ZF FRIEDRICHSHAFEN AG

SAP EXPERTS ASSESS IT LANDSCAPE OF MAJOR AUTOMOTIVE SUPPLIER

"The Business Transformation Consulting group of SAP Consulting did a great job. We are extremely grateful to them for their constant support and useful findings. They . . . complied with the strict parameters we defined, including budget."

Klaus Beneker, Project Manager, ZF Friedrichshafen AG

QUICK FACTS

Company
- Name: ZF Friedrichshafen AG
- Location: Friedrichshafen, Germany
- Industry: Automotive
- Products and services: Steering systems, transmissions, axles, chassis components, and end-to-end systems for vehicles
- Revenue: €9.3 billion (ZF Group expected revenue for 2009)
- Employees: 60,000 worldwide (ZF Group)
- Web site: www.zf.com

Challenges and Opportunities
- Reduce the number of instances of the SAP® ERP application in the IT landscape to help harmonize processes and data across the company
- Reduce costs

Objectives
- Determine best way to consolidate heterogeneous IT landscape comprising 14 instances of SAP ERP with different configurations
- Pinpoint where improvements can be made in the IT environment and how
- Align IT strategy with business needs
- Create a solid, efficient, and sustainable IT foundation for the future

SAP Solutions and Services
The Business Transformation Consulting group of SAP Consulting, specifically the IT architecture assessment service

Implementation Highlights
- Structured, methodical approach to assessing various ways to achieve system consolidation
- Incorporation of all topics related to system consolidation – including process harmonization, costs, and strategy – in a comprehensive transformation road map
- Series of workshops conducted with senior IT management

Why SAP
- Long and successful track record of collaboration with SAP, who was familiar with customer's IT landscape
- Understanding of and compliance with the requirements of the auto supplier
- Experience and expertise of SAP consultants from similar projects

Benefits
- Recommendation for establishing a sustainable IT architecture with fewer instances of SAP ERP
- Clear definition of the technological, business, and organizational prerequisites for establishing the target IT architecture
- Firm basis for further discussions and follow-up activities in the areas of process and data harmonization
- Consolidation of all key assessment findings in a single paper

Existing Environment
Heterogeneous IT landscape comprising 14 instances of SAP ERP with different configurations

As one of the world's leading automotive suppliers, ZF Friedrichshafen AG knows the importance of effective IT. Proof of that is its deployment of SAP® software for enterprise resource planning (ERP). But when the company launched an initiative to harmonize processes and data, it found its software landscape was not up to par. With 14 instances of the SAP ERP application in different configurations, the environment was simply too complex for the job. To determine the best way to consolidate its IT infrastructure, ZF enlisted the support of the Business Transformation Consulting group of SAP Consulting, which performed a comprehensive assessment and delivered actionable recommendations.

Headquartered in Friedrichshafen, Germany, ZF develops and produces transmissions, steering systems, axles, and chassis parts as well as end-to-end systems for passenger cars, commercial vehicles, and off-road machinery. Its breadth of specialization covers transmissions for trains, boats, and helicopters as well. With 60,000 employees working at 125 sites worldwide, the company expects to have generated revenues of €9.3 billion in 2009.

Large and Complex IT Landscape

ZF was forced to take stock of the true size and complexity of its IT infrastructure when it launched a program aimed at harmonizing intercompany processes and data. Klaus Beneker, project manager at ZF, explains, "We have a large landscape comprising 14 instances of the SAP ERP application with different configurations and serving 125 plants in 26 countries worldwide. This makes it extremely difficult to standardize processes across the group."

In addition, there were the company's high data volume and availability requirements to consider. The fact that the existing landscape was not in line with ZF's business needs and strategies also had to be addressed. It hampered, for example, the integration of new production sites and companies. All these factors prompted the auto supplier to start thinking about giving its IT landscape a makeover. Beneker continues, "We wanted to reduce the number of SAP software installations in the landscape. Only then would we be able to harmonize processes, such as reporting, and cut costs."

Support from External Specialists

The next step was to determine the best way to consolidate and simplify the IT landscape. "Our aim was to establish a solid, efficient, and sustainable IT foundation for the future. To achieve this, we first had to identify where improvements could be made and how," says Beneker. "But it was too great a task to handle in-house – so we started looking for external experts to oversee the evaluation."

When the Business Transformation Consulting group of SAP Consulting heard about the automotive supplier's predicament, it stepped in to help. The group had supported ZF in multiple projects already, for example, assisting the company with the optimization of its system landscape. Beneker observes, "We have a long track record of collaboration with SAP – so they knew our IT architecture inside out and were very accommodating of our needs. We also thought it made sense to team up with the vendor of the software we would be analyzing."

Blend of Experience and Expertise

The Business Transformation Consulting group, which provides services dedicated to helping companies align their information technology with their business strategies, recommended a comprehensive assessment of ZF's IT architecture. Primary goals of the evaluation were to address current and

> "The insights and recommendations of the Business Transformation Consulting group have set us up for the long-term future. We now have the information we need to bring our SAP software environment into sync with our business strategy and are better equipped to master future challenges"
>
> **Klaus Beneker,** Project Manager, ZF Friedrichshafen AG

future business and IT needs and provide the company with sound guidance going forward. The project kicked off in January 2009 and comprised four phases: assessment, design, planning, and justification. "The SAP team methodically and expertly developed a downsizing concept for reducing the number of SAP ERP instances," says Beneker.

The Business Transformation Consulting group planned and carried out a series of workshops attended by senior IT managers from various departments and divisions. In addition, senior executives were involved from the outset. The CIO was present at almost all meetings. The CFO was briefed on all events. "The workshops included in-depth discussion of all relevant topics – including the processes involved, organizational issues, and technical feasibility. What's more, the SAP consultants shared best practices for the consolidation of ERP software and told us about their experiences in similar customer projects," highlights Beneker.

ZF was impressed with the expertise of the SAP consultants when it came to evaluating the design and feasibility of its future SAP software environment. Beneker puts it into words: "The Business Transformation Consulting group of SAP Consulting did a great job. We are extremely grateful to them for their constant support and useful findings. They achieved a great deal in a short space of time and complied with the strict parameters we defined, including budget."

Actionable Recommendations

During the assessment, the Business Transformation Consulting group delivered a number of presentations and reports to keep the automotive supplier up to speed. And after completing the evaluation in May 2009, it consolidated the key findings in a single document. The SAP experts recommended an architecture that met all ZF's operational and business requirements – while reducing the number of instances of SAP ERP to an absolute minimum. It also detailed how this architecture could be achieved.

> "The workshops included in-depth discussion of all relevant topics – including the processes involved, organizational issues, and technical feasibility. What's more, the SAP consultants shared best practices for the consolidation of ERP software, and told us about their experiences in similar customer projects."
>
> **Klaus Beneker,** Project Manager, ZF Friedrichshafen AG

Peter Völker, an SAP business transformation consultant, explains, "We defined the technological, business, and organizational prerequisites for implementation of the target architecture and the measures that must be taken to reach this goal."

Beneker underlines the benefits of this data: "The insights and recommendations of the Business Transformation Consulting group have set us up for the long-term future. We now have the information we need to bring our SAP software environment into sync with our business strategy and are better equipped to master future challenges."

As well as being highly sustainable, the suggestions put forward by the SAP consultants took into consideration processes and applications across the entire organization – balancing the requirements of individual business units, divisions, and regions with the need for intercompany synergy. With the assessment wrapped up, ZF is now turning its attention to implementing the recommendations. Beneker adds, "There are already lots of follow-up activities under way in the areas of process, data, and system harmonization. But action is not necessary only on the IT side – changes have to be made from a business point of view too, for example, by redefining processes and organizational structures."

Major Changes on the Horizon

ZF is now concentrating on ensuring that all the prerequisites for consolidation of its IT landscape are in place. Requirements and expectations must

www.sap.com/contactsap

be defined and managed and any conflicts between processes resolved. For example, the various strategies for product lifecycle management across the company are to be replaced by a uniform, groupwide approach. "Management is currently planning significant changes, and corresponding subprojects have already been set up," highlights Beneker. "While the exact design of the future landscape is still under discussion, one thing is for sure: it will feature far fewer instances of SAP ERP than it does at present."

ZF has continued to meet regularly with the experts from SAP since the conclusion of the assessment. Beneker explains, "We are addressing all issues in collaboration with the Business Transformation Consulting group of SAP Consulting – and will definitely continue to work with them in the future."

50 098 450 (10/02)
©2010 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, Clear Enterprise, SAP BusinessObjects Explorer, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP France in the United States and in other countries.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.