



Speedy delivery at Kern AG.

“To quickly and securely put important information in the right hands” – this has been the mission of Kern AG since it was founded in 1947. Operating internationally, the company has been developing, producing and marketing rapid document inserting systems and devices for post-processing of computer forms. At present, the fastest document inserting system offered by Kern AG is the K3000, which can insert documents into and process 26,000 envelopes per hour – that means cutting, folding, grouping and inserting paper into envelopes as well as checking and preparing items for mailing – a feat which has landed the company a spot in the 2001 Guinness Book of World Records. The Kern AG product palette includes folding and document inserting systems, complex mailing equipment assemblies, document inserting systems with optical readers, cutting machines for continuous computer forms, machines related to digital printing (pre- and post-processing), as well as the corresponding replacement parts and accessories. Furthermore, the company provides services in the areas of information distribution, document management and mail production, along with maintenance and upkeep of facilities and machines. Kern AG also offers an automated document factory. By integrating the software

of their products into the customer's system, Kern AG achieves a unique level of optimization in day-to-day operation.

All products and services are oriented to users such as IT service providers, banks, telephone companies, lettershops, insurance companies, and businesses that print and conduct mailings at high and extremely high volumes. Kern AG is represented in over 50 countries on every continent and maintains its own subsidiaries in Germany, Great Britain, the U.S., and France. The company's headquarters and main manufacturing facility is located in Switzerland, in Konolfingen near Bern. Approximately 600 workers worldwide are employed by the family-owned company, which posted sales of more than 200 million Swiss francs in fiscal year 2000.

Business process optimization

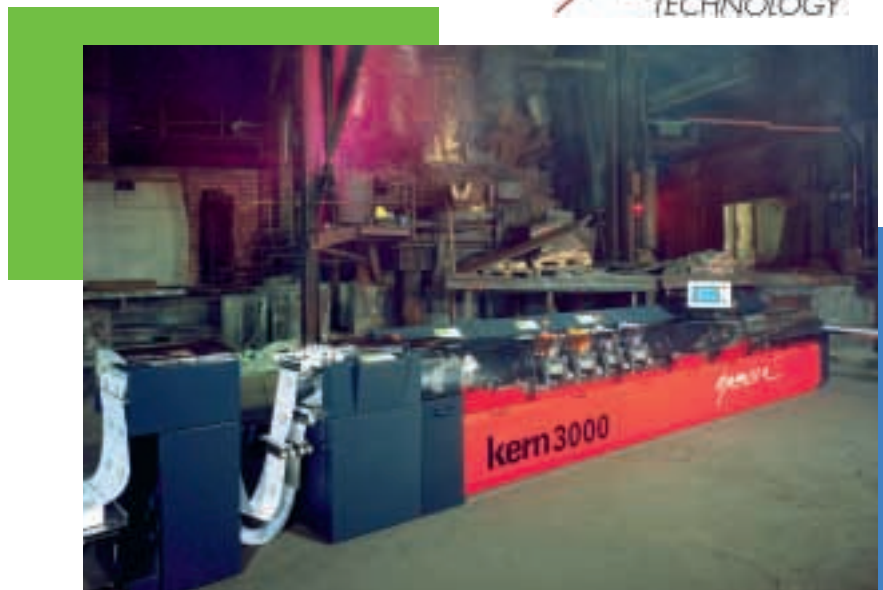
In order to become even more effective in the future, the company redefined its

Industry	Manufacturing
Application	mySAP Financials mySAP Logistics mySAP CRM
Software	MS Windows 2000 MS SQL 2000 MSCS Tivoli
Hardware	xSeries ESS



“For a simple and independent system, that requires only a minimum of control, we feel that there's no better solution than the IBM @server xSeries.”

Louis van Beest,
IT Manager, Kern AG



business processes and began to reorganize its IT environment in 1997, which was distributed across ten locations. When considering the implementation of an ERP solution, SAP was the system of choice to accomplish the transition from numerous existing applications at Kern AG to a centralized IT solution. The company aims to establish a single SAP R/3 system to serve all of its users worldwide. Each subsidiary will have its own application server on site, enabling employees there to access a central database server in Konolfingen. With this new system, the company will be able to significantly optimize its data management as well as simplifying the service and maintainance of its IT environment.

In the course of an 18-month project, Kern AG will begin by successively introducing SAP R/3 4.6c for 80 users at its headquarters in Switzerland. The solutions for FI, AM, CO and HR went live in April 2001; the VAK variant configurator, MM, PP, SD, and an online shop are to follow six months later. The project will conclude in December 2001 with Customer Service and CRM. Simultaneously, an internal operating data server will be introduced to simplify acquisition of data for series and variant production, as well as creating a consistent value chain for the entire enterprise by integrating its subsidiary locations.

IBM @server xSeries as a new platform

Because IBM provides the full spectrum of servers for SAP and enables seamless integration into existing environments, Kern AG decided to make a fresh start in terms of hardware. The company is gradually replacing its 40 servers from a well-known IT provider with state-of-the-art IBM @server xSeries. The heart of the new IT environment is comprised of two pairs of IBM @server xSeries 370 and IBM @server xSeries 350. An x370 manages the production system, others are used for development and quality management. Just as they have in the past, each server will handle dedicated tasks, which is why Kern AG can easily perform the transition gradually and one by one. To prevent any discontinuity in the IT environment, all systems are equipped with the same, latest hardware and software versions. The operating system is Microsoft Windows 2000, with Microsoft SQL 2000 serving as the central database for SAP R/3. As its high availability solution for the production system, Kern AG chose Microsoft Cluster

Server (MSCS) to coordinate and monitor the operation of both servers, optimizing their workloads and ensuring rapid response times.

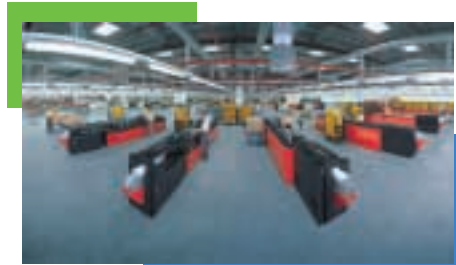
Storage consolidation with SAN

To secure the intellectual capital of Kern AG that is stored on electronic media, as well as making it easier to maintain and to utilize that resource more efficiently, ABC Systems AG, the IBM Business Partner working with Kern AG, recommended using the IBM Enterprise Storage Server (ESS). The main consideration was the optimal functionality realized through a direct connected storage area network (SAN) server, which enabled the company to do without a fibre channel layer and the associated costs. The two most critical servers are connected to the ESS by way of two Ultra Wide SCSI adapters each. These enable economical failover and loadsharing/balancing, primarily by maintaining the bandwidth hierarchy of the different computer architectures. If needed, a fibre channel layer can be added at any time, should the solution be expanded into a disaster recovery scenario. To perform the data protection in a zero backup window, FlashCopy can be used to create a data copy in just a few seconds, from which the backup is in turn created in the LTO library. Louis van Beest, IT manager at Kern AG, is enthusiastic about the solution: "Through high availability and storage sharing, ESS provides us with all the benefits that enable us to operate a worldwide, secure SAP R/3 system around the clock." Tivoli Disaster Recovery is used as additional data protection against failures.

Ready for the future with e-business solutions

After the rollout in Switzerland, mySAP.com will also be introduced in Kern AG subsidiaries in 2002: first in Germany and Great Britain, then in the U.S. and France – for approximately 200 users. As of 2003, there are plans to implement a Microsoft Windows 2000 Datacenter Server, which uses innovative cluster technologies to distribute the workload to multiple servers, thus further reducing the risk of an operating system failure. Additional mySAP.com solutions in the workflow area, the Business Information Warehouse and mySAP APO are planned as well. First results show that Kern AG machines can also be addressed directly through the SAP system. This

means that customers also using mySAP.com can communicate directly with one another and with the machines, and thus take advantage of the new possibilities offered by e-business.



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