

SAP Customer Success Story Industrial Machinery and Components – Air Filters and Filtration Systems, Heaters



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Steve Demko, CFO, Hunter Manufacturing Company

AT A GLANCE

Company

- Name: Hunter Manufacturing Company
- Location: Solon, Ohio
- Industry: Industrial machinery and components
- Products and services: Air filters and filtration systems, heaters
- Revenue: US\$170 million
- Employees: 500
- Web site: www.huntermfgco.com
- Partners: itelligence and Brulant

Challenges and Opportunities

- Change IT from a liability to a strategic asset
- Support rapid growth, including assimilation of acquired companies
- Adopt and utilize best business practices
- Improve the security of business processes

Objectives

- Implement modern, integrated business solution
- Be sure solution fits the needs of a midsize company in the manufacturing industry
- Expand solution to embrace recent acquisitions

Solutions and Services

SAP for Industrial Machinery & Components solution portfolio implemented with it.manufacturing, a qualified mySAP™ All-in-One partner solution offered by itelligence

Implementation Highlights

- Completed initial implementation in 5 months
- Rolled out solution within target time frame despite unexpected obstacles
- Expanded scope to include 2 4-month implementations for 2 newly acquired companies

Why SAP

- Scalability and adaptability
- Ability to be deployed rapidly
- Good fit with the needs of a midsize manufacturing company
- Support for best business practices

Benefits

- Doubled revenues without adding staff in purchasing, customer service, finance and accounting, and IT
- Unified entire expanded company under a single solution with integrated data and processes
- Streamlined business processes and improved their efficiency
- Cut time to prepare for government audits by 50%
- Provided solid foundation for growth

Existing Environment

Legacy systems

Third-Party Integration

- Database: Oracle
- Hardware: IBM iSeries servers: models 346 and 365
- Operating system: Microsoft Windows 2003

HUNTER

Turning IT into a Strategic Asset with SAP® Solutions for Industrial Manufacturers

When Hunter Manufacturing Company realized it had outgrown its legacy business systems, it found the ideal replacement in the SAP for Industrial Machinery & Components (SAP for IM&C) solution portfolio implemented with it.manufacturing, a qualified mySAP™ All-in-One partner solution from itelligence. The solutions proved fast and straightforward to implement, not just for Hunter but also for two makers of complementary products that the Solon, Ohio, manufacturer acquired. With the entire organization unified on solutions tailored for the needs of a midmarket industrial manufacturer, Hunter is on track to continue its rapid growth unabated.

Hunter is a worldwide leader in the design and manufacturing of nuclear, biological, and chemical air filters and air filtration systems for use in vehicles and shelters. Hunter also provides a broad range of heaters for tents, shelters, and vehicles for military and homeland security applications. Hunter heaters have long been popular with the United States Army.

To capitalize on this popularity, and to take advantage of post-9/11 demand for its products for homeland security applications, Hunter adopted an aggressive growth plan that focused on the acquisitions route. Hunter purchased the company that makes the tents that house its heaters, and then the company that provides power generation and air conditioning equipment for shelter and tent applications. Together these mergers swelled Hunter's overall revenues to US\$170 million and its number of employees to nearly 500.

Legacy Business System Impedes Growth

When Hunter's executives were planning these acquisitions, they knew that a common business solution would help immensely in accomplishing a smooth integration. But the legacy system in place at Hunter, a mainframe-based relic that crashed twice a week, was hardly the system to foist upon the new members of the organization. Nor was the system capable of helping with

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Denny Weyhe, Controller, Hunter Manufacturing Company

other important Hunter goals: improving the company's business processes and positioning it favorably for growth and investor appeal. Lastly, with the increased emphasis on military and homeland security customers, Hunter's IT infrastructure had to support improved business process security – another flaw of the system in place. In short, IT was a liability that Hunter had to turn into a strategic asset.

Hunter needed a new business solution that could replace all these weaknesses with strengths. The new solution had to streamline manufacturing processes, improve inventory management, and integrate operational data from all departments. Furthermore, it had to support best business practices while providing the scalability and adaptability that a rapidly growing firm requires.

Hunter knew that only the best could fulfill its requirements. But as a midsize company, it was concerned about its fit with SAP® applications. “We had the usual perceptions of SAP soft-

ware: too big, too complex, and too expensive,” recalls Steve Demko, CFO for Hunter. “So we looked at some smaller systems, but they just didn't stack up. SAP applications have the scalability and adaptability we needed to support new acquisitions as well as our organic growth. SAP software also supports best practices to boost our corporate performance and to fulfill the security provisions that our military customers require.”

itelligence Packages the Power of SAP Solutions for Midsize Manufacturers

Hunter needed to find a way to acquire the power of SAP applications while keeping complexity, cost, and implementation time to a minimum. In it.manufacturing, a qualified mySAP All-in-One partner solution for IM&C from Chicago-based itelligence, Hunter found exactly that.

“itelligence made it easy for us by prepackaging and preconfiguring all the core functionality that SAP is famous for, along with best practices, into the it.manufacturing solution, which can be deployed very quickly and is just right for our size and industry,” says Demko. “Why not shamelessly leverage the knowledge base built into SAP applications and gleaned from the installed base of so many world-class organizations?”

Fast Implementation for Hunter, Even Faster for New Acquisitions

Deployment was quick indeed. itelligence teamed with Brulant, another integrator that is well acquainted with SAP applications, to implement the solution for Hunter's headquarters. Despite stoppages due to unforeseen events, including a roof collapse that forced Hunter to relocate its assembly area, the team went live within the target time frame just five months later. Then the team performed even quicker implementations for the two companies Hunter acquired, both of which went smoothly and are now in full production.

Demko credits the prepackaged, out-of-the-box nature of SAP solutions for the rapid implementations, as well as the skill and dedication displayed by everyone involved. Hunter's users transitioned to the solutions smoothly because of their inherent simplicity and ease of use.

Fully Integrated Data and Processes Streamline Business Operations

Today, with fully integrated data and processes and visibility into every aspect of the operation, Hunter is communicating better with both customers and suppliers. By implementing it.manufacturing with SAP for IM&C, Hunter has been able to streamline its purchasing, inventory, order entry, and delivery processes for

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goods and services. The solutions include project management functionality tailored to Hunter’s needs, product configuration at the point of order entry, spare parts tracking, real-time reporting, sophisticated profitability analysis, easy systemwide master data entry and changes, and multiple automated postings for payment receipts and billing purposes.

The integrated solution provides a solid foundation for Hunter in its transition from a product-oriented company to an integrator of different businesses. And it also supports Hunter in its federal government contractor status by providing the secure technology required for integrity of its business processes.

Hunter Accomplishes More with Less

“With it.manufacturing in place, we’re able to accomplish much more than before while consuming fewer resources,” says Denny Weyhe, controller. “For example, even though we’ve doubled our revenues since we went live, we’ve had no need to increase the staff dedicated to purchasing, customer service, or finance and accounting. And in IT, since the solution can pretty much run itself, we’ve even been able to cut back on staffing.”

Deb Kuivila, IT director, explains why the integrated solution is so much easier to administer. “One of the aspects I really like about the solutions is that they work straight out of the box. But if we want to, we can easily tailor them to accommodate the nuances of the way we do business,” she says. “The best thing is that even an IT staff of one has no trouble taking advantage of all that versatility.”

As a military contractor, Hunter frequently has to prepare for government audits – another area where SAP software saves on labor. “With our old system, every audit used to mean a lot of laborious spreadsheet work,” explains Weyhe. “Now, since it.manufacturing makes audit preparation so much easier, we’re ready in half the time. That’s because the new solution is so much more powerful – and also for a subtler reason. We know we can trust our data and, therefore, we don’t have to do all the double-checking we used to.”

In addition, Hunter executives can much more easily make the right decisions to manage work in process, shorten cycle times, and lower costs while increasing inventory turns and improving order-to-delivery time. Executives are better equipped to make higher-level decisions because of the bird’s-eye view of operations

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that SAP software provides. “The profitability analysis module lets us examine the data in the system to determine our profitability on a segment-by-segment basis,” explains Kuivila. “That’s one of the reasons why our finance people like it so much.”

A Future Without Limits with SAP Solutions for Industrial Manufacturers

Now that SAP software is fully installed across the expanded corporation, Hunter is moving rapidly to increase the software's utility and value to the organization. The company just completed an interface to the system it uses for tracking work orders through the shop floor, thereby equipping management to measure manufacturing efficiency even on an individual worker basis. Hunter also converted to itelligence's remote hosting service, which further eased the burden on internal IT.

Even more value lies in the future. For one thing, Hunter plans to expand the use of SAP applications to fulfill its human capital management needs. With the parent firm and the new acquisitions under the same IT umbrella, Hunter is also planning ways to increase efficiency by consolidating certain business functions to eliminate overlap and waste. In addition, Hunter is committed to a lean manufacturing methodology and is actively studying how SAP applications can contribute to this approach and enable Hunter to curtail waste even further.

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