces about 350,000 metric tons of steel a year in two plants; the company's products include structural, roller-bearing, tool, high-speed, and corrosion-, acid-, and heat-resistant steel. Its fiscal-year 1995-96 revenues were about 900 million deutschmarks (\$539 million).

EWK didn't create a new computer department to integrate the software of its two plants when Thyssen made it a separate subsidiary. It used personnel and hardware that were already in place, hired some outside hardware support,

and identified key users throughout the company. In implementing the SAP software, EWK worked with Electronic Data Systems, a subsidiary of General Motors Corp.

"We had to have a product that would work with different systems," Kay said. Several types of hardware already were in place. R/3 can work with different systems better than many custom-designed or dedicated software products because of its client/server design.

EWK completed the first phase of the implementation in late 1995. The steelmaker installed modules for such areas as financial accounting, controlling,

materials management, and plant maintenance. Last month (April), it completed order-processing modules, which handle sales and distribution, production planning, product material management, and cost object controlling.

The steel producer has 40,000 stockable types of products, but it decided to start the second-phase implementation with only 25,000 of those. The computer program must oversee more than a million steps. For defining storage types, EWK excluded 1,600 quality-system testing instructions, which are handled separately. The steelmaker still listed 480 characteristics, including those for product descriptions, finishes, and heat-treatment.

Stockable type information developed for the system contains all the information needed to produce sales-order bills of material, work-center routings, equipment-performance data, and other order-based routings.

Much of the effort of the past two years has involved identifying business processes not supported by SAP's standard product and developing enhancements to handle those functions. Batch functions aren't defined by the SAP system. Batch sizes might range from 4-8 tons to 120 tons.

SAP produces similar products for the chemical and food industries. The company serves more than 25 industries; it configures the standard software to specific industrial and business applications, said Peter Zencke, an SAP executive-board member.

SAP's software can allow the mill to reschedule orders, but EWK is using it only with finite scheduling that gives specific delivery data and doesn't allow rescheduling, Kay said. EWK has also excluded shipping from the integration of the R/3 system to allow for combined shipments of stainless steel from other Thyssen units, Kay said.

"Integrated applications mean consistent data," Kay said. Managers and all other users of the integrated software system can use the same data to make decisions. □

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