



**MEI**

**BUSINESS TRANSFORMATION STUDY**

**AT A GLANCE**

|                                     |                                                        |
|-------------------------------------|--------------------------------------------------------|
| <b>Industry</b>                     | High tech                                              |
| <b>Revenue</b>                      | US\$250 million                                        |
| <b>Employees</b>                    | 400                                                    |
| <b>Location</b>                     | West Chester, Pennsylvania                             |
| <b>Web Site</b>                     | <a href="http://www.meigroup.com">www.meigroup.com</a> |
| <b>SAP® Solution &amp; Services</b> | mySAP™ ERP application                                 |
| <b>Implementation Partner</b>       | SAP® Consulting                                        |

MEI is one of the world’s largest manufacturers of unattended electronic transaction systems, including bill acceptors, coin mechanisms, cashless payment systems, and vending management solutions. MEI payment systems’ technology is considered the most reliable choice in hundreds of real-world applications and has earned the best performance rating in the market. The company’s products are in widespread use in the vending, gaming, amusement, transportation, retail, and kiosk markets.

**Key Challenges**

- Consolidate ERP systems worldwide
- Implement common business processes
- Improve visibility into global inventory
- Simplify production of global financial reports
- Standardize business processes

**Why SAP Was Selected**

- A single global platform
- Global service and support organization
- Industry-specific functionality
- Availability of preconfigured templates for rapid implementation

**Implementation Best Practices**

- 284-day implementation time from project approval to go-live
- SAP® Service Select for High Tech package
- 80% of business processes preconfigured for high-tech industry

**Low Total Cost of Ownership**

- Consolidation of all enterprise systems
- Common processes for the entire business, including 5 operations worldwide.
- US\$1.5 million savings from retirement of legacy systems
- US\$400,000 savings from avoidance of disaster recovery
- US\$70,000 savings annually on telephony

**Financial and Strategic Benefits**

- Better visibility into supply chain data
- Faster response to negative trends
- Increased visibility into raw materials and finished-goods pipeline
- 32% reduction in inventory in the first year
- Time to produce period-end financial statements reduced from 10 days to 3 days
- Better financial data
- Better visibility and analytics

**Operational Benefits**

| <b>Key Performance Indicator</b>  | <b>Impact</b>     |
|-----------------------------------|-------------------|
| Inventory reduction               | -US\$9 million    |
| Legacy system consolidation       | -4 systems        |
| Service management warranty costs | -US\$300,000/year |
| Order to cash                     | -US\$200,000/year |





**“SAP’s global solution has helped MEI streamline our business processes across five countries, enabling better visibility and a reduction in inventory as well as quicker, cleaner access to key data.”**

Tash Kassam, Vice President, Operations, MEI

**“MEI is now positioned to move its business forward on a solid systems architecture. We are just beginning to harness the power of our SAP application – a cornerstone of our IT strategy moving forward.”**

Timothy Michel, CIO, MEI

### **MEI Accepts Change – for the Better**

MEI is a world leader in developing advanced systems for accepting change – as well as cash and credit cards. Recently, MEI accepted a significant change of its own.

For nearly 20 years, MEI had operated separate enterprise resource planning (ERP) systems in all five of its major global sites – in the United States, Switzerland, the United Kingdom, Mexico, and Australia. As a result, each country also maintained its own business processes and reporting formats. But as MEI’s success brought growth and complexity, the company recognized that it was time to bring its operations under a single ERP umbrella with a single version of the truth. After a careful review of the options, MEI selected the mySAP™ ERP application. With its fully integrated functionality in finance, operations, corporate services, and human capital management, mySAP ERP offered everything the company wanted, while allowing unlimited scalability.

### **SAP® Service Select for High Tech**

MEI then opted for the SAP® Service Select for High Tech package, which offers a version of the software preconfigured to the special requirements of high-tech manufacturers. This approach helped MEI substantially reduce implementation time and achieve a successful global go-live in just 284 days.

### **Improved Financial Data**

MEI now generates period-end financial statements in just three days – compared with 10 days with its previous system. The immediate availability of key financial data enables managers to respond far more quickly to negative trends and anticipate potential problems.

### **Multimillion-Dollar Inventory Reduction**

Like most manufacturers, MEI believed it had too much capital invested in excess or obsolete inventory. But its previous ERP application offered no visibility into its raw materials or finished-goods pipeline. Using the advanced analytical functionality of mySAP ERP, the company has been able to generate comprehensive reports on the exact levels of products in its supply chain. As a result, it reached its three-year goal of a US\$9 million inventory reduction – in just six months. The company has also streamlined other key processes, including order to cash, procure to pay, make to stock, and financial closings.

### **Streamlined Warehousing**

In the past, all of MEI’s finished goods produced in the United States were shipped to a central warehouse, regardless of where they were manufactured. With the help of mySAP ERP, MEI has created a third-party warehousing system that enables direct shipping to customers from multiple locations. Improved visibility has eliminated the need for safety stocks, resulting in reduced expediting costs and faster delivery – while maintaining a 95% customer order fill rate.

Because of system inefficiencies, MEI often continued to service products that were no longer under warranty – at no cost. With mySAP ERP providing up-to-date warranty information, the company now bills customers automatically for any out-of-warranty work, resulting in a US\$300,000 improvement in its service management revenues.

### **Turning Change into Dollars**

Today, MEI’s global operations are applying a more consistent and disciplined approach to key business processes. Above all, by reducing inventory and streamlining key processes, the company has realized substantial savings and a rapid return on investment.