



Verdantis

DATA DRIVEN PERFORMANCE



**LARGE WOOD PRODUCTS COMPANY LEVERAGES
VERDANTIS FOR ERP CONSOLIDATION ACROSS 25 PLANTS**

Company: Large Wood Products company

Revenue: \$7 billion + (70% from North America), 13,000+ employees globally
Businesses: 4 major line of businesses including Wood Products

Project:

Harmonize 300,000 SKUs using Verdantis Harmonize®

ERP change: Maximo4.1.1 (25 instances) to SAPECC 6.05 SP (1 instance)

Business challenges

- Duplicate inventory across warehouses
- Lack of visibility into spend resulting in sub-optimal contract and pricing compliance
- Non-standard data across plants
- Time and effort duplication due to unreliability of data for extending materials across plants

Business objectives achieved

- De-duplication of inventory across warehouses for strategic inventory management
- Spend analysis by leveraging UNSPSC classification
- Data standardization per global norms
Improved process efficiency and automation for inventory management
- Improved visibility in contract compliance and pricing compliance
- Reliability of data for extending materials across plants

Business goals targeted

- Inventory reduction ~30%
- Inventory carrying cost reduction ~5-10%
- Spend reduction ~5%

The director of procurement had found a sore spot– disparity in plant performance due to lack of a common parts catalogue...

As director of Procurement in our client's company, Ray Sison had been looking to find ROI intensive avenues to drive down procurement costs in the Wood Products business. The housing market, which was a key revenue driver for the Wood Products business, had recently seen a tough couple of years. Ray's mandate was clear - extract maximum sustainable gains for the business.

While he was responsible for all 35 plants under Wood Products, the huge variance in achieved cost reductions and performance efficiencies among those plants had been a sore area. A big reason for the non-uniform plant maintenance performance was the way resources were organized and tracked in the material master records of these plants. The better performing 10 plants were running on SAP and had the crucial benefit of a common parts catalog. The remaining 25 plants were running on Maximo, but with individual catalogs for each plant site. Cross-plant visibility of parts was poor and scale-linked efficiencies remained untapped.

Causing their spend management suite to underperform

The client's procurement team had invested in an automated spend management suite for its businesses. However, the suite was only as powerful as the data and it could act on. In the case of the 25 Wood Products plants maintaining stand-alone parts catalogues, the results of spend management were severely affected by absence of cross-plant visibility, duplicate records, obsolete inventory, non-sharing of spares between plants and mis-classification of material records. The procurement team was repeating everything 25 times over by updating 25 catalogues, instead of one common catalogue.

A common catalogue is one catalogue shared by various sites, either through a common ERP/MRP or through synchronization among and between disparate transactional systems. Creation and extension of material and maintenance of enterprise data elements is maintained and governed by a core organization that is either centrally located or virtual with a common goal, while plant specific data elements are maintained by the site.

As project sponsor, Ray had relied on project lead David Anderson for the planning of the project. To define the challenge and its solution, David - as MRO procurement analyst - undertook the business case analysis, developed an initial workflow and then defined the technical case for data consolidation with a common catalogue.

In-depth analysis recommended transitioning 25 plants served by individual ERPs to 1 instance of SAP PMO

At the end of their analysis, David recommended a centralization process to attain lower procurement costs and better parts visibility. A 3 year project to transition these 25 plants to a single instance of SAP Plant Maintenance, served by a single catalogue was given the go-ahead. Andy Woodward, senior SAP Warehouse Management Analyst in our client's team was assigned the role of project –execution lead. He was responsible for driving IT enabled performance efficiencies across the Wood Products businesses.

Consolidation presented a unique and interesting opportunity to get management buy-in for setting superior master data management practices

As an industry veteran, Andy had seen his fair share of ERP consolidations - both internal and due to his prior company's acquisitions. He was fully aware that this consolidation presented a unique and interesting opportunity to get management buy-in for setting superior master data management practices.

Step one was consolidating the catalogues of all 25 plants running Maximo into one running SAP PM fuelled with standardized, non-duplicated, enriched entries. The next step was implementing data governance practices to ensure that data stays clean. Having worked with Verdantis in 2005 to harmonize data by way of standardizing and de-duplicating over 300,000 SKUs in another part of the business, our client knew it could trust Verdantis to deliver the promised value on schedule, and Verdantis was invited for evaluation.

Verdantis was selected after a comprehensive pilot of 51,000+ SKUs achieved SLAs surpassing performance

After months of looking at potential vendors and a rigorous requirement-capability matching, Verdantis was selected for a pilot project to harmonize material data of one plant. The comprehensive pilot saw the Verdantis team deliver 51,822 SKUs with SLA surpassing quality goals, while identifying 5.4% duplicate items with matching MFRs and MPNs (manufacturer name and manufacturer part number). The accuracy of identified duplicates in the POC was accepted as a testament to the strength of Verdantis' Artificial Intelligence - based solution over other master data solution providers in the market, and Verdantis was selected for the complete project.

Consolidation presented a unique and interesting opportunity to get management buy-in for setting superior master data management practices

-Andy Woodward, senior SAP Warehouse Management Analyst, Project Execution lead

Items classified

- Manufacturing Components and Supplies
- Distribution and Conditioning Systems and Equipment
- Electrical Systems and Lighting and Components and Accessories
- Power Generation and Distribution Machinery and Accessories
- Tools and General Machinery
- Industrial Manufacturing and Processing Machinery

Our client was looking for a partner with a strict commitment to quality and a professional, time bound approach. “Apart from being able to work with data from SAP and Maximo, what finally tilted the scale in scale in Verdantis’s favor was the domain expertise our solution possessed. We have time and again impressed customers with our unique material domain expertise which domain-generic solutions just can’t catch up with”

said Digesh Panchal, AVP Global Delivery Verdantis.

Andy and his team decided that a two phased approach would be the correct way ahead. In the first phase Verdantis Harmony classified all the data from all 25 plants, mapped Nouns, Modifiers and established UNSPSC categories, covering 300,000 SKUs. The second phase involved complete processing of the data in 7 waves constituting material data from 3-4 plants at a time. This included UNSPSC classification, attribute extraction and non-source enrichment.

The business value unearthed was staggering...

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- Digesh Panchal, AVP Global Delivery, Verdantis, Inc.

The business value unearthed was staggering. Phase 1 identified more than 43,000 duplicates or nearly 15% of SKUs after the classification and mapping of parts to UNSPSC codes. These duplicates were identified post normalizing MFRs and MPNs and critical attributes. Phase 2 was carried out in waves and discovered more duplicates with each wave. An average of 9.8% additional duplicated were identified while processing each wave, with Wave 3 identifying a staggering 14.97% of processed SKUs as duplicates.

A key role in this success was an effort at the client side for improving data quality. A team of Data Analysts led by David Anderson reached out to suppliers with whom the client held strong contractual ties. Verdantis leveraged the data provided by these suppliers to improve information richness. This has been a key success factor in gaining high value through duplicate identification and standardizing descriptions.

“The business case developed by our company with assistance from Verdantis estimated a \$12 million annual reduction in spare parts costs from a common catalogue - and progress in on track”

- Ray Sison, Director of Procurement, Project Sponsor

The client was using a hybrid taxonomy of UNSPSC and noun-based internal codes, with no existing data governance solution. “Verdantis has been a very professional partner in this MDM exercise. We have worked with them before, and pressure was on them to surpass their own quality standards. They did just that, with striking flexibility to accommodate changes at our end. Our goal of harmonized data fuelling our business decisions has been realized” said Andy as Project implementation lead.

... With \$12 million annual reduction in spare part costs...

About the business impact, Andy said, “The business case developed by our company with assistance from Verdantis estimated a \$12 M annual reduction in spare parts costs from a common catalogue. By combining volumes, more competitive RFPs for parts and eliminating duplicates, the sourcing team was positive that this huge saving could be realized”.

... And much easier and accurate part searches increasing productivity of the 25 plants

By consolidating the Item Master and standardizing attribution and short and long descriptions, there would be much easier and accurate search, cross plant visibility and sharing of parts regionally in emergencies. This is precisely what Ray hoped to achieve – an increase in procurement efficiencies and plant performance. “The investment in spend analysis solution was enhanced due to the ability to measure contract compliance by matching UNSPSC/Material Group to Industry Code or Specific Vendor while cross-plant inventory visibility has ensured less frequent rush orders and lower maverick spend.

“This successful project enabled shorter response time in emergency to identify possible sources within the company (3 weeks from another mill vs. 6 months from manufacture in Germany”

- Andy Woodward, senior SAP Warehouse Management Analyst, Project Execution lead

About Verdantis

Verdantis is the first to offer Master Data Management solutions that bring real ROI and Business Value by focusing on the business use and application of organizational Master data. Verdantis uniquely offers end-to-end automated ERP MDM solutions driven by our suite of Artificial Intelligence (AI) based solutions and business roles and rules. Our easy-to-use solutions are easily configured to fit enterprise requirements for classification, enrichment, screens, fields, security, attachments, workflow approvals, languages and more.

Verdantis Harmonize® is a high-speed automated material /item data quality improvement tool that uses internal knowledge assets to master legacy data. Harmonize assures a globally unified, standardized, de-duplicated and enriched material master for uploading into a customer's ERP, EAM as well as Verdantis Integrity.

Verdantis Integrity® is a data governance tool that manages the quality of the material/item/product master data on an ongoing basis. Powered by a strong workflow engine and a guided item creation process, it keeps a cleansed and harmonized material master permanently pristine. It prevents data duplication and enhances organization-wide parts discovery, visibility and compliance.

Leading global companies have chosen Verdantis solutions for the following reasons:

- In-depth industry and data-specific domain expertise with a robust project methodology
- End-to-end automated processes to harmonize & enrich historical master data
- Ability to ensure semantic and structural data integrity and quality
- Ability to handle large volumes of cryptic and complex data in multiple languages
- Delivery of higher quality and volume than manual/database-centric approaches
- Flexible engagement models with a single focus on customer success

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