

abat

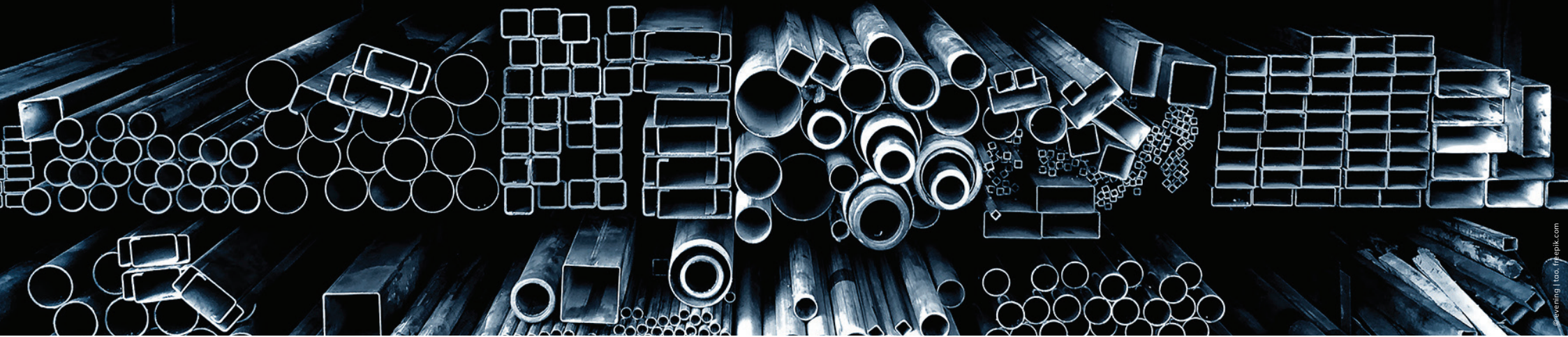
consult Space for the business of tomorrow.

SUCCESSstory

A large industrial steel mill with a glowing furnace and a large rotating vessel. The scene is filled with bright orange and yellow light from the furnace, and a large, dark, cylindrical vessel is being rotated by a crane. The background shows a complex network of steel beams and structural elements.

Salzgitter digitizes processes with S/4HANA

Steel giant optimizes and automates starting material procurement



At a glance



Salzgitter AG



Steel industry



Salzgitter,
Germany



> 24,000
employees



€ 12.5 billion
turnover

About the company

More than seven million tons of crude steel capacity per year, over 24,000 employees and external sales of ten billion euros in 2021 - these figures make Salzgitter AG one of Europe's leading steel and technology companies. Its core competencies are the production and processing of rolled steel and tubes products, as well as trading in these products. In addition, the company, which has been in business for more than 150 years, is active in the field of special machinery and plant engineering.

The challenge

Based on SAP's announcement that it will cease maintenance and further development of the SAP ERP system currently in use at the end of 2027, the Salzgitter Group began migrating its entire ERP infrastructure to SAP S/4HANA in 2018. As part of this Group-wide transformation project, the merchandise management processes for the procurement of starting materials from the associated company Hüttenwerke Krupp Mannesmann (HKM) were to be standardized, optimized, and automated across all participating

Group companies in a separate project. The biggest challenge during implementation was the high level of coordination required due to the existing IT and organizational structures.

The intermediate holding companies Salzgitter Mannesmann GmbH (SMG) and Salzgitter Klöckner-Werke GmbH (SKWG) act as central interfaces for the processes considered in this project, coordinating the procurement of starting materials from HKM on the one hand and distribution to the purchasing Group companies on the other. In addition, SKWG holds all major companies and shareholdings of the Salzgitter Group and bundles the Group's financial management. In the past, logistics and accounting processes were mapped using many different instances of SAP R/3 and other ERP systems and third-party applications.

The solution

In a preliminary project, abat developed a concept to migrate a selected starting materials process, including the desired standardization and optimization, to S/4HANA within one year. In close cooperation with the companies involved, the IT service provider's experts implemented and configured the required SAP modules in the areas of sales and materials management. They also developed new interfaces and adapted existing ones. As a result, the process was largely automated across all companies involved. What's more, the S/4/HANA infrastructure went live on schedule on January 1, 2022.



The project

What should the logistical HKM starting material process look like in the future? Where are organizational changes possible and necessary? And how can they be implemented technically based on SAP S/4HANA? To create the target concept for harmonizing the logistical HKM starting material process, many questions had to be answered. After the start of the project in December 2020, the abat experts conducted numerous interviews with the process managers at SMG and SKWG to define the scope of the harmonization.

Based on the interviews, the project team formulated the specifications for the design of the target process in close cooperation with the group companies. The goal was to achieve a harmonized logistics process for HKM's starting materials. Specifically, the Group companies that manufacture flat steel, sheet steel or tubes from the starting material supplied by HKM (blanks in the form of slabs and round bars) are to transmit their starting material orders to SMG/SKWG via standardized IT interfaces.

EDI replaces e-mail and fax

At the same time, it was agreed that the delivery data would also be entered into the inventory management system via the standardized interfaces - including changes and cancellations of starting material orders. Previously, this had required manual intervention. To achieve these goals, the existing order templates had to be converted into a uniform format that considered the different data requirements of the companies. The necessary EDI interfaces were defined and implemented by abat within a few weeks. This laid the foundation for the automation of the data transfer.

Several special features in the sub-processes of the individual companies had to be coordinated and incorporated into the design of the target process.

Greater transparency

Whether in the construction or metalworking industry, steel buyers expect realistic delivery commitments, delivery capability and on-time delivery. Transparent inventories are a prerequisite for this. In the HKM starting materials process, this means clarity about where which starting materials are stored, in what quantities, and for which orders they are reserved. During process harmonization,

special emphasis was placed on mapping the transfer of ownership, which is contractually linked to the loading of the starting materials. Only when the goods are on the wagon do they become the property of the ordering company. At the same time, it is possible to place goods received from overproduction in a buffer stock and assign them to a company. This gives the companies involved the freedom to make optimum use of their production capacities and to respond flexibly to changes in orders.

The same applies to S/4HANA: An ERP system is only as efficient as the organization it represents. The demarcation of the group companies involved in the logistics process in terms of information and data flows therefore played a major role in the success of the project. In the future, for example, all companies that receive starting materials will send their orders to the central functions department via EDI. From there, the orders are automatically forwarded to the producers of the starting materials and billed bilaterally to the companies authorized to place orders. This clear division of tasks gives each company the necessary freedom to concentrate on its core business and to optimize cooperation with partner companies.



„For Salzgitter AG, the migration to SAP S/4HANA is both a challenge and an opportunity. With abat, we have reached an important milestone in the HKM starting material process harmonization project and gained important leeway for the more efficient design of our internal logistics and invoicing processes.“


Achim Peter,
Project Manager Salzgitter AG

The results

With the project to harmonize the logistical HKM starting material process, Salzgitter AG reached an important milestone on the way to the group-wide conversion to SAP S/4HANA. The cross-company project showed how the Group companies involved were able to quickly transform their existing processes into largely automated processes based on the S/4HANA solution. At the same time, they were able to use their resources more efficiently.

As a full-service provider, abat implemented the project from the analysis and coordination of the various process requirements, through the development and design of the target concept, to the implementation and on-time go-live. In eleven workshops with the participating group companies, the experts developed the new logistical target process for HKM starting material handling step by step. Depending on the requirements, they developed proposals for organizational adjustments and the programming of special solutions where adaptation to the standard was not feasible. Always in the interest of a harmonized overall solution.

The results

-  The HKM starting material logistics process went live on schedule in a harmonized form based on SAP S/4HANA.
-  The extensive automation of the cross-company process ensures greater efficiency and facilitates compliance-compliant documentation of processes.
-  More freedom to use resources more efficiently.

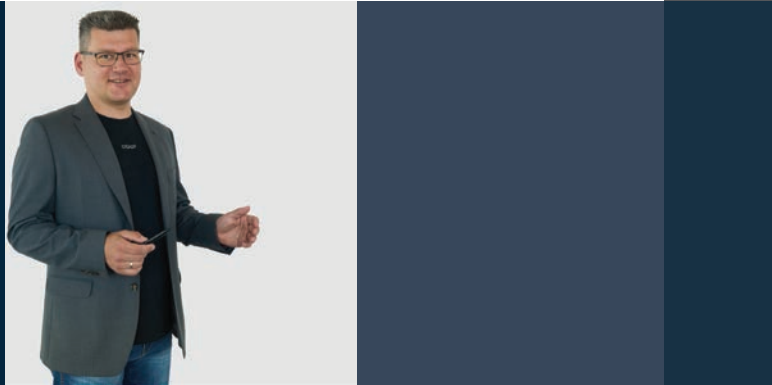
ABOUT US

abat

The abat Group, founded in 1998, is an SAP service provider, innovative software developer and provider of complete solutions for software-supported process optimization –

primarily in the core industries of automotive and discrete manufacturing as well as in logistics processes and production control. With our six service areas, we give companies the freedom they need for new ideas, efficient processes, and future-oriented solutions.

In the **consulting** service area, we advise and support you in all phases of an SAP project – from conception to implementation to operation of your SAP system. With abat **manufacture**, you receive digital, high-availability solutions for production control in the complex manufacturing industry. With abat **transform** we offer you innovative and unique solutions that make you special: from AI to cloud to X-Reality. The **PLM** area offers comprehensive process consulting with the goal of achieving a continuous data flow across PLM, ERP and MES. Offerings from the **protect** area help customers secure information and maintain the confidentiality, availability, and integrity of business relationships. Finally, our **sustain** experts advise on how sustainability and CSR reporting can be strategically and structurally anchored in the company.



CONTACT

Martin Schönborn

Senior Consultant

martin.schoenborn@abat.de

Classification: public

abat | An der Reeperbahn 10 | 28217 Bremen | Germany | +49 421 43 04 60 | www.abat.de