

SUCCESS STORY



SAP Rollout | HAY Group | Automotive Technology



Harmonized and transparent processes: HAY Group consolidates IT landscape through SAP rollout

The Hay Group has taken an important step for the consolidation of its IT landscape with the successful rollout of SAP ERP in their production plant in China. Inter-company processes are now IT-supported without media disruption. Consolidated financial statements are generated promptly, providing the German headquarters with a quick insight into the financial figures of the newly founded Chinese subsidiary, and enabling them to steer development with foresight. By applying the template-based rollout method, additional companies or acquisitions can now be quickly integrated into the central SAP ERP system.



ORBIS performs SAP rollout in China at the HAY Group

China is the third most important trade partner for Germany and a key market. According to the latest business climate study by the German Chamber of Foreign Trade (AHK), in 2014, approximately 5,000 Germany companies traded in China with their own subsidiaries. This number is on the increase. The study forecasts that by 2015 this figure will be at 5,200.

Following customers to China

Especially medium-sized suppliers expand to China and found their own production plants or sales companies, here. Foreign activities are a particularly important component for these companies in order to ensure

HAY GROUP

Headquarters: Bad Sobernheim

Products: Gearboxes, differential gearboxes, engines, drive-line

Production sites: 10

Employees: over 2,800 globally

website: www.hay.de

competitiveness, as the competition never sleeps. The reasons for expanding into China are varied: Economic growth in China is currently at around seven percent, one of the highest rates in the world, which opens up diverse sales opportunities. In addition, China is an important base for tapping into other Asian markets.

According to the business climate study, many medium-sized companies, especially parts suppliers, initiate economic activities in China, to follow their customers. For the HAY GROUP, a leading manufacturer of components for engines, gearboxes, axles and bearings for the automotive and capital goods industry, this, as well as being part of the Chinese growth was a main motivation for the construction of a state of the art forgery in Tianjin, near Beijing. The latest horizontal and vertical forging technology is being used in the plant, which was built on a green field; the process controlling has also been optimized and is extremely efficient.

Designing integrated processes

In order to efficiently plant and steer the economic development of the new company, which was founded under the name of "Tianjin Hay Forging Ltd.", management at the German headquarters in Bad

Sobernheim must always be in possession of up-to-date information and key figures of the production site. To ensure this, job, order, material and inventory data must be exchanged between China and Germany, consistently, transparently and based on uniform data.

The responsible bodies therefore decided to seamlessly integrate the Tianjin site into the central SAP ERP system in Germany through an SAP rollout. This was consistent with the aim to consolidate the IT landscape and to harmonize and automate the business processes across sites. This way, the HAY GROUP has now made considerable headway.

Financial statements easier to create

The company is already gaining diverse commercial benefits from the integration of the Chinese subsidiary into SAP ERP. For example, the inter-company processing between China and Germany can now be performed IT-supported and without media disruptions. Internal orders and billing are now performed exclusively via the SAP software. This streamlines processes and ensures a high level of process security at the same time. As the



plant in Tianjin manages its business data exclusively in SAP ERP, the on-site management receives all important financial key figures at a glance and can thus plan and control the operative business even more targeted. The central controlling can also access the financial figures from China at any time, and thus generate consolidated financial statements and reports much easier and quicker. This way, management in Germany receives a prompt and transparent insight into the economic development in China.

Compliance with regional reporting requirements

In the context of the monthly, quarterly or annual financial statements, specific balance reports, profit

and loss reports (P&L) including individual receipts, and cash flow documents must be submitted to the Chinese financial authorities, which must also take into account



special regional regulations. These mandatory reports are available and configured in the SAP-based add-on “ORBIS FI Reporting Package”, which HAY implemented for these reasons, and can be conveniently prepared. The billing requirements which comply with the rules of the “Golden Tax System” (GTS), are met with the standard business function in SAP ERP.

On-site consultancy speeds up the rollout

HAY commissioned ORBIS Consulting Shanghai Co., Ltd, a subsidiary of the Business Consulting company ORBIS AG, with the implementation of the SAP software in China. The rather tight time frame as well as the estimated budget could be managed thanks to the consultancy, product and process expertise by ORBIS and by means of the tight project organization and management as well as a template-based implementation method.

The ORBIS consultants in Shanghai are also well acquainted with the regional conditions in China, for examples with regard to financial accounting or data exchange with financial authorities, which is performed via the state-controlled “Golden Tax System”. It proved to be particularly advantageous that they trained the Chinese key users in SAP software in their local language and that the required training documents were available in Chinese. The management in both China and Germany were kept up-to-date on the status of the SAP implementation with regular project reporting.

Rapidly implementing new requirements

With the implementation and the successful go-live of SAP ERP in China, the HAY GROUP created an important condition for the cross-site unification of its IT processes.

The template-based rollout process also allows for the future integration, of additional companies in China as well as strategic acquisitions for strengthening of business abroad, into the SAP installation with little effort.

If required, additional SAP modules or ABAP based add-ons for the mapping of process expansions or entirely new processes can be quickly implemented. For example, the responsible parties are currently considering a group-wide implementation of the ORBIS MES solution, a manufacturing execution system fully integrated into SAP ERP, for their production capacity planning.

Rolf Sponheimer draws a positive conclusion:
“With the SAP implementation in China we have taken a further step in unifying our Hay Group business processes across plants, companies and countries”.



Rolf Sponheimer, Head of Information Technology,
 JOHANN HAY GmbH & Co.KG, Automotive technology



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