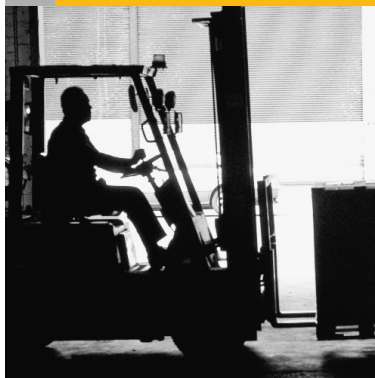


SAP Customer Success Story SAP Mid-market Solutions



Based in the West Midlands, the **SRB Group** is a distributor of fasteners and fixings with a turnover of £25 million and 130 employees. Sourced from around the world, its 20,000 lines are sold to dealers and retail outlets through its three specialist companies, STF, Galaxy and Icon Fasteners. The SRB Group also has an export arm which supplies companies worldwide.



SRB GROUP

IMPROVING CUSTOMER SERVICE THROUGH END-TO-END VISIBILITY

In 1999 the SRB Group decided to replace its aging and mainly bespoke computer systems. Three factors drove this decision. Firstly, the company needed far greater visibility across its operating companies. In common with many other companies, gross margins were under pressure and it wanted to increase both its productivity and streamline its operations. Finally, it was aware of the potential of e-business and wanted to take advantage of it to improve relationships with customers and suppliers.

In May 1999, therefore, SRB invited potential suppliers to assess their requirements and put forward recommendations for a solution which would improve their current operations and address their future strategy.

At the same time as they were doing this, it came to SRB's attention that one of their competitors had implemented an SAP business solution through systems integrator, itelligence. itelligence were asked to put forward a proposal.

HIGH LEVEL COMMITMENT

SRB were under no illusion about the importance of choosing the right solution. They knew it was critical to achieving their future strategy. Consequently, the review team was comprised of their most senior executives - the Chairman, the Group Managing and Financial Directors, and the Managing Directors from each of the operating companies.

The team attended a series of workshops and demonstrations by potential suppliers. After a great deal of deliberation they chose the SAP® business solution put forward by itelligence. As Kevin Benton, Group IT Manager, explains: “We decided on the SAP business solution for four reasons. Firstly, the functionality was totally comprehensive, covering all aspects of our business. Secondly, it was an industry specific solution, rather than a general solution which would have to be tailored to our needs. Thirdly, itelligence proved to us that they really understood our industry and business. Finally, it was a proven solution and gave us the possibility of adopting e-commerce in the future, an important factor in achieving our business strategy.”

“Some people think SAP is a sledgehammer to crack a nut and is too expensive for a company of our size. But it isn’t true. We carefully costed the whole project before we started and it was only slightly more expensive than the other options.”

Kevin Benton, Group IT Manager

SEVEN MONTHS FROM START TO FINISH

To implement the system a project team was formed. On SRB’s side this comprised of a number of permanent members. Some were from group headquarters and represented various functions, such as sales, purchasing, warehousing and finance. Others were brought in because of specific requirements, such as the sub-contracting work carried out at Icon. In addition, temporary members were added from each operating company, as plans were laid to bring them on-line. This enabled the team to keep both a group and local company perspective.

Working with itelligence’s highly experienced consultants, the project team defined the detailed requirements of the system and put together the implementation plan. To minimise the resources required the team decided on a phased approach, bringing the operating companies on-line one at a time. They also chose to use Accelerated SAP (ASAP), a rapid implementation methodology, which, by taking advantage of all the best implementation practices, processes and tools SAP has developed, ensures the shortest possible project duration.

As a result the first operating company, Holbrook Fasteners, went live in July 2000, just five months after the project was started. The second and largest operation, STF, went live at the beginning of October, with Galaxy and Icon Fasteners following at the beginning of November. The whole project had taken just seven months, a major feat when you consider it covered all aspects of SRB’s business - finance and control, sales and distribution and warehousing, as well as purchasing and inventory management. Comments Kevin: “We were delighted both with the speed and ease of the implementation. itelligence’s help was invaluable in assisting us to plan and progress it. Without their excellent project management skills we would not have been able to achieve the benefits nearly as quickly.”

IMMEDIATE ADVANTAGES

The solution immediately gave SRB distinct advantages. “Our 40 telesales people were able to process more than 500 orders a day”, says Kevin. “The warehouse was achieving between two and three thousands picks and we were handling over 10,000 orders, delivery notes and invoices every day. We just could not have achieved that without our SAP business solution.”

But the benefits went much further than the sheer quantity of transactions SRB were able to process. It gave them visibility of stock across all the operating companies. Not only that, but their sales people had accurate availability at their fingertips when taking orders and could confidently give firm delivery dates. It all added up to greater service levels and, consequently, increased competitiveness.

ABSORBING ACQUISITIONS

As each of its businesses was very similar, SRB built an implementation template, with itelligence’s help. “At the time we chose SAP, SRB’s strategy was growth by acquisition”, says Kevin. “Consequently we wanted to make sure we could bring

new company's onto the system very quickly. Using itelligence's expertise to help us build a templated implementation solution enabled us to do that. When required we were able to bring a company on board in just two days, which was a great achievement."

LONG TERM BENEFITS

Since then SRB's business model has changed, and some of its businesses have been demerged. However, it has still seen major benefits from its SAP solution. "Our warehouse error rates have been reduced substantially", comments Kevin. "They used to be around 5%. Now, with the greater stock visibility, they are consistently running at less than 0.5%."

The accuracy of SRB's financial reporting has greatly improved too. Previously, for example, the company had to build in a 'fudge' factor for payments in US Dollars and Euros. Today SRB can see exactly where they stand. Kevin explains: "At any time we know whether we have a surplus or a deficit. That ensures we can take the most appropriate decisions and are less exposed to currency fluctuations."

In addition, the SAP solution has helped SRB with its pricing. "We're a cost plus business and don't have a standard price list", explains Kevin. "itelligence implemented a pricing matrix for us. Before our sales people would work on the basis of an overall gross margin. Today the system suggests a product price based on each customer. It's allowed us to be more market driven and, as a result, we've actually increased our margin."

ELIMINATING LOST STOCK

Kevin and his team are currently evaluating bar coding as a way of increasing inventory accuracy even further. "With over 20,000 stock lines we experience a lot of inventory movement", he says. "We receive two to three deliveries a day. We also need to move products from our bulk warehouse to our picking centres. Consequently there can be a time lag between receipt and updating the system, resulting in 'lost' stock. By implementing bar coding we can eliminate that lag, and ensure our reported stock levels are as accurate as possible."

One of the original reasons for electing to move to a new system was the possibility of embracing e-commerce. Has SRB made any progress? "Not yet", says Kevin candidly. "We didn't realise it, but we were actually ahead of our time. Even some of the larger companies we deal with haven't been ready to move in that direction. But we are starting to see that it is coming and, when it does, we will be in a position to make the most of it."

AN AFFORDABLE SOLUTION

How would Kevin sum up his experience of SAP and itelligence so far? "Some people think SAP is a sledgehammer to crack a nut and is too expensive for a company of our size", he says. "But it's not true. We carefully costed the whole project before we started and it was only slightly more expensive than the other options. For that small additional cost we have been able to implement a system that has highly efficient processes and is extremely stable. The users are very happy with it and wouldn't use anything else now. In addition, we haven't found anything it can't do."

"itelligence have been supportive, friendly and highly professional throughout. Their dedication to understanding our business, and putting forward a solution that met our requirements, is borne out by the way they worked with us to develop the implementation template and transfer their knowledge to us."

For further information call itelligence on 0870 351 8308.

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Kevin Benton, Group IT Manager

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