

EUROPE'S NO. 1 IN PIPEWORK SYSTEMS

SAP and itelligence support profitable growth of leading midsize manufacturer of modular pipe systems

■ Highlights

- Qualified SAP All-in-One partner solution from itelligence, implemented in less than 140 working days
- Smooth data migration and adoption of business logic from legacy system
- SAP-enabled new processes – like remote access to centralized data for the international sales force
- High employee satisfaction and productivity with SAP All-in-One

■ Benefits

- Substantial improvements in employee productivity (CAGR):
 - Order processing department: +6%
 - Shipping department: +15%
 - Production department: +9%
- Cash collection cycle reduced by 5 days

■ Return on Investment (ROI)

- Return on investment (static): 16%
- Payback period (static): 28 months
- Net present value (3 years (2004–2006) at 10% discount rate): € 88,417
- Internal rate of return: 47%

■ Customer Profile

Industry Mill products - fabricated metal products

Revenue in 2006 €30–35 million

Employees 260

Headquarter Porta Westfalica, Germany

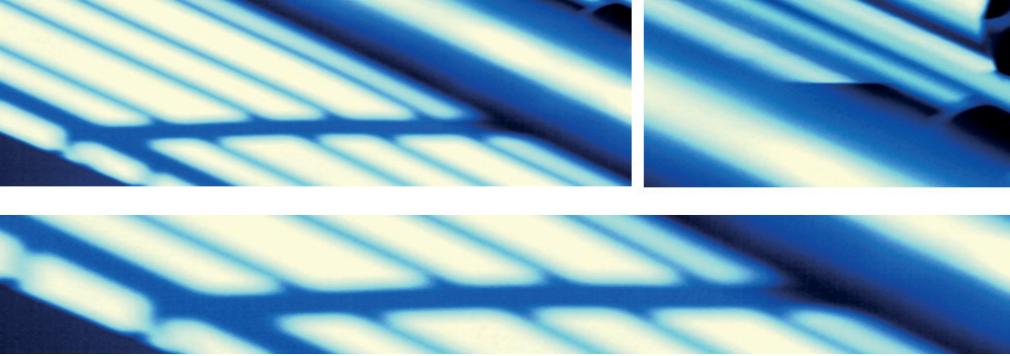
Web Site www.jacob-rohre.de

Solution and Services Qualified SAP All-in-One partner solution from itelligence

Implementation Partner **itelligence**

“With the implementation of SAP All-in-One, we have been able to achieve a valuable return on our investment with an IRR of 47% and could significantly reduce our personnel costs in several key business areas.”

Timo Wasielewski, IT Manager, Fr. Jacob Söhne GmbH & Co



Customer Challenges

■ Company Overview

Jacob Pipe Systems is the number 1 manufacturer for modular pipe systems in Europe. Conveying pipe systems for bulk good handling and dust extraction as well as ventilation plants for environmental techniques are the two main business areas for Jacob. A simple and fast assembly, innovative developments, and high quality standards guarantee the leading position for Jacob in all industries requiring metal pipe work in manufacturing processes.

With more than 20 representatives in Europe and overseas, critical customer proximity is assured, leading to continuous growth for this market leader. Jacob currently has subsidiaries in France, Italy, Great Britain, and the United States.

■ Vision & Strategic Goals

- Expand sales while keeping workforce constant
- Optimize the use of capital tied up in stock of inventory and cash receivables
- Optimize strategic management, production control and logistics

■ Challenges and Opportunities

- Replace a more than 15-year-old production planning system that was inflexible, not scalable, no longer maintainable, and thus unable to meet Jacob's strategic needs
- Support a constantly growing business with an increasingly complex network of customers and suppliers and an expanding portfolio of products
- Continuously expand scale and functionality of the ERP system with only one dedicated IT employee (typical for small, fast-growing enterprises)

■ Solutions and Services

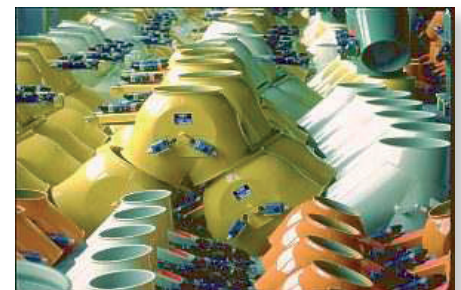
- Qualified SAP All-in-One partner solution from itelligence.

■ Implementation Approach and Highlights

- Initial introduction of SAP All-in-One partner solution was completed in 1999.
- Road map developed by itelligence helped Jacob to better understand and improve their business processes.
- Big-bang go-live for key business processes, including production planning, sales and distribution, material management, inventory management, financials, and human resources management. Since then Jacob continuously expanded the scope of business processes supported by the solution.
- Quick, initial implementation in less than 140 working days through SAP partner itelligence.
- Smooth transition from legacy system due to easy data migration and coverage of all business needs by the solution without additional modifications.
- Structured workflow and ease of use led to high degree of user satisfaction.

“SAP All-in-One enabled our mobile sales force to remotely access the sales functionality for easy and seamless access to centralized data. This is leading to sales process efficiencies and accuracy improvement.”

Timo Wasielewski, IT Manager, Fr. Jacob Söhne GmbH & Co



Customer Achievements

■ Why SAP?

- Best solution for dynamic and successful midsize companies
- Scalability of the solution (e.g., multi-language features and local language technical support in all countries)
- Safe investment, manageable costs, and proven success

■ Quantitative Benefits

Significant performance improvements

With the initial implementation of the qualified SAP All-in-One partner solution back in 1999, Jacob started a step-by-step process of reengineering its complete value chain. Now that all of Jacob's core business areas have been utilizing the solution for some time, this study analyzed a three-year period (2004 to 2006) in order to quantify the operational benefits. Jacob's IT costs are spread evenly across the software life cycle, and the initial investments are already depreciated.

The following table captures the measured performance improvements that were a result of the SAP implementation within analyzed process areas:

Process Area	Key Drivers for Improvement	Performance Improvement
Order processing	■ Single point of access for all information about partners, customers, invoices, settlements, etc.	Productivity improvements of 6% annually
Product shipment	■ Improve distribution of information by using a centralized system (getting all customer addresses and related notes automatically replacing the former manual consolidation of spreadsheets) ■ Savings in preparation time	Yearly productivity improvements of 15%
Production	■ Better organization of the project management process for allocating employees ■ Increase availability of assets in the production process ■ Improve traceability of all process steps	Increased the number of units produced per employee by 9% year over year
Warehousing	■ Better forecasting of required resources for the production process ■ Higher inventory visibility ■ Simplify inventory management	Reduction of average inventory levels by 10%
Cash collection	■ Automatic generation of invoices ■ Immediate dispatch of invoices to customers ■ Improve accuracy of invoices, to reduce costly rework	Cash collection cycles reduced by five days
IT operations	■ Continuously expand scale and functionality of the ERP system with only one dedicated employee	Kept constant level of support investments

Increased Labor Productivity

The measured productivity improvements allowed Jacob to reap significant labor cost savings: Over the analysis period, Jacob saw a 42% increase in the order volume that could be processed by a constant labor force across the analyzed core business processes (order processing, production, product delivery).

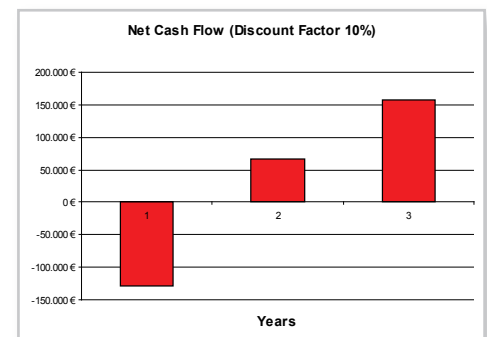
Optimized Use of Capital and Management of Receivables

The qualified SAP All-in-One partner solution enabled Jacob to handle the financial challenges of the growing sales volumes, whereby both the optimization of the capital tied up in warehouse inventory and the cash flow management of receivables became increasingly challenging.

Efficient Application Management

SAP All-in-One also proved to be easy for the IT department: despite the increased functionality it had to support, Jacob's IT department was able to keep IT-related costs at a constant level.

Net Cash Flow from SAP Investment



■ Quantitative Benefits (continued)

Internal Rate of Return of 47%

Comparing the benefits achieved with the costs of the ongoing operation of the qualified SAP All-in-One partner solution (including licensing, deploying, operating, and maintaining), Jacob was able to achieve an internal rate of return of 47% over the analyzed three-year period.

■ Qualitative Benefits

Beyond the measurable operational benefits, Jacob saw several qualitative benefits from working with SAP and itelligence, such as:

- Elimination of cumbersome and inefficient spreadsheet-based management of processes (i.e. for the exchange of information between departments, such as the alignment between purchasing and production)
- Single point of information for all business-related needs (e.g., how a deal was closed, how to settle a business, where to deliver products, who receives the invoices, who is going to pay)
- Enablement of the mobile sales force to remotely access the sales functionality of SAP All-in-One, providing them with easy and seamless access to centralized data, thus leading to sales process efficiencies and accuracy improvement
- Seamless access to all information necessary to manage business processes – internally across all functional areas and externally with customers and suppliers

■ Conclusion: Solid Financial Return and Added Value

The qualified SAP All-in-One partner solution from itelligence proved to be strategically valuable to Jacob's business operations and its customers:

- Supported profitable company growth by increasing employee productivity in key business areas
- Improved performance with regard to working capital and accounts receivable
- Increased customer service levels and thus profitability through a more accurate and efficient production model: scheduled delivery time reduced to less than 10 days

■ Next Steps

- Complete technical upgrade to mySAP ERP 2005
- Increase the number of SAP users
- Continuously implement enhancements

■ Lessons Learned

- Focus on the most strategic business priorities – key processes and organizations
- Leverage SAP's industry best practices

“With SAP and itelligence, we found two ideal partners for a mid-sized company like ours who show total commitment to the highest levels of service possible and who helped us to optimize our complete value chain .”

Timo Wasielewski, IT Manager, Fr. Jacob Söhne GmbH & Co

About the GP&S Value Analysis

This study represents the investigation into the costs and business value of a SAP All-in-One investment. Research and value analysis were conducted by Gerlach, Porst & Steiner (GP&S), an independent global consulting and services provider for business growth. The analysis is based on telephone interviews with representatives of Jacob Pipe Systems and documents provided in the course of the investigation. Information contained in this publication has been obtained from sources considered reliable, but is not warranted by GP&S.

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