



Full steam ahead for the Swabians: Well on the way to e-business with SAP.

There were many companies that broke out into a serious sweat at the thought of Year 2000 and the Euro. But not Klafs Saunabau GmbH & Co. KG in Schwäbisch Hall, Germany. The world market leader in sauna construction and leisure swimming pools switched its business processes over to SAP R/3 in June 1998 and is now ready for a future in e-business. The hardware platform used is the tried and tested AS/400® server from IBM (now known as the IBM @server iSeries). This perfect combination provides a system that will take the sauna company into the future – no sweat.

The company was already using an earlier model of the AS/400e™, but the applications software consisted of individual standard modules such as FIBU (Financial accounting), PPS (Production and Planning System) as well as salary/wage packages from other suppliers, which involved some complicated coordination work at Klafs. The implementation of SAP did not mean that the business processes in the medium-sized company were fundamentally altered, however.

“The exceptional stability and reliability of the iSeries server provides us with the security for smooth operations. That means that we can still keep our cool even when faced with a new release or a Euro conversion.”

Otmar Pawassarar,
Head of IT and Production, Klafs

Existing data was transferred, processed and modified for the new standard business management-software. “A gentle evolution took place, not a revolution”, summarizes Otmar Pawassarar, Head of IT and Production at Klafs.

The products from this established company from the German region of Swabia make it an innovative leader in the industry. The portfolio covers a complete range, from Finnish saunas, steam baths, solariums and aromatherapy cubicles to specialized showers and whirlpools. “Our philosophy is to be a ‘one-stop shop,’”, says Simone Barthel, Head of Marketing at Klafs. Eighty percent of the saunas are manufactured to order. And all products have at least

Industry	Manufacturing
Application	SAP R/3 FI, CO, HR, MM, SD, PP, PS
Software	OS/400® DB2®/400 Lotus Notes® Domino™
Hardware	IBM @server iSeries

KLAFS
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one custom-designed component. That is what makes Klafs very different from its competitors. Each year over 5,000 cabinets are manufactured at the main factory in Schwäbisch Hall. Customers are primarily private individuals with a smaller proportion being service companies, especially hotels, leisure pools and gyms.

Swabian steam worldwide

Markets for these sauna specialists can be found worldwide; from Alpine regions to Russia all the way to Japan. Even residents of sun-drenched Spain find wellness products from the Swabian 'steam-makers' highly appealing. However, the core market is Germany, although 35 % of sales are foreign. Over 500 employees generate an annual turnover of more than 65 million Euro. This gives Klafs the world's highest company turnover in the sauna sector – larger than its three closest competitors combined.

Thanks to several decades of continuous and solid growth, Klafs to date has built a comprehensive network of 40 sales networks and offices in Germany alone. In addition, subsidiaries have been established in Austria and Switzerland to cover the important German-speaking market in Europe. The Klafs group also includes the subsidiary companies Klafs Systeme and Klafs Planung und Bau, which provides services ranging from drafting to detailed planning and from interior conversion work to commissions for implementing specific customer requirements, all in line with the Klafs corporate philosophy.

More precise, faster and more effective

All divisions, sales centers and subsidiaries will be connected to the main site via intranet and the Internet during the SAP implementation process. This means that Klafs is making a decisive step towards a harmonized and integrated information processing system that spans the entire company. The advantages are obvious to Otmar Pawassarar. "We can obtain more precise evaluations thanks to the higher density of the data," he says. "Information critical to the decision-making process is available more quickly and is up-to-the-minute. We no longer have to transfer the data laboriously from one system to another at month's end. Our inventory status is more transparent. With the SAP system we can minimize the lead time from order receipt to manufacturing and

delivery for on-site fitting, all to the benefit of the customer. In addition, our iSeries server offers virtually one hundred percent availability and system reliability, as well as a high capacity for expansion for upcoming tasks like enhancing e-business activities or establishing the Klafs sales and information system. Overall, this means more effective and more secure control of all business processes."

The finance modules for asset accounting and human resources (FI, HR) were implemented successfully and on schedule within the planned 9 month implementation period. Materials Management, Controlling, Sales and Production (MM, CO, SD, PP) followed, the staff training has been completed, and Mr. Pawassarar is pleased: "The project was a complete success. We kept within the schedule and the budget. The service provided by IBM and SAP was very good. Our staff praised the fast computers and the user-friendly interface. We have achieved all our goals".

First steps into e-business

In addition to SAP implementation, Klafs is running an online shop for sales and distribution to private customers with a comprehensive range of accessories and bath and sauna products. Klafs has been using a CRM (Customer Relationship Management) solution based on Lotus Notes Domino for some time. All customer data – including at least 500,000 customer records and account history data and contract information – is managed in this database. This solution is used to process customer sales, mailings and promotions. As Lotus Notes Domino provides exceptional customization options, it provides a comprehensive data management system that is user-friendly and can be used flexibly. "Lotus Notes provides excellent options for the type of data management. The entire information handling process remains transparent and is very flexible and simple to integrate", says Otmar Pawassarar.

To ensure that Klafs will continue to keep up with new developments, designs are already being drafted for high availability. Otmar Pawassarar sums up plans for the future like this: "To ensure that we can continue to provide our customers with a stable system and a high degree of security, we will be expanding our iSeries environment accordingly and adopting a security plan. We want to make sure that we will keep our cool in future, too".



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