

SAP Customer Success Story Industrial Machinery and Components – Commercial Web Printing Machinery and Equipment



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Bill Rogers, Vice President and Chief Information Officer,
Goss International Corporation

AT A GLANCE

Company

- Name: Goss International Corporation
- Location: Bolingbrook, Illinois
- Industry: Industrial machinery and components
- Products and services: Commercial web printing machinery and equipment
- Revenue: US\$1.2 billion
- Employees: 4,000
- Web site: www.gossinternational.com
- Partner: itelligence Inc.

Challenges and Opportunities

- Merger and takeover of Heidelberg Web Systems resulting in expensive, 2-year agreement for data services
- Opportunity to create one global data center
- Elimination of redundant systems and nonstandardized processes
- Integration of supply chain with one unified global network of plants and facilities

Objectives

- Replace obsolete legacy systems and a decentralized network with a single global installation of SAP® software
- Unify people and information under a common framework for business processes at Goss plants and facilities worldwide, creating “one system for one company”

SAP Solutions and Services

- SAP ERP application
- SAP Best Practices for Industrial Machinery & Components (SAP Best Practices for IM&C) offering

Implementation Highlights

- Analysis of worldwide operations showing an almost 100% fit with SAP’s industry best practices
- Successful transition to one global, world-class data center
- 6-month implementation time

Why SAP

- Company a longtime SAP customer, running its corporate platform on SAP software since 1993
- Confidence in strong partnership with SAP and itelligence, an SAP partner
- Easily achieved company goal of a unified global network using predefined templates in SAP Best Practices for IM&C

Benefits

- Achieved annual savings of US\$4 million in data center contract maintenance fees, plus lower support costs due to reduced IT complexity
- Improved processes and global standardization creating one common approach to IT
- Enhanced analyses and planning with integrated financial information
- Improved service and sales with accurate, up-to-date customer information
- Reduced inventory using shared services

Existing Environment

Outdated legacy systems and a decentralized network model

Third-Party Integration

- Database: Oracle 9.2
- Hardware: HP L1000, L2000, and N4000 servers
- Operating system: HP-UX 11.0

GOSS INTERNATIONAL

Print Machinery Maker Standardizes Processes, Unifies Decentralized Worldwide Network with SAP® ERP

“Can you imagine not only the economic but also the social problems that would ensue if you didn’t get your newspaper in the morning?” asks Bill Rogers, vice president and chief information officer for Goss International Corporation. “People expect that newspaper. And although newspaper circulation is slowly falling in the United States, in the rest of the world it’s an insatiable appetite. For example, in China, they pass the newspaper around from person to person for a week.”

The world’s consumption of newspapers, brochures, and other commercial materials, which are often printed on massive, 4-story, 100-yard long, lightning-fast, 90,000-impression per hour printing presses, is critically important to Goss International. The company is one of the world’s leading manufacturers of web offset printing machinery, software, equipment, and finishing solutions. They’ve been at it for a long time – since 1885 – and in that span of history, Goss has achieved a long list of firsts, including the web offset newspaper press itself. Today, from its headquarters in Bolingbrook, Illinois, a suburb of Chicago, Goss has grown to be a truly international corporation. It has 4,000 employees, revenues of US\$1.2 billion, and plants and facilities throughout the world – from the United States, the United Kingdom, France, and the Netherlands to Japan, Australia, and China.



It takes these global resources to support Goss customers at home and abroad. Printing presses are not only big, they're big business. "Our product is highly customized," says Rogers. "A printing press runs anywhere from a couple of million dollars to \$35 million. And on the upper end, when customers buy a press, they buy land, a building, a bigger building, and then several buildings – and then they hire a workforce. You may not know it, but everyday you probably touch our customers' products, like *The New York Times*, *USA Today*, and *The Wall Street Journal*."

Pressing Matters

In August 2004, Goss Graphics Systems Inc. became Goss International Corporation when it bought Heidelberg Web Systems, a division of the Heidelberg Group – the huge Germany-based manufacturer of printing machinery. "So these two great companies came together," says Rogers, "and Goss International signed a two-year transition services agreement with Heidelberg

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Michael Masters, Director, Global Application Solutions,
Goss International Corporation

Web Systems to continue to run its SAP data center." Heidelberg had gone live with the SAP® ERP application in four locations and three countries in January 2002 and maintained a world-class SAP data center.

"The services agreement was expensive," says Rogers. However, Goss was familiar with SAP software and had been using SAP solutions since 1993, although only at one location to support its corporate platform. "During the first year of the agreement, someone at Goss said, 'Why can't we have our own SAP data center – a stand-alone, high-availability data center that could service all Goss International locations around the world?' And that's when I was hired," reports Rogers. "We set out to achieve the vision of one system for one company," says Michael Masters, director of global applications and solutions at Goss.

Even though the creation of its own data center would save a great deal of money by eliminating the need for the data center services agreement with Heidelberg AG, it represented a considerable challenge to Goss International. "Our legacy systems are between 5 and 15 years old," says Rogers. "In fact, with one of those systems, there are two people at IBM who still support it, and they are ready for retirement." These nonintegrated legacy systems were leading to redundancies, poor service, and high support costs.

For another thing, with plants in Europe, the United States, Japan, and China, Goss International was highly decentralized. According to Rogers, each plant and facility operated autonomously with respect to IT. "They were on their own little information islands. So we needed to get off the old systems and get onto modern systems. We needed to share data through visibility, share inventory, and understand more about customers. With a global data center, there's just one for everybody in the world, so if somebody in a U.S. plant has a question about production planning, someone in the Netherlands can answer that question, and that implies standardized global processes. That's what we needed. That's the big thing."

But in 2004 processes at Goss were far from unified. Supply chains were not integrated. Obtaining global purchase agreements was inefficient. Each facility had individual e-mail systems, and money was being spent unnecessarily on redundant IT processes. "If you look at all the engineering processes – let's say on average there were ten engineering processes in each of the plants – we probably had five of everything," says Rogers.

Pressing Forward with SAP

In October 2004 Goss began a project to transition the SAP data center out of Heidelberg control by sending out a request for proposal to potential partners for the planning and implementation of a new data center. In February 2005 the contract was awarded to Logicalis, itelligence, and Hewlett-Packard, with Logicalis acting as the lead. And in August 2005, after an independent review of existing application implementations for SAP and other vendors, Goss selected SAP ERP as its strategic platform for the global network.

“We wanted SAP global manufacturing software, but it needed to support our decentralized board model and legacy systems,” Rogers says. It did, which is why Goss chose SAP software to provide a common framework for business processes around the world.

Furthermore, since Heidelberg AG was running SAP software, SAP solutions were already familiar to its users. “I knew SAP. I had been through the SAP boot camp. So we knew SAP was the right thing to do. Plus, we had a strong partner in SAP, and a strong partner in intelligence,” says Rogers. And, as he attests, “The partner makes all the difference. A partner that is committed to your success has a stake in the success and failure of the project.”

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Goss Goes Live, Worldwide

Together with its partners, Goss created its new consolidated SAP data center in Dover, New Hampshire. “This is a world-class data center,” says Rogers. “We built it in fewer than 120 days. The data is current within an hour – or even less.” At the same time, Goss created a backup data center at its facility in nearby Durham, should data in the active center ever need to be restored. “We can switch over to the backup almost immediately,” adds Rogers.

The data center provides some 1,400 users throughout the world with SAP software for everything from cost accounting, finance, and controlling to quality and materials management, sales and distribution, and project management.

Converting a decentralized global network to a single installation of an application can demand an enormous amount of work and coordination. To achieve their goal, two groups at Goss had to plan together – the technical people, who had the hands-on hardware experience and were familiar with such things as master data, and the business people and analysts, who were site- and application-specific, knew SAP software, and could act as the “first line of defense.”

Goss performed a plant-by-plant analysis to see how well their existing processes fit the industry standards template in the SAP Best Practices for Industrial Machinery & Components (SAP Best Practices for IM&C) offering. Goss was pleased to see that the gap between its practices and those recommended by SAP turned out to be very small. “During implementation and during conversion,” says Rogers, “we followed the SAP road map for IM&C – I’m going to say it was a 99% fit, but it’s probably even higher than that. We met for a week. We brought in the business analysts, the consultants, and we had five workshops a day for a week where we looked at everything, in detail,” he says.

The hard work and long sessions paid off. After implementation, which was achieved in fewer than six months, including the creation of the data center, the plants were able to easily adapt to the new SAP software environment. “That’s because of the best practices,” says Rogers. “It wasn’t that they [the people in the plants] knew about best practices; they just did it, and it worked out. It was kind of like three people inventing a cure for cancer at the same time. They came around in different ways, but all of a sudden, it was ‘Eureka!’”

A Single Installation of SAP Software Reaps Multiple Benefits

By standardizing processes on industry best practices from SAP and creating one global installation of SAP software in its Dover data center, Goss achieved immediate savings of US\$4 million annually in data center contract maintenance fees. These fees would otherwise have been owed under the transition services agreement with Heidelberg AG. The implementation was so rapid, it eliminated one year of the two-year contract. In addition, as Masters points out, the company didn’t need database administrators and application support staff at each location.

The reduced IT complexity has lowered IT support costs and minimized risks. “In terms of cost savings in IT,” says Rogers, “we’re really benefiting in improved visibility. And one of the next steps is shared services – regional shared services.”

The global standardization that’s creating a single IT organization at Goss, together with the improved processes that result from it, are leading to a host of other benefits. For example, communication throughout the enterprise has improved, and

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access to consistent information has increased across the Goss globe. As processes have become unified and automated, many aspects of the business have been streamlined. “We only have one human resources, one purchasing, and one IT organization,” says Rogers. All of this helps Goss to facilitate preparations for complying with the audit requirements of the Sarbanes-Oxley Act.

In addition to these business benefits, analysis and planning are improved with integrated financial information, while integrated customer information is making service and sales more efficient and effective. And with integrated information, Goss is reducing inventory. The introduction of shared services will reduce it still further.

In manufacturing, improved communications and information access have expanded opportunities for distributed processes. “Being able to have the printing press built in one place, the folder built in another, and then putting it all together – that’s something we can do with this global capability that would have been really hard before. The important thing is this: a single global installation of SAP manufacturing software for Goss,” says Rogers.

Following the implementation, Goss International is prepared for its global future and the changes it will bring. “SAP has helped to provide us with a common framework for business processes,” comments Rogers. “Next, we’re going to be standardizing on Unigraphics, moving to 3D, and moving to common analytical tools and common engineering processes. That’s probably going to be a 10-year project. And SAP is going to help us.”