



Grundfos: Relying on the IBM RS/6000 Platform.

As part of a drive to improve efficiency and increase customer satisfaction, Grundfos replaced the wide variety of enterprise resource planning systems used by its European subsidiaries with a single, consistent solution: SAP R/3. The platform of choice to implement this system was IBM RS/6000.

Grundfos, one of the world's leading pump manufacturers based in Denmark, comprises 55 companies operating in 40 countries all over the world, with a total of 9,800 employees and a turnover of DKK 7.52 billion (\$1 billion) in 1998.

To support the group's mission to develop, produce and sell high-quality pumps and pumping systems for heating, air-conditioning, industry, water supply and wastewater disposal, Grundfos operates a 100 per cent IBM information environment. Recently, it completed the implementation of SAP R/3 on the IBM RS/6000 platform as a business solution for all its European operations.

"Our business relies on the high quality of IBM RS/6000 servers. Based on my extensive experience, I would be very happy to recommend IBM technology to other companies because it is so reliable and provides such stable operational environments."

Thor Lund Jensen,
IT Director, Grundfos

Recognising the uncertainty of economic prospects for the future, the group pursued several initiatives designed to increase the efficiency of production, logistics and purchasing.

"The critical success factor for our business is the ability to deliver the right products at the right time. In order to speed up and improve direct deliveries to customers from our distribution centres, while simultaneously reducing stock levels, we needed to achieve better coordination between the different European companies. As a matter of urgency, we also needed to prepare ourselves for the Year 2000, which was not possible with our existing systems," explains Thor Lund Jensen.

Industry	Manufacturing
Application	SAP R/3 Modules AM, CO, FI, HR, MM, PP, SD and SAP BW
Software	AIX Oracle Lotus Notes
Hardware	IBM RS/6000



To help Grundfos expand its distribution operations in Europe and focus on saving time by providing direct delivery services to its customers, the company was looking to maximize its ERP solution. Grundfos decided to replace all its existing systems with SAP R/3, with the exception of the SAP R/2 implementation used for production and financial planning at the company's Bjerringbro factory complex. In Grundfos' view, IBM was the only realistic option when it came to choosing a hardware platform for SAP R/3.

"As we planned our new solution, we realised that we could run the entire implementation using one database server. However, this meant that reliability, stability and security were of overwhelming importance. We couldn't afford to take any risks, and we knew from experience that IBM was a safe choice," says Thor Lund Jensen.

In fact, Grundfos has been a loyal IBM operator for the past 25 years. All the company's systems, including those used for computeraided design (CAD), are IBM based. The SAP R/2 implementation, for example, runs on an IBM S/390 system and has some 2,500 users. The group also uses Lotus Notes as its worldwide platform for internet and intranet solutions.

European rollout

Grundfos decided to install SAP R/3 on the IBM RS/6000 platform. The installation began in early 1997, with Deloitte & Touche acting as Grundfos' implementation partner.

The application runs on an IBM RS/6000 S70 database server located in Copenhagen, with a 200GB Oracle database and an IBM ADSM backup solution. There are seven IBM RS/6000 H50 application servers at the same site. The entire environment is outsourced to CSC, with 24 x 7 support. Users throughout Europe connect to the SAP R/3 server from their PCs using the AT&T Global Network (formerly IBM Global Network).

"Within 20 months, the new solution was rolled out to the last of 18 European production and sales companies. Currently, SAP R/3 has 1,700 registered users, with up to 800 concurrent users on the system. A total of seven modules have been implemented, covering most business functions."

Streamlined processes

Although the SAP R/3 solution is used for a range of functions, improved communication between the different European companies is a particularly important benefit. To provide a link with the group's main production facility, an interface has been developed between SAP R/3 and the SAP R/2 solution used at Bjerringbro.

SAP R/3 also provides employees with access to much more information than before. Customer enquiries can now be answered quickly and accurately. Says Thor Lund Jensen: "Now, staff members can immediately see whether a certain product is in stock, and where it is being held. They can look for it not only in their own country but elsewhere as well. This will result in better, more effective distribution for the benefit of Grundfos' customers."

Thor Lund Jensen is confident that the ordering process has already benefited significantly from the new set-up, he claims: "Every company can now track the progress of every order right through from beginning to end. There is no need for people to phone each other for information as they did before." Grundfos has also started a SAP Business Information Warehouse project that runs on IBM RS/6000 and they expect business information across the group to become very transparent and easy to analyze in various views and under different aspects as a help to improve planning processes.

e-business futures

Ultimately, Grundfos will roll the SAP R/3 solution out to subsidiaries outside Europe. It also plans to use the SAP R/3 solution and IBM hardware as the springboard for a move towards e-business, initially involving Internet links with wholesalers. At present, Grundfos is working together with IBM consultants to formulate an e-business strategy, which will comprise of five different projects.

In the meantime, the initial success of the SAP R/3 implementation will be followed up by further gains in efficiency as Grundfos becomes familiar with the system. Thor Lund Jensen has said he is very satisfied both with the results of the implementation project and with the performance of the software and hardware.



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