



Airgas®

AIRGAS

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

| | |
|-------------------------------------|---|
| Industry | Chemicals |
| Revenue | US\$3 billion |
| Employees | 11,000 |
| Location | Radnor, Pennsylvania |
| Web Site | www.airgas.com |
| SAP® Solution & Services | SAP NetWeaver® Master Data Management component |

Airgas Inc. is the largest U.S. distributor of industrial, medical, and specialty gases and related equipment, products, and services to industrial and commercial markets. Through more than 350 acquisitions and internal growth, Airgas has built the largest national distribution network in the packaged gas industry. Its 11,000 employees serve a diversified customer base through 13 regional companies in 900 locations and e-commerce, catalog, and telesales channels.

Key Challenges

- Improve e-commerce performance
- Consolidate and harmonize 400,000 part numbers
- Create online product catalog
- Establish single, universal repository of data
- Ensure uniform online and offline information
- Increase flexibility in customer access to content
- Automate data collection to improve productivity

Why SAP Was Selected

- Superior software functionality and architecture
- Built-in templates to configure articles, customers, and suppliers
- Strong vendor support
- Clear long-term vision and ongoing R & D investment

Implementation Best Practices

- Used architecture recommended by SAP
- Minimized customizations
- Involved SAP product architects during upgrade
- Tested under real-life scenarios
- Aligned project with company objectives
- Developed thorough in-house skills

Low Total Cost of Ownership

- Deployed initial Web-based catalog in 18 months
- Upgraded in 2006 in just 3 months
- Achieved low ongoing support costs – 1.5 full-time equivalents (FTEs)
- Minimized training requirements
- Increased user adoption due to ease of use

Financial and Strategic Benefits

- Established single product content repository
- Transformed Web site to drive incremental sales
- Retained strategic accounts worth US\$20 million
- Reduced churn for 8,000 customers that prefer custom electronic catalogs
- Gained ability to present segmented product content
- Opened indirect sales channel with syndicated content

Operational Benefits

| Key Performance Indicators | Impact |
|--|------------------------|
| Online sales of accessories and related products | +40% |
| Inbound customer service call volume | -4,000 per month |
| Cost per order | -US\$4.7 |
| Cost per invoice | -US\$3.9 |
| Data acquisition FTEs | -66% |
| Frequency of catalog updates | Weekly to daily |
| Cost of IT-related catalog updates | -11 FTE hours per week |





“The software enables flexibility in how we present products to different market segments and users, and lets us offer a level of product detail that other systems cannot match. These are huge benefits.”

Steve Max, Director of E-Business Marketing, Airgas Inc.

“SAP NetWeaver Master Data Management and enterprise service-oriented architecture allow us to be more flexible in how we do business with customers and suppliers, so we can compete more effectively.”

Anthony Lopresti, Director of E-Business IT, Airgas Inc.

Managing Data to Increase Sales

As the result of acquiring more than 350 companies, Airgas Inc. had a data management challenge: how to consolidate 400,000 part numbers from multiple data sources, each with varying levels of detail and accuracy, to standardize a process for creating, maintaining, and distributing product information. A key goal was to transform Airgas' static Web site to an online sales channel with a product-driven catalog. Airgas turned to the SAP NetWeaver® Master Data Management (SAP NetWeaver MDM) component to do the job.

A Short Path to ROI

Airgas was looking for a single solution that could ensure a quick return on investment. SAP NetWeaver MDM offered the broad functionality, robust architecture, and ability to manage rich product content that Airgas required. Airgas now uses SAP NetWeaver MDM as the central hub to collect content from disparate sources, enhance it, and then distribute it internally, to customers' procurement systems, and to its Web site.

Business Improvements

With the introduction of the online product catalog enabled by SAP NetWeaver MDM, online sales of accessories and related products are up 40%. Airgas attributes this increase to improved customer access to information and better up-selling and cross-selling opportunities.

Custom electronic catalogs make it easier for over 8,000 customers to view, search, and purchase items. Airgas has reduced churn because the customers don't want to give up that convenience.

Airgas is also better able to achieve account penetration for online customers of certain types of products as compared to similar purchases at branch locations. The Web site more effectively educates consumers and promotes features and benefits. Margins for e-commerce customers improved as well.

The content-enriched Web site has driven incremental sales opportunities as well. Of the site's 150,000 hits per month, 80,000 are first-time visitors driven by search engines, indicating new potential customers.

Efficiency and Productivity Gains

The software's automatic data acquisition and consolidation processes have freed the Airgas staff to focus on sales-generating endeavors. Three people now do the work of nine. Updating the catalog is now more efficient too. Before, this was a once-a-week task requiring 11 people-hours. Now, it is an automated process that runs nightly. Better content, effective cross-sell and up-sell links, and a robust Web site will serve Airgas well to increase its competitive differentiation and drive sales.

Looking Ahead

Airgas will leverage the software's enterprise services foundation to enrich its catalog content. To open new revenue streams, SAP NetWeaver MDM will enable Airgas to syndicate its product catalog content to trading partners. Within the enterprise, Airgas will use SAP NetWeaver MDM to collect and centralize content such as articles, images, technical data, and organizational intelligence about content – in an enterprise-wide repository.