

SAP Customer Success Story Industrial Machinery and Components – Industrial Tools and Metalworking Machinery



“We liked that SAP does everything – all the modules, all the pieces. We bought the SAP ERP license so we would have the ability to use whatever we felt we needed when we needed it.”

Mark Haupt, IT Manager, Wilson Tool International Inc.

AT A GLANCE

Company

- Name: Wilson Tool International Inc.
- Location: White Bear Lake, Minnesota
- Industry: Industrial machinery and components
- Products and services: Industrial tools and metalworking machinery
- Employees: 500
- Web site: www.wilsontool.com
- Business partner: itelligence Inc.

Challenges and Opportunities

- Enable a foundation of growth to meet future demands with automated and integrated order and sales management processes
- Take better control of inventory and streamline business management processes to meet growing global demand

Objective

Replace outdated business management software with an integrated, state-of-the-art enterprise resource planning (ERP) solution

SAP® Solutions and Services

- SAP® ERP application
- SAP for Mill Products solution portfolio

Implementation Highlights

- Carefully mapped and orchestrated 11-month implementation
- Successful implementation of a tier-1 ERP solution in a midsize business, creating a flexible and opportunistic foundation for future growth into global markets

Why SAP

- Breadth of integrated applications available from SAP supports company's growth into new markets.

- Comprehensive integration requirements, including variant configuration support for the sales desk, could not be met by any other software vendor.
- Unlimited possibilities and choices are now available for the company's next steps.

Benefits

- Reduced inventory and faster inventory turns of spare parts and end equipment resulting in ROI of just 18 months
- Fewer physical inventory counts due to improved inventory visibility and control leading to approximately US\$250,000 in productivity-loss savings
- Improved operations with automated inventory processes that eliminate the need to shut down plant production for end-of-year inventory – adding 1 extra day of operations per year
- Improved customer service and increased orders with the introduction of Internet sales
- Reduced order errors and fewer returns due to increased accuracy of the variant configurator
- Improved ability to strategically direct the company with the large number of options available through integrated applications

Existing Environment

Legacy business management software

Third-Party Integration

- Database: SEQUEL
- Hardware: Hewlett-Packard 64-bit DL 585s
- Operating system: Microsoft Windows 2000 and 2003

WILSON TOOL INTERNATIONAL

The World's Largest Independent Manufacturer of Tooling Systems Retools for Its Future with SAP® ERP

For more than 40 years, Wilson Tool International Inc. has set an example of quality and service to the industrial tools and metalworking machinery industry with its state-of-the-art manufacturing systems. This long-standing commitment to leadership and innovation has helped propel the company to become the world's largest independent manufacturer of tooling systems for punch presses, press brakes, and punch and die components for the metal fabrication and stamping industry.

Headquartered in White Bear Lake, Minnesota, Wilson Tool is supported by 500 employees and operations in virtually every industrialized nation in the world. With manufacturing sites in the United States, the United Kingdom, and China and strategically located sales offices spanning the globe in over 40 countries, today's Wilson Tool meets the growing global demand of its customers with its strategic locations, worldwide network of sales engineers, and a highly trained sales desk supporting eight languages.

Retooling for the 21st Century

Although the manufacturing muscle of Wilson Tool expertly manipulates metal and forces it to conform to the needs of its customers, the company's business software system proved less powerful and flexible. “With hundreds of highly specialized products, we needed to take control of our inventory system.

And, with our business growing rapidly around the world, we needed to streamline our order management and sales management processes,” says Mark Haupt, IT manager at Wilson Tool. “But when we tried to add those capabilities to our existing software package, we found that it simply couldn’t be upgraded.”

By 1999 Wilson Tool’s midtier business management software solution had exceeded its ability to support the company’s growing needs. Because of this, Wilson Tool lacked the widespread visibility of information it needed to efficiently track inventory and process orders around the globe. “As a result, we had lots of inventory sitting on the shelf,” says Haupt. “Each year we’d have to shut down the plant for a full day to do our end-of-year inventory, after having spent 60 days planning for the operation. About 70 of our employees had to stop their normal jobs to take inventory counts.” Wilson Tool was losing one operational day a year. In addition, lack of an integrated information flow was increasingly causing errors and issues with orders and returns.

“So the only answer,” says Haupt, “was to look for a fully integrated solution that could grow with us.” By 2000, after a thorough review of existing tier-1 enterprise resource planning (ERP) solutions, Wilson Tool selected SAP® software to help it create world-class sales and order management processes.



Wilson Tool Forges Its Future with SAP

In its solutions review, Wilson Tool evaluated tier-1 ERP software products from several vendors. “After comparing all the major providers,” Haupt reports, “we chose SAP for the completeness of its solutions, and we chose itelligence and Experio as our partners for their experience in supporting manufacturing companies like ours.” Wilson Tool was confident SAP solutions would provide the flexibility and extensive integration it required for a long time to come. “I think it really came down to SAP’s breadth of integrated applications,” comments Haupt. “We liked that SAP does everything – all the modules, all the pieces. In fact, we bought the SAP ERP license so that we would have the ability to use whatever we felt we needed when we needed it.”

Basing its decision in part on the breadth of integrated SAP applications proved to be a correct move for Wilson Tool. “From a business perspective, it just feels right,” observes Haupt. “We can do anything we want with it. There are no limitations. There are so many choices.”

Go-Live: The Start of “Countless Choices” for Wilson Tool

During the 11-month implementation executed in 2000 and 2001, and together with the expertise of itelligence Inc. and Experio Solutions Corporation, Wilson Tool successfully achieved the founding step of implementing a tier-1 application in its midsize enterprise. The initial implementation of the SAP ERP application included software for manufacturing, materials management, production planning, financial accounting and controlling, and sales and distribution. Since 85% of all Wilson Tool products are configurable, it also included the SAP variant configurator.

Following a smooth go-live in March 2001, and while everyone was getting used to the new business software and its robust functionality, Haupt and his IT team went around and talked to management about what they wanted next: SAP ERP offered them countless choices. “Instead of figuring out how we are going to make this or that work, now with SAP [software], our choice is, OK, what things do we want to do next?” says Haupt.

The variant configurator offered Wilson Tool enhanced accuracy in pricing, lead times, and product configuration. The bill of materials, or “super BoM,” and routing functions of the configurator provided high accuracy in production orders.

In 2002 Wilson Tool implemented a mill products extension designed to support complex order entry processes that involve families of products, each with multiple attributes. This has helped Wilson Tool sales people to speed up order entry while the customer is on the phone. In 2003 this was followed by the implementation of a sophisticated archiving solution for enterprise content management from IXOS (now Open Text Corporation), a member of the “Powered by SAP® NetWeaver” partner program.

Then in 2004 an exciting Internet sales application was implemented. “This application has our competition beat, hands down,” remarks Haupt. “Nobody has the kind of capability we’re developing for Internet sales.” Currently, Wilson Tool is upgrading its infrastructure to take full advantage of the powerful 64-bit environment provided by the SAP NetWeaver platform.

Commenting on best practices, Haupt says, “During the implementation, we made a decision to use SAP software ‘out of the box’ as much as possible. We wanted minimal customization. The process was the ‘Wilson way.’ Then we morphed to fit how things flowed within the software. That’s why we’ve been able to successfully implement solutions step by step.”

Today at Wilson Tool: Information for Everyone, Everywhere

With greater inventory control, faster inventory turns, and new internal efficiencies enabled by an integrated business management solution, Wilson Tool achieved return on investment (ROI) within a year and half of implementing SAP ERP. “If you look at the maintenance cost of a tier-1 solution, it’s a little more expensive, but if you take everything into account – the hardware, the software – it still paid for itself in just 18 months,” says Haupt. Most of the ROI came from savings in reduced inventory. “We know we’ve reduced inventory significantly. We have a much better view of what is happening, and we’ve reduced our physical counts.”

Wilson Tool no longer loses days of production to inventory management. “We don’t have to do that anymore. That’s pretty significant, right there. That was one day of operations – about \$250,000 a year in productivity loss – right off the bat,” observes Haupt. In addition, due in part to the reduction in Wilson Tool’s reliance on contractors, the company is seeing tremendous gains in its ability to manage sales processes. After implementing the order entry extension designed for mill products, Wilson Tool has been able to cut order entry cycle time by more than 50%.

The variant configurator available in SAP ERP is contributing to significant improvements. “We have a better handle on our master data and the configuration information coming from the customer,” says Haupt. “I know we’ve seen reductions in errors and reductions in returns, because the information is more

“We’re planning to move more of our sales processes to the Internet. And we’re confident that SAP and intelligence will be there to support us.”

Mark Haupt, IT Manager, Wilson Tool International Inc.

accurate. There are more checks in place to verify that everything is going to work together. With the configurator, flags are raised when wrong dimensions are given.”

Because of the valuable contribution of the variant configurator, the company’s IT department has been reorganized to take advantage of the new functionality. The size of the department has remained the same but the focus and structure are different. “Today, instead of three programmers, we have one. And we have two people working on the variant configurator full time because we have a very broad product line with a lot of depth. The variant configurator supports Internet sales now, too,” says Haupt.

The addition of Internet sales is opening the door to a world of new opportunities and benefits for Wilson Tool. Haupt explains: “With Internet sales, we can grow the business without increasing the number of people that we have. We can get more orders in, and we can give access to information more readily to our customers. They can get in and look at past history and past orders, and then reorder – all those types of things on the fly, any time of day, any day of the week. If it’s international and it’s a holiday here, we’re still taking orders. For us, that has a tremendous impact.”

Although Wilson Tool is a midsize business, it now has the strength and flexibility of an integrated, tier-1 solution to support it. “We get to choose which things to take advantage of to get the most out of our SAP software. You can keep adding to the business and keep improving it when you have options like that,” says Haupt.

For the future, as Wilson Tool pursues a lean manufacturing model and moves from product-based to value-based accounting, the ever-aggressive company intends to increase its focus on Internet sales and customer services. “We’re planning to move more of our sales processes to the Internet. And we’re confident that SAP and intelligence will be there to support us,” says Haupt.