

SAP Customer Success Story Industrial Machinery and Components



“With the SAP solution, we are enabling Veeco to adopt common best practices in our processes and systems across all Veeco sites worldwide.”

Linda Chan, IT Director of Worldwide Infrastructure, Veeco Instruments Inc.

AT A GLANCE

Company

- Name: Veeco Instruments Inc.
- Location: Woodbury, New York
- Industry: Industrial machinery and components
- Products and services: Measurement and process equipment
- Revenue: US\$450 million
- Employees: 1,300
- Web site: www.veeco.com
- Implementation partner: itelligence Inc.

Challenges and Opportunities

- Multiple acquisitions result in disparate enterprise resource planning (ERP) systems and the need for a single, integrated ERP solution.
- The seamless, uninterrupted flow of information between Veeco international sales and service locations and its domestic manufacturing sites must be enabled.

Objective

Achieve operational excellence by replacing disparate legacy systems with an integrated ERP solution that can unify processes with best practices to create “One Veeco”

SAP® Solution and Services

SAP® All-in-One package for industrial machinery and components industry

Implementation Highlights

- Strong management commitment
- Fast transfer of implementation knowledge from itelligence
- Collaboration between business units and IT staff that sped implementation
- No delays in business operations during transition

Why SAP

- SAP has undisputed leadership in ERP software and 30 years of experience in manufacturing.
- SAP solutions offer superior integration, automation, and functionality to eliminate manual processes.
- SAP All-in-One package unifies processes with best practices across all Veeco sites.

Benefits

- Improved on-time delivery performance
- Shortened delivery lead times
- Reduced time to market for new products
- Reduced manual processes through automation
- Improved flexibility of reporting structures to enable hierarchical aggregation of business units
- Improved information flow from sales offices to manufacturing

Existing Environment

Disparate ERP systems in multiple locations

Third-Party Integration

Hardware: Dell 6850 with Intel Xeon Processor MP as storage area network (SAN) solution

VEECO

A Leading Instrument Manufacturer Coordinates Its Global Network and Creates “One Veeco” with SAP® Software

Veeco Instruments Inc. is a unique high-tech manufacturing company. A leading provider of sophisticated technology solutions, including measurement and process equipment used by manufacturers around the globe in the data storage, semiconductor, and wireless industries, Veeco’s manufacturing is domestic, while its sales and service are located internationally. With its global operations, Veeco offices and facilities span the United States from California to New York and overseas to its 20+ international sales offices. In 2006, with 1,300 employees, Veeco earned revenues of nearly US\$450 million.

“Veeco has grown primarily by acquisition,” says Linda Chan, Veeco’s IT director of worldwide infrastructure. “As a result, we had all kinds of disparate ERP systems – everything that you could possibly fathom.” This disparity made it hard to access information and was inhibiting Veeco’s ability to achieve operational excellence and maintain its competitive strength. “Our processes needed to be unified with best practices under a single ERP system,” says Chan. “This would help us enable operational excellence and ‘One Veeco’ – the seamless flow of information among all Veeco sites around the world.”

The Challenges of Creating “One Veeco”

Global operations require consistent information – “one version of the truth” for everybody in the enterprise. However, in Veeco’s case, its disparate ERP systems and applications were preventing this from happening. “We had to do a lot of work to get to the information we needed – uploading, downloading, verification – a lot of manual steps to get to find our ‘one version of truth,’” Chan explains.

What Veeco needed was a seamless flow of information from sales to manufacturing. However, with separate, nonintegrated systems, data could not flow directly from Veeco's foreign sales and service offices into its domestic manufacturing processes in its U.S. facilities, causing delays. Quotes entered into a separate system, for example, could not be reviewed in the business units.

This nonintegrated information led to excessive manual processes. "For example," says Bob Walcott, ERP director for Veeco, "just to place a sales order, our European locations would have to create it in a Word document first, then put it into whatever ERP product they were using. Then, they'd have to send separate purchase orders to each manufacturing site, which would next have to

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enter the sales order into whatever system they were using – it could be Baan or JD Edwards or a second-tier product. After sending Europe an acknowledgment, Europe would, in turn, have to enter the acknowledgment back into whatever ERP system they were using, and then notify the customer of the sales order receipt. In addition, after manufacturing shipped the product using its legacy system, Europe would have to do separate receipt, delivery execution, and invoicing out of their ERP system. With so many different systems, it was really an inefficient process all the way around." What Veeco needed was a single ERP solution that would automate and enable seamless processes between locations while eliminating excessive manual operations.

"If we wanted to be able to grow, become agile, and stay profitable, all Veeco sites would have to become unified," says Chan. An integrated Veeco running one ERP solution could help the company achieve operational excellence. In addition, all processes – not just IT or sales or HR – would have to be unified with best practices.

In 2004 the world-class instrument manufacturer used its analytical capabilities to search for, find, evaluate, and implement the right ERP backbone to create "One Veeco." And that quest led to the leader in ERP software solutions.

Veeco Selects SAP and itelligence

"SAP is the industry standard," says Chan. "In fact, many of our peers use SAP software." In its selection process, Veeco recognized the value of SAP's market dominance in ERP software and its unparalleled leadership in ERP solutions, together with its three decades of experience in manufacturing. Chan says, "The single most important factor in our selection process was SAP's track

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Veeco felt SAP manifested the industry-specific knowledge and extensive annual investment in technology, research, and development – to the tune of US\$1.2 billion – upon which Veeco could entrust its future. And in choosing SAP, Veeco minimized its risk, because SAP is a stable company with strong financials. “We are a worldwide manufacturing company, so that global support was important to us,” says Chan.

With the SAP® All-in-One package for the industrial machinery and components (IM&C) industry, SAP offered Veeco a robust ERP solution with a superior combination of integration and functionality to automate Veeco processes and eliminate manual intervention. It enabled Veeco to adopt out-of-the-box best practices to unify its processes across all Veeco locations, at home and abroad. With all facilities sharing the same manufacturing management tools, shorter delivery lead times, better on-time delivery rates, and faster new-product time to market would be assured. “With SAP [software], we could engage in the kind of collaboration that’s necessary to achieve operational excellence,” says Chan.

The SAP All-in-One package for IM&C supported the entire quote-to-cash process. The combination of first- and second-tier systems that composed Veeco’s legacy system could not, and this was another factor in choosing SAP software. “And just the scalability,” says Walcott, “the fact that we can run MRP [material requirements planning] at every site, if that’s what we want to do, and the fact that everything isn’t serial. It means we can run one plant without adversely affecting another plant, and that’s a big plus.”

Veeco also appreciated SAP support of best business practices. “If I do MRP one way in Tucson,” says Walcott, “I don’t want some completely different process of order fulfillment in Santa Barbara or other sites. But, with our SAP software, we can show people how best practices work to improve their processes, and, in that sense, we use it as a tool to facilitate using best practices at each of our factories.”

Throughout the selection process Veeco appreciated SAP’s superior customer support and superb responsiveness. It also recognized an excellent cultural fit between SAP, itelligence, and itself upon which to build a genuine partnership. Veeco selected

itelligence as its implementation partner because of its extensive expertise in the midsize manufacturing industry, in addition to its global partnership with SAP and deep experience in SAP implementations. “itelligence helped us with the blueprinting

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phase, and they helped us with getting our second site up and running on the software,” says Chan. “They were key because they were able to transition a lot of knowledge to us quickly. So now, as we get our sites up and running, we’re actually doing it on our own, which I think is one of our greatest success stories.”

Veeco Rolls Out Best Practices Throughout the Enterprise

In October 2004, backed by a strong commitment from management to coordinate its global network, Veeco began to transform its processes with a location-by-location implementation of its new, integrated ERP solution. The first implementation took place at Veeco’s Saint Paul, Minnesota, site. “We learned a lot,” says Walcott, “and then we stepped back and did the traditional ASAP methodology, including project preparation and then the blueprint phase, where we had Webinars with people around the world to gather information about how they ran their businesses. In November 2004, we were ready to implement the second site at Somerset.”

Starting its engagement at Somerset as the implementation partner, itelligence worked closely with Veeco in the early blueprinting phase. To minimize scope creep and ensure that business drove the new technology, Veeco gathered business specialists from its various business units – not just IT staffers – to work with itelligence during this critical phase.

Following the implementation at Somerset the new software was rolled out to Veeco sites across the United States. At each location, processes were reviewed under the comprehensive umbrella of the SAP All-in-One package. All core ERP processes pertinent to Veeco are supported, including financial management, sales and

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distribution, service, and production planning, as well as profitability analysis and human resources. The software also supports the SAP variant configurator and management. By 2006, the implementation of the SAP All-in-One package had been completed at all but one Veeco location – Camarillo, California.

Veeco has been able to implement all subsequent locations on its own, and implementations at eight of Veeco's nine U.S. locations are now completed.

The Veeco IT team realized early on that users would need continuing support. Support included user manuals and detailed documentation for every functional area and role; power users in each functional area to resolve day-to-day issues, bolstering the ability of the IT team to address end-user questions; and the need for remote support to supplement in-house IT staff.

The use of a tiered support approach significantly decreased overall implementation costs. One factor in lowering costs using this approach was the IT team's increasing knowledge of the software, which reduced reliance on external support. Another was the team's strict adherence to standard functionality delivered by the package, which minimized customization costs. “As the roll out progressed from site to site,” comments Walcott, “we were able to get the average implementation down to just three months.”

Veeco Understands: Business Transformation Is Good for Business

As the business transformation has been unfolding at Veeco, the business value and benefits of unifying its processes under a single, integrated ERP solution have become increasingly apparent. Included among these are improved on-time delivery performance, shortened delivery lead times, reduced time to market for new products, and a decrease in manual processes through automation. These financial and strategic benefits are highlighted by the improved information flow from Veeco sales offices to manufacturing; enhanced collaboration capabilities, regardless of location; and Veeco's improved ability to meet the demands of global markets.

Operationally, the improved ability to collaborate is enhancing Veeco's operational excellence. Better coordination of its global operations will speed time to market. The increased efficiency resulting from the automation of manual processes has increased the efficiency of HR, 401(k) plan, and other benefits management processes. SAP software is the tool that will improve information flow from sales to manufacturing, reduce order fill rates, and improve inventory management.

With the enterprise-wide implementation of the SAP All-in-One package for IM&C and the benefits it is bringing, Veeco is realizing the value of partnership with SAP. “SAP basically has a solution for every one of our needs,” says Chan. “So even if we don't implement it now, we know SAP has a PLM [product life-cycle management] solution, a CRM [customer relationship management] solution – a solution for virtually anything we are looking to eventually do.”