Kennametal: Becoming Customer Centric with SAP® Software for Data Insight and Consistent Processes

Executive overview

Company

Vision

Why SAP

Implementation

Solution

Benefits

Future plans

Company

Kennametal Inc.

Industry

Industrial machinery and components

Products and Services

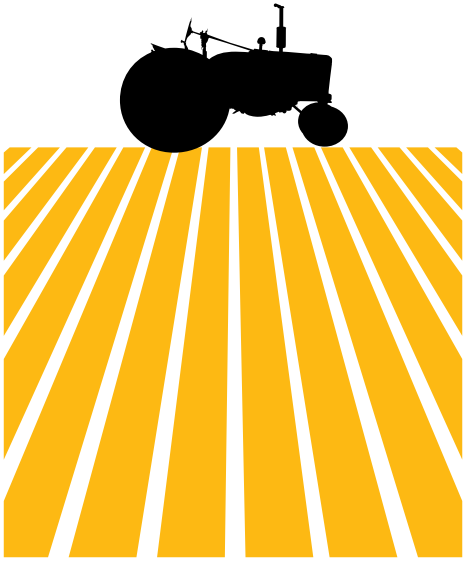
Tooling, engineered components, and advanced materials

Web Site

www.kennametal.com

SAP® Solutions

SAP® ERP application, SAP Best Practices for Industrial Machinery & Components package, SAP BusinessObjects™ solutions, SAP BusinessObjects Explorer™ software



How can your company shift from being product focused to customer centric without timely insight into accurate data about its markets and performance? Kennametal Inc. – a leading global manufacturer – made the change by deploying SAP® software for **powerful analytics and standard processes based on best practices**. "SAP software has empowered us to take our company to the next level," explains Ravikanth Gadicherla, global business intelligence (BI) manager at Kennametal.

Executive overview

Company

Vision

Why SAP

Implementation

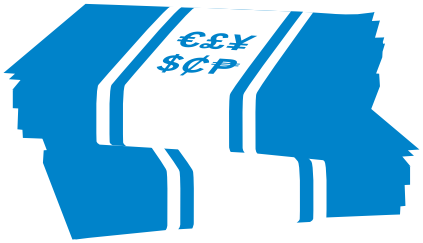
Solution

Benefits

Future plans

Global leader in multiple markets

Founded in 1938 and headquartered in Latrobe, Pennsylvania, Kennametal is a leading global manufacturer and supplier of tooling, engineered components, and advanced materials consumed in production processes across a range of industries, including aerospace and defense, mining, and construction. Its products include metalworking tools, carbide cutting tips, and deburring and surface-finishing solutions. While the company is first or second in every market it serves, it is a global market leader in tooling for mining and highway construction. Kennametal employs nearly 11,000 people worldwide and generated revenue of approximately US$2.4 billion in 2010.



US$2.4

Billion in revenue (2010)

Executive overview

Company

Vision

Why SAP

Implementation

Solution

Benefits

Future plans

Reengineering its market approach

Kennametal's well-earned reputation for manufacturing excellence, as well as technological expertise and innovation in its principal products, has helped it achieve a leading market presence in its primary markets. As with most companies, Kennametal was affected by the global recession that struck in 2008. In response – and to continue finding additional growth opportunities – it implemented a new operating structure. Gadicherla explains, "We realigned our company to enable an enhanced market-sector approach coupled with a more customer-centric focus. This change is meant to improve all key market-facing functions, including sales, customer service, marketing, product management, engineering, and product development."

To achieve its customer-centric vision, Kennametal needed to more deeply understand its customer base and its own performance. Gaining that insight required a technology platform and tools that would enable employees and executives worldwide to efficiently access and analyze data. "Because we were relying on a combination of Cognos business intelligence software, Microsoft Access databases, and spreadsheets, our employees could never be certain they were working with accurate data. Moreover, it took up to 45 minutes to produce a report," recalls Gadicherla. Just as frustrating, employees in remote time zones were forced to wait up to 36 hours to access information because new data was loaded just once per day.

Executive overview

Company

Vision

Why SAP

Implementation

Solution

Benefits

Future plans

Sourcing from a trusted partner

Although Kennametal had run its business with SAP® software for nearly 20 years, it relied on an outdated and extensively customized version that made it virtually impossible to install upgrades from SAP. At the same time, a mishmash of BI tools across the company led to siloed and inconsistent data sets. Kennametal decided to standardize its business processes, based on best practices supported by SAP software, while deploying SAP BusinessObjects™ solutions for powerful business analytics.

"SAP BusinessObjects software was the best choice because it addressed all our issues and would seamlessly integrate into our existing environment, including with the SAP NetWeaver® Business Warehouse component that we had already installed," says Gadicherla. By deploying the solution, Kennametal anticipated it would be able to provide its employees with consistent, trusted views – and greater insight – into data.

"We chose SAP BusinessObjects software because we knew it was the leading business intelligence tool."

Ravikanth Gadicherla, Global Business Intelligence Manager, Kennametal Inc.

Executive overview

Company

Vision

Why SAP

Implementation

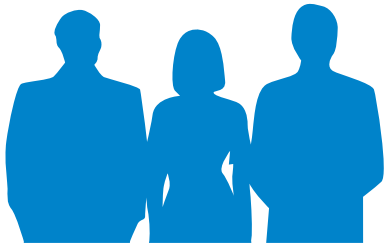
Solution

Benefits

Future plans

Choosing a concurrent implementation

As part of restructuring itself for customer centricity and standardized processes, Kennametal combined its upgrade of the SAP ERP application with the implementation of SAP BusinessObjects software. Going live with about 1 terabyte of sales data, within six months it was running 2.5 to 3 terabytes of data through SAP BusinessObjects software. Today, it runs about 4 terabytes of sales, supply chain, human resources, customer relationship management, and point-of-sale data through SAP BusinessObjects software. About 1,400 sales representatives and managers worldwide use the software. Gadicherla notes, "Because SAP BusinessObjects software is so much easier for our employees to use than the Cognos software, we have a much higher adoption rate."



1,400

Employees using SAP BusinessObjects software

Executive overview

Company

Vision

Why SAP

Implementation

Solution

Benefits

Future plans

Tapping into data at multiple levels for better decisions

Employees across the globe use SAP software in a variety of ways. Using SAP BusinessObjects Explorer™ software on the Apple iPad, they can quickly access needed information and explore it in a personalized view. With SAP BusinessObjects Dashboards software, managers can easily track and view about 20 key performance indicators (KPIs), including metrics on daily orders, daily invoices, and forecasts and plans.

While plant controllers can view a dashboard for insight into work-center efficiency on a daily basis, those in finance, sales, marketing, and product management generate daily reports. In fact, sales and marketing teams can compare near-real-time customer data without relying on IT. Nearly all of the company's sales representatives and managers can get broadcast reports about customer orders and pricing sent to their BlackBerry devices or their e-mail. Product managers can get margin reports on cost and margin for their products. Moreover, finance can more easily handle monthly and quarter-end closes. With rapid access to current data, employees worldwide are able to make informed decisions more quickly and confidently.

"We used to track key performance metrics manually, offline, making it difficult for our managers to get needed information. With SAP BusinessObjects software, we can quickly access the correct version of the truth."

Ravikanth Gadicherla, Global Business Intelligence Manager, Kennametal Inc.

Executive overview

Company

Vision

Why SAP

Implementation

Solution

Benefits

Future plans

Benefiting from value creation

By refreshing its infrastructure with a standardized version of SAP ERP and enabling advanced analytics with SAP BusinessObjects software, Kennametal has realized a number of benefits. Standardized processes allow it to more easily integrate acquired companies into its operations. In addition, streamlined processes have led to company-wide efficiencies.

$300,000–$400,000

In annual savings

"We can enable greater accessibility and transparency of data," says Angela Brancazio, global manager of marketing master data for Kennametal. With data refreshed twice a day, more employees are accessing near-real-time data to make strategic decisions – even those in remote locations. Just as important, because SAP BusinessObjects software can process large volumes of data quickly, employees can now generate reports in mere minutes, instead of having to wait 30 to 45 minutes. In addition, Kennametal reduced its nearly 6,000 reports to just 200. It was also able to retire its Cognos software and associated applications for a savings of $300,000 to $400,000 annually.

Linkages between SAP NetWeaver Business Warehouse, SAP ERP, and SAP BusinessObjects software empower Kennametal to broaden its reporting. "We were up against a lot of constraints before when it came to accessing and working with our data," says Brancazio. "Now we can create reports on new topics and categories and run more sophisticated reports on inventory, for example. Moreover, employees now feel confident that they're working with accurate data."

Executive overview

Company

Vision

Why SAP

Implementation

Solution

Benefits

Future plans

Planning for continuous improvement

Looking ahead, Kennametal anticipates taking advantage of additional SAP BusinessObjects software, along with SAP HANA™ appliance software for even greater data performance. "We expect to build more dashboards, reports, and KPIs at deeper levels. Once everything is in place, all employees will have an even greater understanding of our customers, allowing us to be proactive instead of reactive and further enhance our customers' experience," concludes Brancazio.

"SAP software helps us achieve our goal of ensuring higher customer satisfaction while realizing lower costs to serve them. Going forward, we anticipate SAP software will help us further improve our company performance and the customer experience."

Ravikanth Gadicherla, Global Business Intelligence Manager, Kennametal Inc.

CMP15249 (11/12)

Copyright/Trademark | Privacy | Impressum