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Packsize: Revolutionizing the Packaging Industry with Help from an SAP® Business All-in-One Solution

Partner

BRAMASOL, INC.
CERTIFIED BUSINESS SOLUTIONS

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Company
Packsize International LLC

Industry
Industrial machinery and components – packaging solutions

Products and Services
On-demand packaging equipment and supplies

Web Site
www.packsize.com

SAP® Solutions
An SAP® Business All-in-One solution

Partner
Bramasol Inc. (www.bramasol.com)

Packsize International LLC has initiated a paradigm shift in the packaging industry by installing instantly programmable package converting machines on its customers' shipping lines and charging them only for corrugated box materials. Packsize needed enterprise resource planning (ERP) functionality and the kind of **visibility into its operations** that would allow it to grow unimpeded. The intention was to do it once, do it right, and never look back. With an SAP® Business All-in-One solution, Packsize got exactly what it wanted.

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Revolutionizing shipping with right-size packaging on demand

In 2002 Hanko Kiessner arrived in New York with little more than an idea and the ambition to found a company around it. Nine years later, his company, Packsize International LLC, is driving a remarkable paradigm shift in the packaging industry. Headquartered in Salt Lake City, with a factory in Sweden, Packsize currently employs over 100 people, operates all over the world, and is reaping tens of millions of dollars in sales.

Kiessner's idea, embodied in the Packsize operation, is to put programmable packaging machines on each customer's shipping line. The shipper enters the dimensions of the product being shipped, and the machine provides a corrugated cardboard box that exactly fits the product. Think of it as protection without peanuts, or boxes with the air on the outside instead of the inside, specifically about 40% less air.

That translates to less material used and less wasted space on the truck or aircraft. In fact, more efficient packaging means that on average 66% more items can be shipped on that same truck. It makes the entire supply chain much more efficient, while package recipients use a lot less space in their garbage cans.

"The business model is also unique in that Packsize takes 100% of the risk," says Kiessner. Instead of selling the machine, Packsize leases it to the customer at no charge and then sells the corrugated cardboard packaging material.

100%

Renewable energy powering Packsize headquarters

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Maintaining control over a company growing at 40% a year

"Our goal is to reduce the world's shipping volume by 30% to 40%," explains Kiessner. One measure of his success at meeting this self-imposed challenge is Packsize's rate of growth: 40% annually.

The problems associated with that kind of growth are also challenging, to say the least.

"We need a very robust system that enables us to do some good data mining and get some really useful information out of the system," says Brent Cowan, controller for Packsize. "We wanted to be able to understand the business at a deeper level."

"We had been using multiple ERP systems, and we couldn't generate visibility across all the different countries where we operate and all the entities we manage," says Kiessner. Packsize management decided that the next ERP system they implemented would be their last. They selected an SAP Business All-in-One solution.

"SAP has now provided us with the platform we needed to run our complex global business."

Hanko Kiessner, CEO, Packsize International LLC

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Finding the last ERP application Packsize will ever need

"When we decided to switch to a new ERP system, we said we would only make one more switch in our company history," says Kiessner. "SAP Business All-in-One was the only solution that we felt would enable us to avoid any future transition as we grow the company. It lets us focus on the company's mission."

Beyond scalability, there were other selection criteria. First, the solution had to integrate into all aspects of Packsize's business. Second, it had to provide visibility – information on a timely basis. And third, it had to integrate well with the company's partners and vendors.

"An SAP Business All-in-One solution met all the criteria we were looking for," says Cowan.

Standardization was also consequential to Packsize and influenced the company's decision to acquire its SAP Business All-in-One solution. "It's important in a global business like ours," says Cowan. "With our SAP Business All-in-One solution we're able to implement the practices we're using in the United States into Germany, Sweden, and everywhere else."

Another advantage of an SAP Business All-in-One solution is its ability to function on off-site laptops as well as desktops at headquarters. "Our SAP Business All-in-One solution only sends the information you need," says Cowan, "and it sends it when and where you need it. I can be in an airport on my way to Europe, and if the CFO needs some data, I can log on and send it to him. It's great to be able to do that wherever I am."

> "Our SAP All-in-One solution is like a sports car. It's very powerful. Once you get the feel of it, it's a great drive."
>
> Brent Cowan, Controller, Packsize International LLC

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Implementing within budget, faster than expected

"We went live on time, and we were under budget," says Cowan, "to the point where we were able to bring up additional functionality that we hadn't initially planned on implementing in stage 1."

Cowan credits the universal buy-in of all those associated with the implementation for its successful completion. "We were fortunate to have good leadership on the executive level," he says. The solution went live in three months, on schedule, but because the team actually finished many aspects of the project early, they were able to double-check their work.

Packsize called on Bramasol Inc., of South San Francisco, to perform the actual implementation.

"There are many options around implementing such a robust system, so pairing with a group like Bramasol helped us enormously in knowing how to best fit the strengths of the SAP software to our business," says Cowan. Bramasol was also instrumental in establishing effective change management procedures.

"What really helped us a lot was Bramasol's best-in-class industry packages, where we have been able to adopt processes that we have not had in place before," says Kiessner.

Employee reaction to the new software? As Cowan remembers it, "They went from, 'Oh, this is much slower' to 'OK, it doesn't really take that much time,' to 'It's really much better than the old system.'"

"We're really glad we implemented an SAP Business All-in-One solution. SAP is the gold standard when it comes to ERP systems. Now we can make projections about what's important for the company's growth."

Brent Cowan, Controller, Packsize International LLC

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Gaining new visibility from timely data

"We're using our SAP Business All-in-One solution right now primarily in our accounting and controlling," says Cowan. "But we're also using it in our customer service area. We use the production aspects of the software in our manufacturing environment. And we're just now going live with it in Germany for all those functions."

Its SAP Business All-in-One solution permeates the entire company's operations. Company executives use the travel management functionality to track travel expenses by category and by person. And they are about to initiate the fixed asset functionality.

They use the solution for daily reports in finance, looking at expenses and cost centers to analyze trends in the business and opportunities for improvement. They run ad hoc reports on customers so the customer service team can keep an eye on account aging and the schedules they need to provide to their bankers.

"It's a pretty robust package that spans all areas of the company, and it provides us with so much data in a timely way that we simply didn't have before," says Cowan. "The information we've been extracting from those reports has been extremely useful. We've been able to identify some interesting trends that we weren't expecting and then modify our operation so as to improve them. It really helps not to be flying blind."

"We're in uncharted territory with a new technology, so being able to react quickly to what's happening is essential. And having information available is essential to being able to make decisions in a timely manner."

Brent Cowan, Controller, Packsize International LLC

SAP Business All-in-One

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Enabling global operations via increased visibility

The benefits an SAP Business All-in-One solution delivers to Packsize span all the company's operations, but they can be summed up in one word: visibility.

"SAP offers the only platform that gives us visibility into the global deployment of our machines to run our corrugated supply chain," says Kiessner. "I'd go one step further and say this widespread deployment probably wouldn't even be possible for Packsize without a global ERP system."

"Our SAP Business All-in-One solution has actually enabled us to cut our inventory count in half because when we take orders out of inventory, it's so much faster than our old system was," says Tonya Buhler, customer service representative at Packsize. "We can track how much square footage has been shipped so we get a clear picture of our trajectory, and what our quarterly numbers will be."

"The software saves us money all the time, just through the information that is now available," says Cowan. "We have addressed things we didn't even know about before. That's job security for me, because part of why I'm here is to help control costs."

And Buhler notes, "It used to take us three days to invoice the customer. Now it takes us a few hours."

"The single most important benefit is that we are now done," says Kiessner. "We don't ever have to switch ERP software again. It makes us transparent and lets us control our operations. We can focus completely on our growth, our business model, and our customers."

"Our SAP Business All-in-One solution is absolutely essential to our operations and also to our growth."

Hanko Kiessner, CEO, Packsize International LLC

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Planning for the future: data on the fly

Packsize intends to expand the functionality of its SAP Business All-in-One solution into mobile customer relationship management (CRM). "One of the things we're excited about is the ability of our engineers and sales team to use their mobile devices to access customer data on the fly," says Cowan. "So they pull into a customer parking lot, and they can pull up all the information they need on their BlackBerry or iPhone about that customer and the specific machine installed there. And that information is linked to the accounting side of the software."

Packsize also intends to implement a more robust reporting package with additional functionality. Management plans to link the travel management function for their engineers to the CRM functionality and to fixed assets, because all those parts of the business are so interconnected.

Concludes Cowan, "I think that's when we'll see the biggest benefit of implementing an SAP Business All-in-One solution – when all those functions are working together as a whole."

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