



SUCCESS STORY



Rubber producer Kächele has modernized its IT systems despite the economic crisis and has opted for SAP and MES. Wilhelm Kächele GmbH of Weilheim, a well-known manufacturer of molded rubber products and rubber-metal elements, has converted its IT system, which had developed historically, to an integrated SAP system. adicom, the Manufacturing Execution System (MES) of Firma Freudenberg IT is seamlessly linked to SAP.

The international IT service provider is acting as a single point of service, responsible for consultancy, implementation and the management of the entire project. By adopting uniform standards instead of using countless interfaces, Kächele is not only sustainably reducing its IT expenses but can also react more flexibly to customers' wishes. As production control with adicom extends right down to the shop floor, the manufacturer can also use the system to optimize material deployment and production logistics. Manufacturing processes become more efficient, inventories in factory halls sink and tied-up capital is released; Thanks to its new SAP and adicom system, Kächele is well-positioned to continue growth when the economic situation improves.



Small and medium-sized companies in Germany are one of the main reasons why the financial and economic crisis has not wrought such havoc in Germany as experts had predicted a year ago. Wilhelm Kächele, a company headquartered in Weilheim an der Teck and specializing in rubber products, is typical of many medium-sized companies who have steered a safe course through troubled waters without millions in state aid. A second-generation family company, Kächele supplies products to automakers, machinery producers, tool-makers and pump manufacturers. "The economic slump at the end of 2008 did not leave us unscathed," reports Bruno Kächele, Managing Director and son of the company's founder. "Nevertheless, we did not cancel our planned investment projects and have given our IT environment a firm foundation for the future." This approach, based on consistency and confidence, has cushioned many companies against the effects of the crisis, just like the rubber/metal elements produced by Kächele cushion car engines and axles from impacts and vibration.

WELL POSITIONED FOR THE UPTURN!

Historic IT burden removed

Up to 2008, Kächele had recorded annual growth of about 15 percent. Since 2002, sales have doubled and the number of employees has risen to 450. Apart from a production branch in Warmensteinach, Upper Franconia, Kächele also owns the Spanish company Flexix. A delivery warehouse in Houston, Texas, was opened at the beginning of 2009. "Growth and globalization pose growing challenges for IT systems," the Managing Director continues. "Our previous software was simply inadequate for the new conditions. The materials management system was 20 years old. Over the years, more and more island solutions linked in via interfaces with fixed programming had been added. Quite apart from the high maintenance expenses,

the IT system as a whole was too sluggish and could no longer keep pace with the increased dynamism of our business and production processes." In addition, there was too little leeway for new developments such as IT links to the company's Spanish subsidiary or electronic B2B communications with customers in Germany and other countries. Key objectives in the fundamental modernization of Kächele's IT systems were to provide more effective support for processes, to achieve cost and flexibility benefits through standardization and at the same time to establish a long-term platform for the further optimization of business processes in the future.

SAP too complex for medium-sized companies?

For a medium-sized manufacturer like Kächele, the conversion of the entire IT environment in one project represents a major undertaking, especially if the ERP system is to be extended to the conveyor belts and toolbenches by an integrated MES system at the same time. "With the right consultancy and implementation partner, neither SAP solutions nor MES are too complex for medium-sized companies," says Markus Großmann, Head of IT at Kächele. "There may be differences in terms of quantity, but our quality requirements for process integration are just as high as in a major group of companies. And our high manufacturing

depth means that we need optimized real-time production control by an MES system irrespective of the number of employees or companies involved."

Selecting the right partner

The right partner for the project, in this case Freudenberg IT from Weinheim, and a combination of SAP and adicom MES systems was selected on the basis of a structured procedure. A specification was developed on the basis of a process analysis. This stage was followed by market research with database support and the assistance of a specialized service company. Three potential partners identified in this way were short-listed and invited to Weinheim for system tests. Then the decision was taken, a contract specification was drawn up and the contract was signed. "Our decision in favor of Freudenberg IT was not based only on specialist competence and the high degree of compliance with our list of requirements. A key factor was the capability of Freudenberg IT to offer all the services and components we needed from a single source. In addition, the project and implementation methodology was precisely tailored to meet the needs of a medium-sized company," the Head of IT adds. Freudenberg IT is also a medium-sized company managed by its shareholders and speaks its customers' language. Consultancy is not provided as





an anonymous service but has a human face. "Freudenberg IT was one of the short-listed candidates who sent associates who would later form part of the project team to present the proposed solution," Markus Großmann explains. Another argument in favor of Freudenberg IT was that the company did not simply offer hourly or daily rates but a fixed price. Especially for major projects, it is important to have a firm foundation for planning to keep costs under control.

Know-how transfer and continuous process improvement

Now, the Kächele IT specialists no longer need to program interfaces for a 20-year-old materials management system. Instead, they are systematically familiarizing themselves with all the SAP components used and the interrelationships between them. "A declared objective of the project is to transfer know-how from the supplier to the customer," says Michael Fichtner, CEO of Freudenberg IT. "Kächele is determined to perform as many IT tasks as possible itself, in order to become largely independent from third-party services." Kächele is therefore operating the SAP components ERP, Financial Controlling, the project system, workflows, maintenance, production and document management as well as the Freudenberg adicom MES independently. Only the SAP EDI solution, which deals

with electronic business communications with customers and partners, is outsourced to a Freudenberg IT hosting center for practical reasons.

"We started in February 2009 and are well within schedule. In April 2010, we will be ready to start routine operation," says Head of IT Großmann, commenting on the smooth and trouble-free implementation of the project. Pilot operation will start at the company's Weilheim headquarters, followed by the Warmensteinach plant and the delivery warehouse at Houston, before the Spanish subsidiary is finally tied in. Markus Großmann is especially looking forward to this link: "Using the MES system, we will be able to identify operating problems in all production units immediately and to remedy them without delay. In addition, the integrated adicom simulation function will allow us to continuously optimize our production and HR management."

In the meantime, the order books at Weilheim are filling up again. Sales figures for the current quarter are promising. With its new SAP/adicom platform, Kächele GmbH is outstandingly well prepared for competition. Now the upturn can come.

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