

## SAP Platform Important Solution for Continued Rapid Expansion

ESBE, a family-owned company from Swedish Småland, was founded more than 100 years ago. Initially, the company then known as Skogfors Bruk, developed products for rationalizing agriculture, but during the 30's the product range expanded with products for controlling hydronic systems.



The ESBE of today develops, manufactures and markets valves and actuators for controlling hydronic systems for central heating and domestic boiler applications.

The company is headed by a fourth-generation Skogfors and the headquarters, development center and production facilities are still at Reftele in Swedish Småland. The company has sales offices in Germany and France as well as sales representatives in over 20 other countries. Today, over 75% of sales go to export.

ESBE is a classical example of a medium-sized Swedish company within the manufacturing branch. The company's operations are centered on product development and manufacture, with heavy demands on IT support for advanced processes.

During the fall of 2005, ESBE implemented Implema's certified SAP All-in-One solution for manufacturing companies; Implema Industry Provider. The solution covers everything from orders to warehousing, invoicing, purchase, finance, marketing, sales, production and decision-making support. ESBE also use Implema's services for support and operations.

The business system change-over was part of the strategy process that started when the fourth generation of Skogfors took over the business at the start of the 2000's. The company decided to focus and strengthen its position within a smaller number of distinct product segments. The focus on a more restricted product range should release more energy and higher competence within the specified areas. One chose to deliberately focus on valves and actuators for controlling hydronic systems. The largest part of the operations was sold.

The strategic focus and platform "ESBE the next 100 years" also contained a very aggressive growth target for the selected product segments. The target was a doubling of turn-over within five years.

ESBE's then existing business system had been in operation for around fifteen years. The focus of the previous supplier had been on winding down the solution during the previous years. Development had ceased and it was difficult to get qualified help from the supplier. The decision to invest in a new business system was made in 2004.

"We were in the middle of a very extensive expansion phase and saw that a change of business system was an important solution for continued rapid growth" says Heinz Hoffmann, IT Manager at ESBE.

*- The project was always within the time frame and cost frames we set up. And we produced, delivered and invoiced from day one.*

Heinz Hoffmann,  
IT manager at ESBE



Our aim was to build a platform for process support through the various phases of a product's life-cycle, all the way from development of new products, to production and sales to OEM customers, retailers and distributors in twenty different markets. We wanted to implement a system that fulfilled the requirements of our current processes, with a number of improvements. But the most important thing was that the system should form a platform for our future expansion and development.

During the second half of 2004, we performed a thorough preparatory analysis. How do we work today? How do we wish to work in the future? The project resulted in a process map and a thorough, sound requirement specification.

Procurement of a new business system started the following spring. A first general evaluation of the various supplier's answers to the company's requirement specification resulted in ESBE inviting three suppliers with different business systems to individual seminars. Two of these suppliers were then requested to return at a later date to demonstrate a number of predefined processes. After long and deliberate concentration, the deciding factor when selecting the supplier was the combination of completeness of the business system with the implementation partner.

"Our ambition is to continue working with our selected partner for many years in the future. So it felt incredibly important that we got it right. Implema gave concrete answers to all of our questions, which gave confidence. It was a decisive point in our selection to choose SAP", insists Heinz.

ESBE was also very positive towards Implema's

offer of a project method with a clear focus and a short delivery time. One wished to get to grips with the new routines. By concentrating resources, the operations would quickly become more efficient. The contract with Implema was signed in April 2005. The project was to start in August the same year, with a roll-out January 1st 2006.

## Success Factors

Performing a complete business system shift in just twenty weeks is a tough assignment. Project preparation was started as planned in August. This was followed by conceptual design, training of key users, realization and tests.

Heinz Hoffmann tells us that the new business system was put into operation as planned, January 1st 2006.

"The project was always within the time frame and cost frames we set up. And we produced, delivered and invoiced from day one", explains Heinz concerning the implementation.

A very large part of the success factor has been the one hundred percent support from ESBE's management and employees. Planning and access to the right resources is incredibly important. During certain periods, the project manager and key persons have worked full time on the project and this has meant that they must be released from their normal tasks.

### Success Factors:

- **Management support**
- **Committed requirement specification**
- **Clear project goals**
- **Choice of total solution**
- **Allocation of resources**

"In addition to choosing a total solution with system and implementation partner, a well thought out and fully committed requirement specification as well as clear project goal is directly decisive in getting the project on target."

The whole company is affected when one implements a new business system. For those who are then to work within the system, it is often a more

arduous process than for the project participants. As an example; in conjunction with the shift of business system, ESBE introduced a completely new material numbering system, which made it harder for the employees to recognize items in the new system.

### **Better Helicopter Vision with Increased Decision-making Support**

In conjunction with the SAP implementation, a new decision-making support system was also launched. The new SAP solution provides a better overview and the management sees great advantages in the ability to have decision-making support at corporate group level.

“The new solution is easier to adapt to our changing requirements. It is easier to make your own reports and simpler to process the information further”, says Heinz.

ESBE’s decision-making support is now well developed within accounts and sales. For the future, the company sees great potential in developing decision-making support further, within production, for example. In order to increase motivation and further engage the employees interest, ESBE plans to present Key Performance Indicators from their own production on the company’s intranet.

### **Roll-out for Sales Companies**

Using SAP as a platform, ESBE continues to develop its business support. One of the first after-market projects was to roll-out the SAP solution to the sales company in Germany. The process, with minor market adjustments, was the same as for the headquarters in Sweden. ESBE is also planning to include the French sales company in the solution.

### **Workflow for Material Management**

After implementing SAP and Implema Industry Provider, the company has also introduced workflow for material management. ESBE reckons that the new routines will simplify and secure the process quality when preparing new materials in product development. Previously, the information was sent manually between the different departments. With long lead-times as a result.

“Using workflow, we can quickly tie together marketing, product development, design, purchasing and production planning. We are more flexible and can more quickly meet our customers requirements

for product adaptation”, explains Heinz. Once the decision to produce a new product or a market modification has been taken, the administrative time required to get it into the new system is considerably shorter.



### **A Stable Foundation to Continue Building Upon**

With the implementation of SAP and Implema Industry Provider, ESBE has laid a stable foundation for its continued development.

Heinz explains ESBE’s plans for the future: “There is such a tremendous amount one can do with SAP. And there is a lot we want to do. Just now we are in an extreme development phase, which means that we are having a hard time developing the system at the rate we want. But we are catching up.

At the top of our wish-list is rationalization of billing and development of IT-support within sales-support and CRM.

We have laid the platform for our current and future expansion and that was our main goal with the shift to SAP. With a stable platform, we have a good foundation from where we can continue to improve our processes and expand our business” summarizes Heinz Hoffmann.



Branch:	Manufacturing
Products:	Valves and actuators for controlling hydronic system
Turnover:	33 million EUR (300 MSEK)
Employees:	180
Headquarters:	Reftele (Småland), Sweden
Sales offices:	Sales companies in Germany and France. Sales representatives in more than 20 countries.
Chosen solution:	Certified SAP All-in-One solution, Implema Industry Provider, Business Intelligence, Support and Operation
Total supplier:	Implema AB, Sweden
Previous system	System

**Implema** offers a total concept with SAP solutions for medium-sized companies. With Implema's certified SAP All-in-One solutions, the company provides rapid, cost-effective new implementations. Certified SAP All-in-One solutions are packeted industry solutions based on SAP Business Suite. As pioneers within this segment, Implema has a unique position on the Swedish market after close to 20 new SAP installations. With a hundred percent focus on SAP, the company also offers, in addition to new implementations, add-on projects, packet solutions, training, support and operation.

Implema consists of around sixty employees with a thorough business background and long experience of SAP. The company has its headquarters in Bromma, Stockholm, Sweden and has a turnover of 70 MSEK.

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