

SAP Customer Success Story Chemicals – Biofuels



“There’s no way we could have designed and implemented our system in five months, and kept our ongoing IT costs so low, without SAP Best Practices.”

Michael Thompson, Systems Manager, FutureFuel Chemical Company

AT A GLANCE

Company

- Name: FutureFuel Chemical Company
- Location: Batesville, Arkansas
- Industry: Chemicals – biofuels
- Products and services: Specialty and custom chemicals and bio-based products, including biofuels
- Revenue: US\$151 million (2006)
- Employees: 473
- Web site: www.futurefuelcorporation.com
- Implementation partner: Hitachi Consulting

Challenges and Opportunities

- Heavily customized SAP® software from former parent company
- Limited experience performing many key business functions
- Moving company in new directions

Objectives

- Purchase only functionality needed to optimize opportunities for growth
- Implement business software well-suited to new market directions
- Minimize initial and ongoing IT costs
- Build business processes around industry best practices

SAP Solutions and Services

- SAP Business All-in-One for Chemicals solution
- SAP Best Practices for Chemicals offering
- SAP Railcar Management Component software

Implementation Highlights

- Needs met quickly with SAP Best Practices for Chemicals and Hi-Pace, a qualified SAP Business All-in-One partner solution from Hitachi
- Project completed in 5 months, 1 month ahead of schedule
- Close fit to business model provided by SAP Best Practices for Chemicals
- Hitachi project manager provided expertise in the SAP approach to best practices and the knowledge to leverage it

Why SAP

- Commitment to chemicals industry and depth of functionality
- Availability of SAP Best Practices for Chemicals
- Positive past experience with SAP software
- Fastest and least costly implementation

Benefits

- Minimal staffing requirements associated with ongoing support
- Lower ongoing IT costs
- Empowerment of business users to learn key processes
- Positioning of company to grow without limiting enterprise resource planning functionality and scalability

Existing Environment

Heavily customized solution tuned for former parent company's needs, not FutureFuel's

Third-Party Integration

- Database: Microsoft SQL Server 2003
- Hardware: Dell
- Operating system: VMware/ Microsoft Server 2003

FUTUREFUEL

Biofuels and Specialty Chemicals Firm Implements Project in Record Time with SAP® Best Practices

FutureFuel Chemical Company was in a very unusual situation when a chemicals industry giant sold it in late 2006. It was a company with a bright future manufacturing biofuels and specialty chemicals. But, for the first time in its history, it had to survive on its own – without help from the centralized services that its former parent company had provided for the past 30 years. FutureFuel had limited experience with business functions such as direct material purchasing, logistics, customer relationship management, and providing support to its SAP users. In short, the company found itself in a challenging position.

For a while, FutureFuel continued to use its former parent company's SAP® software installation, but that was hardly a long-term solution. The installation was heavily customized for lines of business of no interest to the agile young firm. FutureFuel had visions of entering new segments of the booming biofuels market with the potential to substantially increase its revenues. In addition, the existing installation required significant IT resources, presented upgrade problems, and could not provide the IT landscape necessary to support FutureFuel's new directions.

Therefore, to achieve independence, FutureFuel set several high priorities. It wanted to implement new business software that was just right for its needs, develop the knowledge to perform business functions previously conducted by its former parent company, and keep ongoing IT costs as low as possible. With invaluable assistance from the SAP Business All-in-One for Chemicals solution, based on SAP Best Practices offerings, FutureFuel accomplished all three goals in record time.

Learning How to Perform Basic Business Functions with SAP Best Practices

FutureFuel decided to consider itself a “greenfield” site – in other words, with no predisposition toward SAP or any other company – and evaluated three leading business software vendors. However, the more the company learned about the three different vendors, the more it realized that staying with SAP was the right thing to do. “With its focus on the chemicals industry, SAP software has the functionality we need and a commitment to keep making it better,” says Michael Thompson, systems manager at FutureFuel. “SAP Best Practices family of offerings is ideal for a company like ours.”



With limited experience in certain areas, FutureFuel wanted to leverage industry best practices as a starting point. According to Thompson, by taking advantage of the SAP Best Practices for Chemicals offering, the company would get the expertise it needed to develop business processes that were a good fit. In addition, the SAP Best Practices offerings would be a low-cost mechanism to integrate those practices into the company’s business culture. At the same time, SAP Best Practices helped FutureFuel avoid significant customization and the associated high cost of implementation and ongoing maintenance.

“We also examined how long it would take to implement each contender’s product and how much it would cost. SAP came out top on both fronts and SAP Best Practices was a big reason why. It significantly speeds up implementation and achieves high-quality results.”

David Baker, Vice President of Operations Support,
FutureFuel Chemical Company

“We also examined how long it would take to implement each contender’s product and how much it would cost,” added David Baker, vice president of manufacturing. “SAP came out top on both fronts and SAP Best Practices was a big reason why. It significantly speeds up implementation and achieves high-quality results.”

From-Scratch Implementation

FutureFuel knew that it needed a very specific kind of partner to implement the SAP software – an integrator with extensive industry experience and the necessary background to deploy SAP Best Practices for Chemicals. By choosing Hitachi Consulting – one of the few SAP partners that can provide qualified SAP Business All-in-One solutions for the chemicals industry – FutureFuel gained the assurance it needed.

FutureFuel dedicated a core team of 14 members who worked alongside 12 Hitachi consultants to implement Hi-Pace for Chemicals, Hitachi's qualified SAP Business All-in-One partner solution. Together, they designed the solution from scratch. When the team began the blueprinting stage of the project, they found it very powerful to be able to see live system transactions and data. During the realization stage, the team implemented applications for production planning, materials management, warehouse management, finance and controlling, and plant maintenance. Other applications included supply chain management; railcar tracking; environmental, health, and safety processes for managing dangerous goods and material safety data sheets; and sales and distribution functionality.

“Most importantly, we’re in control of our own future and, with SAP software’s scalability, we will not be limited in how far we can go.”

Michael Thompson, Systems Manager, FutureFuel
Chemical Company

In addition, the team used the software's quality management functionality to implement an enterprise laboratory information management system (enterprise LIMS) that replaced a legacy LIMS inherited from the former parent company. To provide the knowledge needed by staff working with the new applications, the team offered a mix of classroom and on-the-job training. Even though the undertaking to train users was significant, the project team managed it well.

Five Months to Implement Solution, Just One Person Dedicated to Support

Hitachi's project manager, very experienced in implementations, had never seen a project of this magnitude take less than nine months. Nonetheless, knowing how much SAP Best Practices would expedite the deployment, the team committed up-front to a six-month schedule. In the end, the team surprised the company's managers by doing even better – they completed the project one month ahead of time.

Even more good news followed. Some implementers had predicted the company would need a post-implementation support staff of 6 to 15 people. However, ongoing support is now provided with far fewer resources. Support requires only one dedicated IT specialist. To complement the specialist's expertise, approximately 10 superusers provide further functional support. These superusers dedicate 25% of their time to support SAP users in the business areas where they have experience and expertise. In addition, one full-time equivalent augments the work of the superusers by providing consulting support.

“There's no way we could have designed and implemented our system in five months, and kept our ongoing IT costs so low, without SAP Best Practices,” says Thompson. “Due to the speed of our implementation, we did push a few design issues into start-up, but overall I have been more than impressed with how smoothly we have been running since go-live.” FutureFuel is now taking advantage of its new solution to increase efficiencies throughout the company. “Most importantly,” adds Thompson, “we’re in control of our own future and, with SAP software’s scalability, we will not be limited in how far we can go.”

50 086 415 (07/11)

© 2007 by SAP AG. All rights reserved. SAP, R/3, mySAP, mySAP.com, xApps, xApp, SAP NetWeaver, Duet, PartnerEdge, 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 in several other countries all over the world. 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.

