

## ALERIS ALUMINUM KOBLENZ GMBH OPTIMIZES ORDER-TO-CASH PROCESS TO ACHIEVE 30 PERCENT SAVINGS

### Challenge

Within the aerospace market good margins can be achieved with high sales volumes. This is why Aleris Aluminum Koblenz GmbH wanted to strengthen its market position and increase the customer satisfaction with appropriate Order-to-Cash (O2C) processes. Furthermore the processes to increase the competitiveness have to be designed cost effectively.

### Solution

- Customer survey used as a basis for objectives of the “to-be” processes
- Definition of 50 activities for attainment of the “to-be” processes

### Benefits

- More than 30 percent cost reduction
- Order confirmation twice as fast as before project start
- Significant improvement of cross-department collaboration



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Based in Koblenz, Germany, Aleris Aluminum Koblenz GmbH is one of the leading manufacturing companies of high quality, high value rolled products. Founded in 1964, today, the company is a subsidiary of Aleris International Inc. headquartered in Beachwood, Ohio. Products are tuned for individual solutions for a variety of customer requirements.

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**“...needs are satisfied faster, more reliably and more accurately. ...slimmer processes and better cross-department understanding lead to significant savings of time and direct cost reduction.”**

Detlef Weckmüller | Manager Customer Service | Aleris Aluminum Koblenz GmbH

### Initial situation

The most important internal reasons for the optimization of business processes were the complex and time-consuming as-is processes as well as the necessity of process optimization before implementing a SAP system in 2009. At the outset of the collaboration with IDS Scheer Consulting, the responsible Aleris project managers recognized that the O2C process had the largest potential for improvement. The redesign of the process generated specific requirements such as an improved correspondence to customer demands and a significant improvement in processing time, quality, and cost.

The O2C process starts with a customer inquiry and proposal preparation. The process covers orders received, order scheduling, dispatch, including the generation of dispatch and customs documents, as well as test certificates and finally invoicing and control of incoming payments.

### Solution

One of the most important customer sectors for Aleris is the aerospace industry. Meeting the high demands of this segment such as short response times, high precision and reliability were important factors for the project. The project team consisted of 20 members recruited from the relevant operating departments, the organizational department and IDS Scheer Consulting.

A survey of 25 important customers resulted in more precise requests for improvements. Special requirements within the aerospace industry complicated the determination of production time and costs. A proposal could only be developed after a number of meetings with the parties involved. The creation of an order confirmation took up to two weeks. The expectations of customers are obviously much higher, a “normal” order should be confirmed within five working days, a “normal” proposal should be delivered within two days or a deadline for information should be given for special proposals.

Derived from the need to speed up order confirmations and proposal preparation, the focus of the project was the creation of a portal for order tracing, the paperless exchange of documents, and the creation of a performance management system.

### To-Be Processes Demand Creativity

The result of the as-is process analysis with ARIS Toolset in the second project phase showed that idle periods made up more than 90 percent of the total process duration. “These steps demanded the most creativity and required innovative suggestions and solutions,” Detlef Weckmüller reports. To achieve a new to-be status on the basis of the as-is process level, 50 activities were defined and assessed for realization costs and possible savings. In consideration of available department capacities and technical dependencies, a sequence for the implementation of these activities was defined.

### Benefit

The requirements of several sub-processes within the O2C process have been developed from demanding process requirements, making it possible to design a highly efficient process. Just by changing the sequence of process steps and the departments responsible, processing time could be cut by an average of 50 percent. By implementing electronic data exchange with the customer a reduction of process time and costs of around 30 percent could be achieved.

The savings are enormous: with a theoretical cost saving of 37 percent in comparison with the as-is situation, in practice a saving of 30 percent can be implemented after the realization of defined activities. The new O2C process only creates minor costs in comparison to the previous one. A further confirmation of success was the very short amortization period for project costs which represent only 36 percent of the annual savings created by the project. The confirmation of orders is twice as fast and cross-department collaboration has im-

proved significantly. The project objectives have been achieved to the company’s utmost satisfaction.

“With the process optimizations our customers’ needs are satisfied faster, more reliably and more accurately. Furthermore the slimmer processes and better cross-department understanding lead to significant savings of time and direct cost reduction,” stated Detlef Weckmüller.

### KEY COMPONENTS

- ARIS Toolset
- IDS Scheer Consulting

### ABOUT SOFTWARE AG

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