

## SAP Customer Success Story Chemicals – Chemicals and Plastics



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Frédéric Tribel, Supply Chain Planning Team Leader, Solvay Information Services

### AT A GLANCE

#### Summary

Solvay S.A. is Belgium's leading supplier of chemicals, plastics, and pharmaceuticals. Solvay deployed the SAP® Advanced Planning & Optimization (SAP APO) component and the SAP NetWeaver® Exchange Infrastructure (SAP NetWeaver XI) component to offer value-added services such as e-vendor-managed inventory (eVMI) to its customers.

#### Web Site

[www.solvay.com](http://www.solvay.com)

#### Key Challenges

- Manually driven VMI is excessively time-consuming, error prone, and inefficient
- eVMI requires a sophisticated demand and network planning and forecasting tool that pulls data from many sources
- Company needed to improve supply chain efficiency and improve service to customer

#### Project Objectives

- Replace manual, less efficient VMI system with automated solution
- Leverage existing SAP solutions more effectively

#### Solutions and Services

- SAP APO
- SAP NetWeaver XI

#### Why SAP Solutions

- SAP software products central to Solvay's IT strategy for many years
- Software scalable to accommodate any size of Solvay customer
- Seamless data exchange possible between existing mySAP™ ERP application and eVMI processes

#### Implementation Highlights

- Implementation of SAP APO began early 2001, with rollout by Solvay Information Services to first Solvay business unit in early 2002
- Consistent implementations carried out across the Solvay business units

#### Key Benefits

- Increased supply chain efficiency for both partners through improved forecast and planning data
- Eliminated errors associated with manual processes
- Decreased high manual VMI costs to acceptable level, reduced inventories, and enabled better inventory control
- Enhanced customer service through improved customer collaboration and visibility of customer demand
- Provided greater overall visibility into global supply chain from end to end

#### Existing Environment

- mySAP ERP
- mySAP Supply Chain Management application
- Manual-based VMI system not supported by current information management tools

#### Database

Oracle

#### Hardware

IBM

#### Operating System

IBM AIX

## SOLVAY

### Deploying SAP® Solutions Enables Chemicals Leader to Provide eVMI to Customers

In 1861 Ernest Solvay patented the industrial production of sodium bicarbonate, or soda ash. Now 145 years later, his company, Solvay S.A., is recognized as the world's preeminent supplier of this essential commodity and a global leader in the production of several specialty chemicals and plastics products. Solvay's annual revenues, now nearing US\$9.4 billion, together with more than 30,000 employees worldwide, attest to the company's international presence.

Into the 21st century, the Belgium-based Solvay has evolved into a hybrid group serving the diverse and dynamic requirements of the pharmaceutical, chemicals, and plastics industries and its broad customer base. The company's global leadership, coupled with its broad organizational structure, has created one of the world's most complex and challenging supply chains.

In an effort to optimize its supply chain management, keep costs in order, and offer value-added services, the longtime SAP customer complemented its existing enterprise resource planning (ERP) application by implementing the SAP® Advanced Planning & Optimization (SAP APO) component, part of the mySAP™ Supply Chain Management (mySAP SCM) application, and the SAP NetWeaver® Exchange Infrastructure (SAP NetWeaver XI) component.



## **Transforming Solvay's Supply Chain Networks with E-Vendor-Managed Inventory**

Solvay's complex supply network includes several production plants and warehouses throughout several countries and continents. While its facilities are constrained by limited production and storage capacities, its employees still manage more than 1,800 products and product groups. Today, Solvay has more than 20,000 customers grouped in 150 geographical regions and a global supply network with more than 1,300 transportation lanes linking Solvay production plants, warehouses, and customers. "Managing and optimizing our supply chain planning to increase supply chain efficiency is a major objective of our IT strategy," says Frédéric Tribel, supply chain planning team leader for Solvay Information Services (SIS), the IT arm of Solvay.

Prior to 2001 Solvay offered customers manually based vendor-managed inventory (VMI) services. "This greatly increased the workload of the front office and is very costly to manage on the supplier end," says Tribel. The old VMI system depended on the manual exchange of data in Microsoft Excel spreadsheets to e-mails and faxes, as well as classical order processing procedures that often resulted in delayed orders from customers. Early in 2001, however, as part of an extended ERP project, Solvay began the implementation of eVMI, a first-generation, automated system that would eventually help transform its supply chain networks.

eVMI excels over manual VMI systems because it supports integrated information management and exchange tools, including Internet marketplaces like Elemica. "This eliminates the need for a lot of one-to-one connections," says Tribel. "Everyone can connect to that single hub and exchange the needed information with several partners."

## **Solvay Leverages SAP Solutions to Implement Automated Supply Chain Network**

To enable eVMI, Solvay had to first implement the SAP APO component to satisfy the system's demand planning, supply network planning, and production planning requirements.

"We already had some of the components of the eVMI solution in place," Tribel explains. "We had mySAP ERP, and we were using SAP business rules, so we decided to use the SAP offerings

we had in a more integrated way to solve the integration issues around eVMI." Solvay chose SAP APO for its large and best-of-breed functional coverage, flexible and rich user interface, and scalability for providing eVMI services to any size company. Secondly, SIS recognized that the reliability and scalability of the SAP software architecture, coupled with the cost-effectiveness leveraged by their established base use of SAP software, would be beneficial. The company also chose SAP NetWeaver XI to enable data exchange between the mySAP ERP application and eVMI processes.

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**Frédéric Tribel, Supply Chain Planning Team Leader, Solvay Information Services**

After completing the SAP APO implementation at SIS, the IT group rolled it out to the first Solvay business unit in 2002. Today, any business unit can request the SAP APO component from SIS. By the beginning of 2004, SAP APO was fully supporting eVMI for Solvay and its customers. The SAP NetWeaver Portal component, which provides a rich user interface into eVMI for Solvay and its customers, is now in the process of being implemented.

## **eVMI Provides Win-Win Business Benefits for Solvay and Its Customers**

According to Tribel, an eVMI implementation for a Solvay customer can take as little as a few days, or typically about 20 to 60 people-days depending on the end user's learning curve. The value eVMI creates is well worth the time spent when you consider the improved supply chain responsiveness, optimized demand fulfillment, improved inventory positioning, reduced lost sales, and increased on-time delivery.

These process improvements provide win-win benefits for both Solvay and its customers. Customers utilizing the *Solvay4me* eVMI screens had a decreased VMI workload, freeing them to concentrate on their core business and not on operational planning tasks. Customers were able to quickly and more efficiently view demand planning scenarios, change future forecasts, view

correct forecasts, check forecast alerts, and control replenishment, as well as view individualized VMI forecasts, orders, and other activities in the *my silo* screen interface. Additionally, customers enjoyed more efficient warehousing, stock reduction, and improvement in service delivery levels.

Implementing mySAP SCM has helped Solvay realize many of the same benefits its customers are now enjoying. The ability to monitor the supply chain from end to end leads to improved visibility into customer demands, better control of stocks and shipments, and the avoidance of exceptional or unplanned events.

“Clearly, exchanging the forecast of the customer requirements with the supplier increases the visibility and enables improvements in the way we work with transporters and the way we collaborate with our customers,” says Tribel.

In conclusion, the real win for Solvay from providing eVMI is a huge increase in supply chain efficiency through improved forecast and replenishment data. “With value-added services like eVMI,” he concludes, “we are able to overcome the hurdle of offering labor-intensive VMI solutions, which leads to improved supply chain responsiveness, optimized demand fulfillment, improved inventory positioning, reduced lost sales, and increased on-time delivery.”

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