



## M-REAL MAKES REAL IMPROVEMENT TO SUPPLY CHAIN PROCESSES

### Challenge

In order to give consideration to the upcoming service requirements of customers, local business processes and IT systems have to be standardized and organizational structures have to be adjusted. This requires a standardized supply chain in line with the service offering principle. M-real began the reorientation of its supply chain in order to ensure customer satisfaction.

### Solution

- ARIS Value Engineering (now called PRIME) approach for SAP® Supply Chain Management (SCM) implementation projects
- Common use of Make-to-Order (MTO) and Make-to-Stock (MTS) business scenarios through the entire supply chain
- Customer-specific “operating model”
- Implementation of a key account management system

### Benefits

- Standardized, service-offering-oriented supply chain processes
- Higher transparency in planning and execution
- Enabling of further rollouts inside the commercial printing division

 m·real

M-real is one of Europe's leading suppliers of solutions for printing, office and magazine paper and consumer packaging. It has 25 production units across nine European countries and a worldwide sales network covering more than 70 countries. M-real focuses on four core businesses: consumer packaging, publishing, commercial printing and office papers. With its 14,125 employees the company generated a turnover of €5.6 billion in 2006.

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**“Important success factors of the project were the open communication, the fair discussions, the early involvement in project activities as well as the common responsibility of duties and results. The methods of IDS Scheer Consulting were very effective.”**

Mikko Koskivirta | M-real | Finland

## Goals of the project

The acquisition of new production locations with their own local order and planning systems and local targeted sales and SCM processes increased the urgency at M-real for harmonization according to the corporate strategy “one face to the customer.” Trend-setting, cost-saving and productivity-increasing technologies in all mills are all considered as absolutely necessary to satisfy the future requirements of the customers.

Against this background, processes as well as organization and IT systems have to be standardized on three company levels: corporate group, division and production location. For purposes of the commercial printing division, sales and SCM processes as well as its organizational structures took center stage within the alteration.

## Solution

Together with IDS Scheer Consulting, a Software AG brand, M-real Commercial Printing developed a new operating model at the beginning of the project, which was valid for the entire division. It described in detail the range of services within M-real which consist of product range, availability service, delivery service and collaboration service. Moreover, the model identified the various possibilities and structures for realization. The largest challenges were the stock optimization at all supply chain levels, the optimal utilization of bottleneck resources and the shortening of lead times with consideration of a service-offering guarantee at the same time. The important requirements for a future SCM planning system could be derived from the operating model.

In a six-month software evaluation, several software systems, some of them specializing in the paper industry, were analyzed and examined regarding functional range, integration to ERP systems, license costs, expandability and consulting as well as development support. The strengths of the SAP® SCM 4.1 system, the long-standing

collaboration of IDS Scheer Consulting with M-real and the cooperation of IDS Scheer Consulting with SAP AG during the evaluation phase were decisive criteria for the implementation of an SCM solution based on SAP SCM 4.1.

## Advantages

The implemented solution allows the common use of MTO and MTS business scenarios through the entire supply chain for the first time, starting with sales planning, customer order entry with configuration, replenishment and Vendor Managed Inventory (VMI), production rough planning with block planning, detailed planning in the local MES systems to dispatch under consideration of different order penetration points at the same time. In doing so, the service offering principle is considered consistently at all stages of the supply chain at all production levels.

The SCM solution developed by IDS Scheer Consulting harmonizes all important SCM and sales-relevant processes for M-real Commercial Printing on the basis of SAP R/3 and SAP SCM 4.1 and supports the corporate strategy “one face to the customer.” Through the common use of MTO and MTS scenarios, synergy effects are achieved which among others lead to a higher, more efficient utilization of resources tailored to suit market needs.

Due to higher transparency along the entire supply chain planning activities are simplified, exceptional circumstances are identified at an early stage and decisions are made faster. The consequent compliance with the service offering principle from the operating model leads to complete optimization of production and sales objectives.

In addition, the solution is characterized by high flexibility. Similar to a modular system, different business process-related components can be used mill-specific within the scope of the planned roll-outs without damaging the template idea. By

means of this approach, local restrictions such as different product and customer structures, stock and production capacities are also considered.

## KEY COMPONENTS

**IDS Scheer Consulting** developed an operating model that covered all the requirements of the SCM system.

Take the next step to get there - faster.

## ABOUT SOFTWARE AG

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first B2B server and SOA-based integration platform, webMethods. We offer our customers end-to-end Business Process Management (BPM) solutions delivering low Total-Cost-of-Ownership and high ease of use. Our industry-leading brands, ARIS, webMethods, Adabas, Natural, CentraSite, Terracotta and IDS Scheer Consulting, represent a unique portfolio encompassing: process strategy, design, integration and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

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