

# SUCCESS STORY



## Machine and plant engineering | Global rollout | Hager Group



### From ten to one global client

The Hager Group is combining its various different SAP systems in one client. This will see 40 companies from ten clients and legacy data migrated into the new ERP 2005.

**hager**group

# From ten to one global client

Given the close interlinking of its sites and the centralization of its warehouses in Europe, Hager wanted to improve the efficiency of its business processes with a view to running integrated logistics, controlling and financial processes across countries with the same master data and programs in one system. The aim here was to permanently reduce costs in IT, logistics and the financial departments, to generate more transparency, and to introduce new functions in order to exploit competitive advantages. *"This project wasn't just an IT project; in reality it was a cross-company project, since we wanted to standardize processes across departments and companies,"* stresses Ulrich Holzer, Director of IT and Controlling at the Hager Group. *"In this respect it was of elementary importance that the decision to opt for this was made by executive management as a whole."*

## Hager Group

The Hager Group is one of the world's leading manufacturers of electrical distribution boxes for use in residential and functional buildings, such as meter boxes, modular devices like switches and fuses, control bus systems, cable ducts and room connection systems. The family company operates globally and employs more than 10,500 members of staff, generating sales of 1.3 billion euros. Hager is in the process of expanding globally and over the past few years has founded new production companies in China, Brazil and India and acquired firms like Polo in Poland, Weber and Amacher in Switzerland and the French Atral Group. One key milestone was its 1996 acquisition of the German brand manufacturer Tehalit. Integrating the Tehalit range into the Hager brand saw it increase its solution expertise in electrical installations in offices and commercial real estate in particular. Hager has also opened additional foreign subsidiaries in the United Arab Emirates (Dubai), Singapore, Malaysia, Hong Kong, China, Australia, and New Zealand. All in all, Hager had 40 companies mapped in ten clients within four different SAP systems. The master data in the individual clients did not match and was proving difficult to maintain.

[www.hagergroup.com](http://www.hagergroup.com)

Stefan Schorr, Head of IT Applications at the Hager Group and project manager for the overall project, explains the background: *"For instance, our set-up meant that when an order was received in the branch in Poland, delivery to Polish customers was still initiated from a central warehouse in Germany due to*

*the existing logistics set-up. This required master data, logistics processes and invoice flows to be automated and coordinated with one another. Where systems are separate, that costs a lot of time and generates enormous cost."* So the plan was to standardize the SAP systems Group-wide with a view to gaining efficiency and accelerating all business processes. *"A future-proof system is distinguished, among other things, by its ability to get products from the production site to the customer as quickly as possible,"* adds Stefan Schorr.

## Growing faster together

Hager's plan to merge its SAP systems worldwide proved to be an extremely extensive task. The migration mainly affected the Group's corporate processes. This included finance and controlling, SCM and logistics, forecast and demand planning as well as sourcing and purchase processing. The stipulation here was that master data and the process flow be fully harmonized. This saw material, supplier and logistics master data harmonized too. Only statutory framework conditions of the various countries permitted any deviation from these standardized processes. The harmonization of the master data and terms alone represented an important milestone in the successful implementation of a new standardized system. Another stipulation was that each location be able to continue working with a user interface in the respective national language. Hager set out plans for a complete data migration including history of all records and documents. The aim was to shut down the old systems after the migration, since all information would be accessible in the new system.

One of the biggest challenges in the master data harmonization was standardizing financial accounting. The first thing required for this was a uniform operational chart of accounts, setting out fixed accounting rules for the Hager Group across all countries, in all languages. The chart of accounts has to be flexible enough to meet the requirements of Group controlling as well as the country-specific requirements of all locations. *"The standardization of Group-wide charts of accounts and the mapping of all controlling processes in one controlling area are key to the transformation of the Hager Group's controlling systems worldwide. That's because a shared chart of accounts and joint controlling are a means of allowing us to compare the margins of all products across companies,"* explains Ulrich Holzer. The Group also implemented the calculation of corporate standard costs, which automatically eliminate intercompany profits in product costing for the countless Group-internal deliveries by systems. New functions such as OCR (optical character recognition) allow documents to be scanned automatically and posted as documents in the SAP system.

## The decision to opt for ORBIS

After thorough research, the Hager Group hired Saarbrücken-based consultancy firm ORBIS AG as a consultant and partner. The two companies have been working together for 15 years. The partners have undertaken joint SAP projects in the fields of ERP, warehouse management, human resources, and business warehouse. *"This cooperation meant that the consultants from*

ORBIS AG already had extensive insight into the Hager Group's business processes and, after several international rollouts for major companies, demonstrated the relevant experience," says Stefan Schorr, explaining the decision. Four criteria were taken into account when choosing: cost, expertise, language skills and the availability of experienced employees in the respective countries. "Ultimately, our decision for ORBIS came down to their language skills, their knowledge of the markets most important to us besides Germany, i.e. France and China, as well as on-site consultants. ORBIS has specialists that fulfill those very requirements."

## Template-based implementation

The specifics of the planning for the three-year project started in March 2006. The global transition to a standardized SAP system took place in three stages. The first step involved creating a global blueprint, which described, in detail, the process of harmonization and the core processes. This coincided with the installation of the new SAP system based on ERP 2005 with Unicode. The second step consisted of generating the template based on the specification in the blueprint. Customizing the template involved adding standardized Group processes and best practices for company-specific processes like production or sales. The third stage consisted of the rollout to the companies and countries. Entire clients were always replaced in the course of this.

The rollouts are planned individually and implemented with dedicated project teams.

Milestones and project steps are specified to ensure quality remains consistent across the rollouts. First of all comes what is referred to as a familiarization stage. In this stage the basic principles and processes are explained based on the template. This is followed by a joint GAP analysis to outline any national legislation or specific reasons that might require a deviation from the template. The team then generates a local blueprint detailing the deviations to be made from the template. This document also includes the policy for migration from the current to the future data structure and is crucial to the implementation.

One unique feature in this case was the migration of the entire data history. As well as the master data, all documents contained in the system and legacy data were migrated and converted to the new data structure. This meant that the old systems could be shut down following a review by the local auditors. The migration coincided with the upgrade to ERP 2005 and Unicode.

The first migration was rolled out in Poland in May 2007, then in Germany in December. France followed in August 2008. China moved to the new system in October 2008, Italy in December. Global harmonization was to be concluded for the time being with the UK, Belgium, the Netherlands, and Spain in autumn 2009. "Completing the rollout in the key countries Germany, France and China was the most important part," explains Stefan Schorr. There are plans to continue the rollout to the companies in Greece and Portugal in 2010.

## A difficult transition made easy

The Hager Group's management is extremely satisfied with the project progress so far. "We have achieved our overarching aim in this project – improving the efficiency and impact of our internal processes," beams Ulrich Holzer. "Collaboration across countries has never run so smoothly."

Hager has also permanently increased the availability of products, introduced a seamless logistics set-up, and cut the costs of internal account posting. Harmonization has enabled standardized working with a centralized data management system for suppliers, accounts, products and customer groups. Stefan Schorr is especially impressed by how smoothly the data was transferred: "The whole migration process was without fault." Harmonization has also enabled the Hager Group to make use of all the advantages that the European Union has to offer. For instance, products in German warehouses remain the property of the Italian or French company, as the case may be, until such time as they are shipped to end customers. Schorr sees harmonization as having great benefits for the employees too. The transition was an organizational challenge for everyone. We all had to get to grips with new, integrated processes. "The initial skepticism of staff quickly transformed into a high degree of acceptance," recalls Schorr. "Intensive training saw employees internalize the new processes surprisingly quickly. For me, that was the actual harmonization. These projects have had a lasting influence on the set-up in IT too. The country-specific set-up is gradually being replaced by a process- and function-specific set-up."

"We are delighted that we have succeeded in launching this system not only in Central Europe, but in markets that are very important to us like Poland and China. We can now say that this project will serve as a basis on which we can undergo further development and systematically exploit the competitive advantages obtained in the process."

Ulrich Holzer, Director of IT and Controlling, Hager Group

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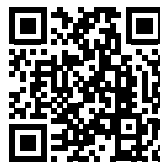
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## More information



<https://www.orbis.de/en/sap/>

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