# Smarter Analytics for SAP® Solutions

Profiles of three SAP customers leveraging Cognos Business Intelligence

IBM Cognos® Business Intelligence software provides business analytics capabilities that tap into the power of your SAP NetWeaver® technology platform so you can get access to the data you need — quickly, uniformly and meaningfully. Organizations deploying SAP® software can access all data sources to swiftly deliver predictable and consistent results.

Cognos software was one of the first business intelligence applications to be certified for the SAP NetWeaver technology platform, and our extensive experience in integrating with the SAP NetWeaver platform ensures you can:

- Provide users access to SAP NetWeaver data and other data sources with fast access to content they can customize themselves
- Combine operational and historical data from the SAP® NetWeaver® Business Warehouse, SAP® ERP or SAP® R/3 without the need for custom coding
- Use existing security, business rules, hierarchies, aggregations, currency conversion, multiple languages and more
- Combine data from SAP NetWeaver Business Warehouse with any other data source without the need to migrate data or rely on custom programs
- Deploy solutions quickly and change them easily in response to changing business conditions

Cognos software allows organizations to leverage SAP and non-SAP data sources, and it enables fast reactions to changes in business and IT environments. Line of business managers can unlock data in SAP and other transaction systems and make informed decisions that drive business growth and increased operational efficiencies.
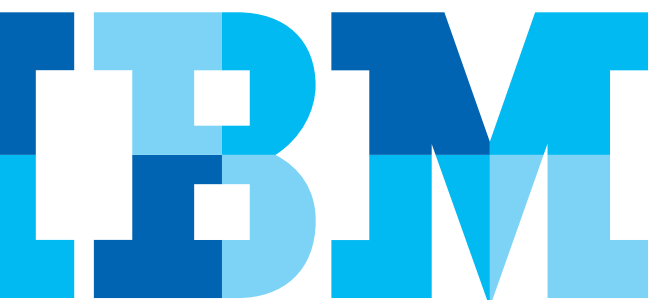
Companies can drive sales growth, increase marketing efficiencies, improve business operations, streamline the supply chain and more efficiently analyze financial performance by leveraging Cognos Business Intelligence to unlock enterprise information.

With Cognos Business Intelligence software, you can turn your SAP infrastructure into a competitive weapon by embracing and extending your SAP resources to all business users. You can leverage your existing SAP security policies, business rules, hierarchies, aggregations and workflows to deploy solutions quickly and easily change them in response to evolving business conditions. Read on to learn more about how the following SAP customers leveraged Cognos Business Intelligence:

- Miele Ges.m.b.H leveraged business intelligence (BI) to gain advanced insights into the company's product portfolio
- Ryobi Technologies reduced costs, improved quality and delivered better and more cost-efficient products
- Alpine Electronics USA gained clearer and more timely insights into business operations, and has been able to complete monthly financial closes up to 30 percent faster

Read about the business benefits these three organizations receive from deploying Cognos software with SAP solutions, and for additional information on how Cognos software can help you embrace, enhance and extend your investment in SAP NetWeaver, visit www.ibm.com/cognos/sap.

Miele Ges.m.b.H

Over 100 years ago, Carl Miele and Reinhard Zinkann began to produce milk separators in a former corn mill. At the time, they were supported by eleven employees. Today, more than 16,000 people in 46 countries all over the world work for Miele, producing and selling over four million household appliances each year. The company philosophy in 2010 was the same as in 1899: "Forever better".

Miele Austria was established in 1955 and has grown steadily since then. With 600 employees, the Austrian subsidiary generates a consolidated turnover of 163 million euros and is the undisputed market leader in the large domestic appliances market. With its headquarters in Salzburg and one branch in Vienna, Miele is always close to its customers. As well as domestic appliances, the company's portfolio includes machines for commercial use. At the Miele factory in Bürmoos near Salzburg, Miele specializes in stainless steel parts and supplies the factories around the Gütersloh head office.

Challenges faced

With the rapid growth at Miele GmbH in Salzburg, their existing reporting system was unable to keep up with the increasing demand for information. The company needed a modern information management solution. Further, it needed to replace a self-programmed customer information system used by the field sales force that had become impractical to maintain, in terms of the flexibility of the technology and the analyses it offered.

In cooperation with Mummert Consulting, Miele launched its "Creation of a Sales Information System Based on the IBM Cognos Analysis Solution" project. The aim of this project was to design a flexible and modern field sales information system based on proven tools from IBM.

Strategy followed

In preparation for the new system, workshops were organized for Miele employees who would use the system. This helped to define precise requirements, taking into consideration the wishes of all departments and management. All the relevant indicators and dimensional variables for structuring and mapping for the new system were discussed and defined.

A key consideration was the requirement for different views of the item structure to meet the needs of sales employees as well as the controlling and marketing departments. Mummert provided valuable support during the design of the system architecture and during the database modeling. Other activities in the design phase included defining the required analyses and scheduling user training.

With the new solution in place, the data warehouse is able to consolidate data from multiple sources. Every day a DTL Informatica tool extracts source data from an SAP system and transfers it to a central IBM DB2 data warehouse at the parent company. This data warehouse is used to create globally consolidated reporting using the Cognos solution. It also generates data that is transmitted to the local data warehouse in Austria via file transfer. The existing IBM iSeries/400 with time recording and an MS SQL server that runs a customer service application provide additional data sources.

The requirements defined at the Miele user workshops were used to build the optimal solution using Cognos products. The MS SQL server that had been used for data conversion and consolidation was now used to create the Cognos PowerCubes. The key requirements identified during the workshops were considered during the creation of the PowerCube models. The IBM Cognos OLAP solution was supplied with a set of defined reports based on multi-dimensional analyses. And the company worked with IBM to rapidly implement the required automatic generation and distribution of individual field sales reports.

Training was delivered to Miele employees to provide systematic familiarization with the new Cognos-based sales information system.

Around sixty Miele sales representatives are now able to call up the latest cubes via remote access through their laptops. This helps them prepare for important meetings with dealers.

Above all, the sales force uses four predefined reports and the extremely practical Cognos filter functions. Some power users have also been trained with the Cognos Explorer and are already developing their own useful analyses.

Some examples of these analyses include: logistics and service-level indicators for the spare parts warehouse in the technical service department, and detailed analyses of workload, warranties and goodwill in customer service.

Benefits realized

IBM has brought further progress to the marketing area through better information about the company's product portfolio. The marketing team now has significantly faster access to sales figures for individual items. "Thanks to the implementation of the IBM Cognos analysis solution, Miele's internal sales department has managed to reduce its monthly statistics prints by 57 percent," said Siegfried Arming, IT/Org Manager, Miele Gesellschaft mbH - Wals/Salzburg.

In preparation for the next step, Miele is currently testing the detailed analysis capabilities of the Cognos reporting solution. IBM Cognos Business Intelligence software has become an effective, strategic and globally used analysis tool at Miele. The company is already planning the next phase of expanding the use of the product.

Ryobi Technologies

Ryobi Technologies, Inc. and Homelite Consumer Products, which are owned by Techtronic Industries (TTI) Co. Ltd. of Hong Kong, is one of the world's largest and most innovative power tool manufacturers. Specializing in making pro-featured power tools truly affordable, Ryobi sells power tools and outdoor power equipment and has won supplier awards in multiple categories at Home Depot in North America for six consecutive years. The company was also recognized by Business Week as one of the top five emerging giants of the global manufacturing industry.

Ryobi is a global company, with headquarters in Hong Kong, manufacturing in China and engineers in both China and the United States. With its strong commitment to innovation and quality, the company wanted to produce better products by enhancing collaboration between manufacturing and engineering. Ryobi chose to implement IBM Cognos Business Intelligence software to work toward these goals.

Challenges faced

Ryobi faced challenges identifying trends and communicating quality issues overseas in a timely manner. When a Ryobi product was returned, U.S. technicians would take apart the tool and determine if there was a problem. This information was then entered into a Microsoft Access database manually, which raised concerns about the integrity of the data. This information was then mailed to China.

"Our best turnaround time was four-or-five days to look at the same data," explained Tom Adams, Data Quality Engineer at Ryobi Technologies, Inc.

Equally important, Ryobi needed a solution to track and report on returned products and warranty expenditures to drive product improvement. "We didn't have an effective way to document the process," said Adams. "We were not able to quickly drill down and get the information that was necessary."

Before Ryobi could move forward with this initiative, it needed to secure executive management buy-in. Once Ryobi was able to quantify in dollars how much money would be saved, management agreed to support the initiative.

Strategy followed

Ryobi evaluated reporting solutions from IBM, Business Objects and Hyperion. It also considered SAP software and Ryobi IT department's legacy system. Ryobi was attracted to IBM Cognos products because of the flexibility, ease of use, performance, and seamless integration across multiple data sources including Microsoft Access, mySAP® and SAP NetWeaver Business Warehouse. Another important consideration was the ability to deploy IBM Cognos content quickly and produce high-quality detailed reports in real-time.

"We felt that we could make more professional reports with Cognos, rather than investing in more products from SAP," explained Adams.

With the help of a third-party consultant, Ryobi quickly implemented its BI solution in October 2004 and had the system up and running by the end of the year. "We only took 10 days for implementation and had a working application that ran 10 reports," stressed Adams.

Most recently, Ryobi partnered with Data Clarity on its migration to IBM Cognos Business Intelligence software. It was attracted to Cognos Business Intelligence software because of its low-maintenance, web-enabled platform and its scorecarding and dashboarding capabilities.

Moving forward, Ryobi plans to expand the benefits it has achieved with IBM Cognos solutions to other departments.

Ryobi also anticipates quadrupling the number of users from this year. TTI is currently benchmarking Ryobi's approach to determine applications throughout some of its different divisions and companies, driving product improvement and extending the savings to other areas of the business.

Benefits realized

"We're a better company after implementing IBM Cognos Business Intelligence software. In addition to saving money, we're delivering a better and more cost-efficient product for our customers," said Adams.

Leveraging IBM Cognos products, Ryobi has been able to increase visibility and collaboration across its engineering and quality departments and drive product improvement. "Cognos is the tie that binds us all together," stated Grady Hughes, Director of Quality Assurance North America Hardware Group. "Whether we're in China or the U.S., we can now all see the same information, issues and causality. We can then come together with a common goal toward resolution of any problem."

With its IBM Cognos solution, Ryobi has been able to improve accuracy, save time and improve quality by standardizing its reporting. Reports are now generated in seconds. "Ryobi is saving at least a week of one of our engineer's time every month," said Adams. In addition, reports are also more professional and easier to read, with information conveyed in graphs and charts.

"Previously, reports were generated in several different formats, which were difficult to understand, and as a result, gain executive buy-in," explained Grady.

Ryobi has been able to pinpoint issues with product quality using its BI solution. "Using the Cognos drill-down analysis, we can see what's wrong with a product, how many times it has been returned and if there was a common timeframe for the returns," explained Jo Ann Hayes, Quality Engineer, Homelite Consumer Products. "Before all of this information was contained in different reports and that made this analysis difficult."

Ryobi has also been able to significantly improve quality. "Cognos helps us get the information quicker so we can turn out an improved product," stated David Young, Quality Engineer, Ryobi. "We now get a report on the first 100 returned units of new products, which allows us to conduct instant analysis to determine where the defect lies, and we can apply that to our production."

As a result of these processes, Ryobi Tools has gained a competitive edge. Its return rate for factory defects is less than 0.5 percent. "As far as we know, Ryobi scores better than other brands when it comes to return rates," added Joseph Serrano, Quality Engineer, Ryobi.

Ryobi has experienced a positive impact on the company's bottom line with its IBM Cognos solution. "With Cognos software, our ROI was first quarter," explained Adams. "Within six months, it was paid for and in the black." Grady added, "Leveraging Cognos as an ongoing performance continuous improvement tool has driven millions of dollars to the bottom line."

Ryobi also saved money due to a significant reduction in customer returns. After sales skyrocketed in 2005, Ryobi forecasted a 49 percent increase in warranty costs. The actual number came in 23 percent under projections, resulting in a savings of around 26 percent, based on returns analysis. In 2006, Ryobi experienced another 17 percent reduction. "We attribute these savings to Cognos and the hard work of the Marketing, Engineering and Quality department members of the Continuous Improvement Team," said Adams.

Ryobi is already reaping rewards from its IBM Cognos Business Intelligence software implementation. With the quality and flexibility of reporting from IBM Cognos Business Intelligence software, meetings at Ryobi are smoother and more efficient, as employees are able to come to the conclusions they are looking for at that meeting. Engineers are now able to do analysis on-the fly during meetings and present answers. Adams summed up his company's IBM Cognos experience, "The bottom line is that the Cognos solution has worked better than we ever imagined."

Alpine Electronics USA

Based in Torrance, California, Alpine Electronics USA Inc. develops and markets a wide range of leading-edge integrated mobile media entertainment and navigation systems for mobile use. The company employs 300 people and has a separate sister company that has a strong focus on research and development – continually striving to generate and enhance a new kind of in-vehicle experience, based on the convergence of high-performance audio, video, navigation and telematics in the form of integrated mobile multimedia systems.

"Alpine operates under two separate business elements," explained Mick Ono, Senior IT Manager at Alpine Electronics USA Inc. "The first is aimed at the after-market, working through retailers and representatives to sell products that can be fitted to existing vehicles. The second works directly with automotive manufacturers to integrate advanced mobile media solutions into new vehicles."

Predicting future trends

According to Ono, "To supply integrated mobile media solutions that will meet the needs of drivers and passengers three or four years in the future, we need to be able to plan sales, quantities and pricing a long way ahead."

Without a single integrated enterprise resource planning and supply chain management solution, Alpine lacked the consolidated business data required for accurate long-term planning. By establishing a central database as a "single source of truth" and by gaining the ability to collect and analyze data in real time, Alpine could understand its current position and sales history and analyze market trends from other sources to help forecast its future direction.

Finding a way forward

"We were coming from a situation where our North American manufacturing and sales companies were separate entities, each with its own IT systems," said Ono. "We decided to consult IBM to find the best way to implement a single centralized solution that could manage our operations and long-term planning processes from end-to-end."

IBM Global Business Services performed a feasibility study to explore the unique requirements of Alpine's business, and recommend both a target technology platform and a project management methodology that would ensure the success of the move to a fully integrated solution. Alpine then sent out a request for proposals to a number of leading business and IT consulting companies.

The need for industry-specific expertise

"We received four responses to our request for proposals, and IBM Global Business Services was by far the strongest candidate," commented Ono. "In addition to technical expertise, we wanted a partner that not only had experience in the electronics sector, but could also provide insight into the demands of the automotive sector, and IBM was one of the few companies that could deliver. IBM also has one of the most advanced project management methodologies for ERP implementations, called Ascendant. This gave us confidence that we could achieve this business transformation, fast."

IBM Global Business Services designed and modeled a wide range of enhanced business processes for Alpine, helping to simplify and automate key workflows in the finance, procurement, sales and inventory management departments. These new processes are managed by applications from the SAP Business Suite, running under Red Hat Enterprise Linux and VMware on IBM x3850 servers.

End-to-end integration of business data

The solution provides an end-to-end process management framework, collecting and integrating data from a wide range of inputs, both digital and physical. Interfaces developed by IBM using the SAP NetWeaver Process Integration component enable Alpine to gather, process and seamlessly exchange data (future usage planning, purchase orders, inventory information and so on) with its local suppliers, its distributors and its largest clients.

This enables total traceability of each financial transaction and physical component throughout the supply chain – an ability that is highly prized by clients in the automotive industry.

With all key business data held in a single central SAP system, Alpine now has a reliable, accurate and accessible historical record of its entire business – which forms a basis for the creation of long-term planning and forecasting activities.

A clear view of business activity

The solution also delivers a wide range of other advantages. Since application support and strategic development is handled by IBM Global Business Services – Application Management Services, Alpine benefits from a highly cost-effective and scalable support model, reducing the need to maintain highly skilled SAP administrators and developers in-house.

IBM maintains the entire SAP environment, ensuring smooth business operation, configuring new business requirements as per standard SAP practice, providing end-user training for new users and conducting monthly meetings with key customer stakeholders to present the deliverables and project status reports.

IBM has also recently helped the company upgrade to SAP ERP 6.0, bringing its IT infrastructure into line with the parent company in Japan, and potentially paving the way for further ERP integration across the whole group. Keeping up-to-date with the latest SAP application releases also helps Alpine to minimize support costs and implement new functionalities as and when the business requires.

Since IBM provides an onshore/offshore support model by leveraging resources in both the US and India, development of the environment can continue 24x7.

Reaping the benefits

The end-to-end automation of key financial and sales processes has reduced workload for the accounts department by approximately 40 percent and enabled monthly financial closes to be completed up to 30 percent faster.

"The ability to share the long-term future throughout business owners is very important to us, and it depends to a large extent on doing the simple things right: getting the right information in the first place and handling it reliably in our back office operations," commented Ono.

He continued, "Looking beyond the bells and whistles, you need to have a system that can manage your finances and supply chain effectively. SAP provides the building blocks of that system, and IBM Global Business Services continues to be a highly valued partner in our effort to improve quality and efficiency in all our business processes."

IBM®

About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of advanced analytics, financial performance and strategy management and analytic applications gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes. Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest IT productivity and deliver better results.

For additional information on how IBM Cognos software can help you embrace, enhance and extend your investment in SAP NetWeaver, please visit www.**ibm.com**/cognos/sap or contact your IBM Account Executive.

Request a call

To request a call or to ask a question, go to www.**ibm.com**/cognos/contactus. An IBM Cognos representative will respond to your enquiry within two business days.

Business Analytics software