



Pressman Toys raises its game and cuts costs with SAP and IBM.

Founded in 1922, Pressman Toy Corporation is the third-largest games manufacturer in the US. The company specialises in boardgames featuring licensed characters from the children's books, movies, and television programmes, such as Hulk, Scooby Doo, Spiderman, and The Simpsons. The company also produces games designed for an older audience, covering popular television programmes.

First roll of the dice.

Pressman manufactures in New Jersey and serves retail stores, from giants such as Wal-Mart to one-off specialist retailers. The company's revenue of about \$50 million is highly seasonal, with the majority coming from Christmas sales in August, September and October. Judging required manufacturing and stock levels as accurately as possible is essential, as profitability is a fine balance between longer, more economical production runs and the risk of overstocking warehouses with unsold product.

Alan Novick, Director of Information Systems, explains: "We wanted to lower our inventory levels and still maintain a high level of customer service. Customers are giving us shorter and shorter lead times. We wanted to have a system that would

eventually integrate fully with their purchasing systems, and cut our costs too."

A second issue was the need to link production, planning and financial systems internally. Valuable information was frequently held on separate spreadsheets, so it was not easily available to all management teams throughout Pressman. It was clear that exploiting this information could make planning more effective, both saving costs and enhancing customer service by matching supply and demand more accurately.

Best-fit solution.

Looking for possible solutions, Alan Novick turned to IBM Global Services, and admits that he was pleasantly surprised to find that an SAP solution was within his budget parameters.

"As a relatively small company, we started looking at smaller packages. After speaking with IBM and SAP it started to dawn on us that it was possible to have this top-of-the-line solution at a price that worked for Pressman. I was skeptical that IBM Global Services would be a good fit for a company of Pressman's size, and was surprised and delighted to find that IBM was able to offer exactly what we needed."

Overview

The Challenge

Match supply and demand more accurately; make production economies while preserving great customer service; gain access to company-wide information for sales and planning

The Solution

Industry: Manufacturing
Application: SAP® R/3®
Hardware: IBM @server® iSeries™
Services: IBM Global Services

The Benefits

Better understanding and control of customer receivables; improved business processes after reviewing SAP implementation; release of planning data from spreadsheets to company-wide management teams



Pressman selected IBM Global Services as its implementation partners for the new project, as Novick explains: "We chose IBM for their SAP experience and their in-depth knowledge. The IBM consultants did much more than we paid for, and even after the completion of the project, they have been very helpful. In short, they did a great job."

Gaining a return on investment.

To minimise disruption in what is a highly seasonal business, Pressman opted for a two-phase implementation, starting with the SAP solutions for Finance during late summer, and logistics and controlling modules in the early part of the following year.

"What's really exciting for Pressman is that SAP offers such comprehensive solutions and incorporates the best business practices, too," says Novick. "With SAP and IBM, we have taken the opportunity to look again at our business processes, to meet our needs and those of our customers."

The SAP solution for Finance is already producing benefits, even in areas not originally foreseen in the return on investment calculation: "The first benefit that surprised us was that we had a much better handle on receivables. With SAP it is easy to show customers the exact order and payment status, identify trends, and then take the right actions," says Novick.

While the cost-savings from reductions in inventory will take longer to achieve, Pressman reports that initial results are good. IBM Global Services has been instrumental in advising how SAP can best be exploited, either restructuring the business to fit best practice or configuring SAP to fit Pressman's needs. "In some places we accommodated SAP, and in others we had to make some customizations," says Alan Novick. "As you go through

the software screens for the first time, they set you thinking about how you can improve your processes. The IBM consultants have been a huge help for Pressman in this regard."

Matching supply and demand.

Of course, SAP has not been an instant cure-all for Pressman in this highly unpredictable sector. Pressman still makes for stock – when an order arrives, it seems as though goods are always needed tomorrow! But with assistance from IBM, SAP is bringing Pressman closer to a perfect balance between supply and demand.

"Our SAP solution enables us to think more smartly about how we manage ourselves. The key is to produce exactly what you need when you need it, and that's why an integrated system is vital – you can't have 100 people with calculators doing that!" says Novick.

Low-cost IT.

Pressman runs SAP on IBM *@server* iSeries, with DB2® Information Management Software as its data-base. Says Novick, "IBM Global Services put their excellent knowledge of iSeries to good use. The system was quickly installed and configured, and IBM now delivers reliable support. The ease of management offered by iSeries and DB2 means that we have no need for a full-time database administrator, which keeps our IT costs low."

A flexible outlook.

Pressman is now extending its use of the SAP solutions it has already installed, and will look at further solutions in the future. SAP Business Information Warehouse is a likely addition, as is product lifecycle management. With a single vendor – SAP – covering all aspects of enterprise management, Pressman expects to be able to expand its ERP systems with minimal disruption, and without losing a consistent, integrated view of processes.

"SAP is a lot more flexible than I had imagined it would be," says Novick.

"We can certainly see the potential for adding new elements and modifying the system to suit our changing needs. With assistance from IBM and SAP, Pressman Toys is looking to move forward into greater profitability and improved customer service."

Further Information:

To learn more about how IBM and SAP alliance can help your business, please visit: **ibm-sap.com**



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