

SAP Customer Success Story
Automotive – HVAC and Engine Cooling



“We are a typical automotive supplier. And if SAP can do it for us, they can do it for anybody else that delivers to the OEM.”

Jeff Stern, Manager of SAP at Behr America

AT A GLANCE

Company

- Name: Behr America
- Location: Dayton, Ohio
- Industry: Automotive
- Products and services: HVAC and engine cooling
- Revenue: €3.05 billion (2005 Behr Group)
- Employees: 18,103 (2005 worldwide)
- Web site: www.behr-america.com
- Partner: itelligence Inc.

Challenges and Opportunities

- Multiple, weakly integrated legacy systems cannot support customer requirements.
- The transition from legacy systems to a single, integrated enterprise resource planning application must not interrupt ongoing processes.

Objective

Migrate more than 40 different systems and applications into a full suite implementation of the mySAP™ ERP application – without shutting down or affecting one plant or customer

SAP® Solutions and Services

- mySAP ERP
- SAP for Automotive solution portfolio

Implementation Highlights

- A smooth, well-orchestrated, problem-free implementation resulted in no plant or business interruptions during go-live.
- mySAP ERP helps Behr America to redevelop and improve its business processes while maintaining previous functionality.
- Out of the box, the application covers 90% of Behr America's specific logistics requirements, greatly minimizing the need for configuration.

Why SAP

- mySAP ERP Financials solution was implemented and in use 6 months before the full suite implementation began.
- mySAP ERP enabled Behr America to have integrated financials and logistics solutions in a single application.

Benefits

- Improved product portfolio management to world-class levels through SAP® software support of Behr America processes
- Significantly reduced inventory by using material requirements planning functionality of mySAP ERP
- Reduced premium freight through visibility into parts inventory
- Improved integration of financials and logistics
- Increased data completeness with enhanced master-data structure
- Improved JIT processes to speed up JIT customer deliveries

Existing Environment

Disparate and fragmented legacy system composed of multiple disjointed applications and programs

Third-Party Integration

- Database: Oracle
- Hardware: IBM
- Operating system: UNIX

BEHR AMERICA

At a Large HVAC Facility, Dozens of Fragmented Legacy Systems Are Seamlessly Migrated into a Single, Integrated Application with mySAP™ ERP

“Top performance in vehicle air conditioning and engine cooling.” Behr GmbH & Co. KG (Behr Group), headquartered in Stuttgart, Germany, has been building its reputation for excellence on that claim since its inception in 1905. Today, with 18,000 employees worldwide and over €3 billion in annual revenues, Behr Group is one of the world's leading manufacturers and suppliers of original equipment for passenger and commercial vehicles, and a systems partner for the international automobile industry.

Transformation Without Interruption

Behr America, a subsidiary of the Behr Group and headquartered in Troy, Michigan, has plants in Dayton, Ohio; Charleston, South Carolina; Fort Worth, Texas; and Ramos Arizpe, Mexico. The Behr Dayton Thermal Products plant is the largest in the Behr America network. Supported by nearly 1,800 employees, this location generates by far the largest sales volume of all Behr America plants. It was a DaimlerChrysler component plant when it was acquired by Behr in 2002.

“When we purchased the plant,” says Jeff Stern, manager of SAP at Behr America, “one of the first objectives was to convert the plant from its legacy systems and introduce an SAP application in order to integrate more than 40 different systems and applications including financials and logistics.” This was a primary task in making Behr Dayton Thermal Products a competitive, state-of-the-art manufacturing facility of engine cooling and air-conditioning components, modules, and systems.

Another challenge was ensuring overall information transparency and data quality. “All the information existed, but it was in separate areas and in separate databases. Purchasing information, for example, had to be pulled from two or three different databases. And that impacted the data quality. We needed a central data source.”

To solve these multiple challenges, Stern’s team was handed the considerable challenge of migrating to a single, integrated enterprise resource planning (ERP) application. One condition of the migration was that the implementation and go-live could

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Jeff Stern, Manager of SAP at Behr America

not interrupt ongoing business and manufacturing processes. “The scope of the implementation was to allow people to keep doing whatever they were doing in the plant already. We didn’t want to change the way they performed their work. In addition, we had to achieve full migration and integration without affecting the delivery schedule to our customers,” says Stern.

Mission Achieved with mySAP™ ERP and JIT Solutions from SAP for Automotive

The decision to transition the Dayton facility’s legacy systems to the mySAP™ ERP application was based on the ability of SAP® software to support the plant’s entire business process. “Aside from an external quality package already being used by the plant and the connection to our EDI [electronic data interchange] application, which Behr in Germany already had and where our systems reside, all we had to do was hook in with SAP software,” says Stern.

Another factor in the decision was the implementation of the mySAP ERP Financials solution at the Dayton plant in June 2003, six months prior to the implementation of the full-blown suite of mySAP ERP. “Dayton is the first Behr America manufacturing facility to have SAP software running. Other facilities will be transitioned in the future,” says Stern.

Although mySAP ERP has not yet been integrated with the shop floor, Behr America decided to enhance its existing shop floor software with just-in-time (JIT) processing solutions from the SAP for Automotive solution portfolio. Because the highest priority of an automotive supplier is ensuring on-time delivery to its customers, the JIT solutions from SAP for Automotive now help Behr America to flexibly change production plans at any time to meet customer delivery requirements.

A “Big Bang” Go-Live That No One Heard

With nearly 50 applications and programs to migrate into mySAP ERP, a considerable part of the implementation period, which began in November 2002, involved planning and blueprinting before the actual implementation could start. Go-live occurred in November 2003.

A “big bang” go-live is normally a major event, but Stern reports: “We successfully replaced all disparate systems with one SAP application. SAP software covered 90% of our specific logistics requirements without the need for configuration changes. That worked out very well. With the software, we were able to redevelop and improve logistics processes.

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“The implementation represents the first combined logistics and financials installation at Behr America,” Stern continues, “and we achieved the goal of implementing the ERP application without any major business or customer interruptions. One reason is that we followed the ASAP methodology from SAP as designed.”

Another highlight of the implementation was the performance of implementation partner itelligence. “They said, ‘This is how we’re going to do it,’ and that’s how we did it. From start to finish, they were right there with us,” Stern states.

Award-Winning Recognition for Behr America

Behr America has won a DaimlerChrysler “Supplier of the Year” award for two consecutive years, 2004 and 2005, and is hoping to continue the winning streak. The improvements made by switching to an integrated ERP application at the Dayton plant have played a significant role in this success. “This would not have happened without switching to a single ERP application at Dayton,” says Stern. “The facility could not have performed at that level under the old systems.”

mySAP ERP provided necessary support in Behr America’s efforts to bring its product portfolio system to a world-class level. In addition, Behr America is counting on the materials requirements planning functionality of mySAP ERP to significantly reduce inventory. Says Stern, “Now that our systems are stable, it is time to switch to continuous improvement and measurement mode.”

Behr America is also counting on reducing premium freight because of new visibility into parts inventory. In addition, the company has been able to automate its retro-billing processes to improve day sales outstanding on account receivables. And the implementation also improved the structure of master data, resulting in an increase in data completeness.

“Before the implementation, we supplied only one customer. Since go-live, we have launched products for multiple car manufacturers and are working with more than 100 new suppliers,” concludes Stern. “Supporting this growth is a good measure of the success of mySAP ERP.”

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