



Success Story

Dematic GmbH & Co. KG, Offenbach

Highly available and fail-safe
processes, lower costs!

»By outsourcing of SAP applications to itelligence, we save costs and the IT personnel can concentrate on implementing IT technologies and the continuous improvement of business applications. This allows us to optimize our business processes and gain competitive advantages.«

Matthias Heintel, CIO of Dematic GmbH & Co. KG

itelligence

Perfect logistics require a perfect IT environment.

With intelligence, we have optimized our processes – by outsourcing.

Several years ago, Dematic had already decided to outsource its SAP applications. "That was and is a clear strategic and economic decision," explained Matthias Heinzl, CIO of Dematic GmbH & Co. KG. With the outsourcing of applications, the IT personnel can concentrate on their core competencies. This includes the implementation of IT technologies and the continuous improvement of business applications in order to optimize processes and gain competitive advantages. "In addition, SAP applications can be operated more economically and securely within the data center of an IT service provider than is possible with in-house operations," Matthias Heinzl explains, with regard to the economic advantages.

Trusted company backbone

In mid 2006, the private equity investor Triton and the management of Dematic acquired the shares of the global business of the logistics specialist within the scope of a carve-out from Siemens AG. As an independent company, Dematic intends to operate more flexible in the future in markets strongly characterized by mid-market structures, as well as being able to better serve regional markets. A further aspect of the sale was "that within a very short period, we had

to position ourselves as independent with respect to IT infrastructure and applications," explains Matthias Heinzl. "Therefore we explored the market for a new hosting partner, with the goals of reducing outsourcing costs and at the same time, increasing the level of hosting quality." In April 2006, Dematic officially tendered the project. In total, four companies came into consideration, including the SAP full service provider itelligence of Bielefeld, Germany.

According to Matthias Heinzl, several criteria were decisive in the selection of a future outsourcing service provider, including state-of-the-art technologies in the data center as well as the development of comprehensive security concepts. One of Dematic's key requirements was that the SAP systems should be down for no more than one hour per occurrence. Further key issues were an attractive offer with respect to price and the economic solidity of the future outsourcing partner. In June 2006, Dematic awarded the contract for the project to itelligence, since the IT service provider was best able to fulfill the given requirements. For CIO Heinzl, an additional important aspect was that Dematic and itelligence already had a very good and successful cooperation in the areas of consulting, programming and development since 1999. "Due to the good relationship, the necessary trust was present to entrust the IT service provider with the SAP applications which are the backbone of our company."

Modern, powerful hardware design

The project teams of Dematic and itelligence started work immediately after signing the contract at the beginning of July 2006, since the timeframe for relocating all systems to the data center of itelligence was very tightly scheduled. The relocation was to be completed by September 1, 2006, allowing Dematic users to access the

Dematic GmbH & Co. KG

Dematic GmbH & Co. KG with headquarters in Offenbach, Germany is one of the leading suppliers of intralogistics and logistics automation, covering the entire range of services in this area. This includes conveyor systems for small and medium-sized companies as well as high-bay warehouses and logistics solutions with integrated supply chain management for internationally operating companies. The multitude of technologies involved (sorting, IT, storage, commissioning and conveyance) requires broad technical expertise in mechanics, mechatronics, electronics, software engineering and new technologies such as RFID. A comprehensive service offering is also provided. With about 3,600 employees, Dematic achieves a business volume of over MEUR 800.



SAP systems in the data center in Bautzen, Germany. All together, eight IT specialists from Dematic and seven itelligence consultants were involved in the project.

Quick and smooth transition

At the end of July 2006, the systems were put into test operation in order to guarantee error-free operation from a technical standpoint. Test runs were successfully carried out in August 2006 and the SAP software and the IXOS archive were transferred to the new system environment in Bautzen on three successive weekends. itelligence first relocated the system for Europe. This was followed by the main system environment for the central SAP instances for Germany, France and the UK, including the IXOS archive system. On the third and final weekend, the SAP BW environment was relocated. On August 28, all

Dematic systems were taken over into the itelligence data center and the live relocation was completed.

“The transfer ran absolutely smoothly, both on time and on budget”, praised Matthias Heinzel. After the relocation, a total of about 1,000 affected SAP users at Dematic could immediately continue to work with the SAP applications as usual and without problems. According to CIO Heinzel, the “comprehensive service”, the personal commitment and the flexibility of the itelligence consultants, who were also always available on weekends, provided an essential contribution to the success of the project and adherence to the tight timeframe. In the view of Mirko Böhmert, itelligence project manager responsible for outsourcing at Dematic, a further component of the rapid project execution was the outstanding cooperation and intensive exchange of information between the Dematic project team and itelligence consultants.

DEMATIC

Name:
Dematic GmbH & Co. KG

Industry:
Intralogistic

Products:
Storage and retrieval systems, overhead conveyors, high-bay warehouses, sorters, commissioning systems, conveyor technology, etc.

Company size:
3,600 employees

Sales:
MEUR 800

Headquarters:
Offenbach, Germany

Subsidiaries:
worldwide

Very positive experience

After the first months with itelligence as the new outsourcing partner, Matthias Heinzl's experiences were thoroughly positive. "The fail-safe operation of all IT-dependent processes in production and administration is a clear competitive advantage for us," the CIO explains. Furthermore – thanks to state-of-the-art hardware – the performance of the SAP applications for transactions was considerably improved. The increased performance was especially noticeable in Accounting, where the transactions of the individual branches are consolidated throughout the company with SAP BW. As a result, the processing time for the monthly balance in Germany was cut in half, for example. "With the performance gains, the processes run faster. This saves us time and costs," CIO Heinzl pointed out.

The cooperation and communication with itelligence personnel at the data center also runs smoothly. "If we discover a critical problem in on-

going operations such as connection problems or errors in the SAP system, we have the opportunity to directly contact the experts at the data center in Bautzen, so that the problem can immediately be processed by the right persons – especially on week-ends," exemplified Matthias Heinzl with regard to the process. So far, Dematic had also outsourced the First Level Support for the SAP applications to itelligence. The Second Level Support, that is, changes to an application within the framework of a change request, are currently carried out by the IT Department of the logistics specialist itself.

Designing a successful future

Based on the positive experiences with the First Level Support at itelligence, Matthias Heinzl is also considering handing over parts of the Second Level Support to itelligence in the mid term. Further plans of the Dematic CIO also include the integration of the Dematic branches in Austria, Italy and Spain into the itelligence data center within the next six to eight months. In addition, a changeover to a newer SAP release is pending, since SAP R/3 4.6C will transfer from standard maintenance to extended maintenance at the end of the year. Corresponding test environments which enable testing of the current SAP release statuses will be quickly and economically provided by itelligence in the data center. For Matthias Heinzl, an additional advantage of outsourcing has emerged. "In order to establish a test environment and carry out an upgrade, we would have to build up much knowledge – a time and cost-intensive process. For itelligence, on the other hand, such a release change is just a part of daily business."

Matthias Heinzl also intends to consistently pursue the Dematic outsourcing strategy in the future and realize additional cost savings in the process. In the long term, additional consideration is also being given to outsourcing the SAP systems of the US branch which are still operated in-house at present.

