

# PRINTING GIANT INNOVATES PROCESSES WITH SAP

by Jenny Mangelsdorf

**CLIENT:** Agfa Graphics

**CHALLENGE:** Build and integrate a system that routes finished products to clients worldwide on a just-in-time basis, taking into account urgent and rush orders.

**SOLUTION:** A new SAP production planning solution that integrates with the company's global SAP template and legacy systems.

**RESULTS:** A technologically advanced, dynamic system that encompasses market demand, production and distribution of finished goods, and also reduces the amount of working capital tied up in inventory.

As a company whose products and equipment produce 40 percent of all printed materials in the world, Agfa Graphics needs to guarantee its clients receive critical systems and components in a timely manner.

To safeguard this level of service, the company called upon CSC to help develop new functionality for the production system in its flagship manufacturing facility in Wiesbaden, Germany.

Agfa Graphics is one of the leading global providers of graphics solutions to the newspaper industry, and is a worldwide leader in providing solutions for commercial and packaging printing. Agfa operates dedicated manufacturing facilities in the United States, Asia, South America and Europe; the Wiesbaden facility is Agfa's largest production site, generating more than a third of the company's products and revenues.

The goal of the project was to gain greater insight into performance and costs, and to improve planning through far-reaching integration with shop-floor legacy systems. This would in turn ensure that minimum working capital is tied up in inventory, and enable the destination of the finished products to be determined automatically at the last minute, resulting in a highly advanced, automated and dynamic process.

## Increased transparency

"We now have a much better overview of what's happening on the shop floor in terms of materials usage and cycle time," says Dominique Swerts, business project manager at Agfa Graphics. "We have far more data regarding throughput times and so-called 'actuals,' the real production costs. This means we can align budgeted costs with actual costs much more closely, improving our forecasting and allowing us to carry out the monthly closing much more quickly."

At the time Agfa started work on the new manufacturing solution, the company was already using a global SAP system to manage procurement, sales, logistics, invoicing, finance and controlling. The new manufacturing solution was integrated with the global SAP environment as well as Agfa's corporate legacy order, distribution and warehousing systems.

## Reducing costs and increasing flexibility

"We run an enormous variety of IT systems worldwide," explains Marc Verhaegen, Information and Communications Services project manager at Agfa Graphics. "We're trying to rationalize our application portfolio to the greatest extent possible and migrate to a global SAP platform. This will yield benefits not only in terms of reduced operating costs, but also in terms of increased flexibility of employees and corresponding gains in efficiency."

The new solution was implemented primarily within the SAP R/3 environment, communicating with SAP's Advanced Planner and Optimizer (APO) for supply chain management. Agfa has relied on CSC as a trusted advisor and partner for more than 10 years. Through this relationship, CSC has gained experience and knowledge of Agfa's business. This has enabled us to cooperate smoothly with Agfa to model and develop the solution at a functional and technical level, design the relevant processes and provide tailored integration and support services.

"To make this project a success, we drew on our in-depth knowledge of SAP, our extensive business process expertise in manufacturing and supply chain environments, our trust and knowledge of the customer, and our dynamic and inventive people," says Peter De Coninck, CSC Belgium & Luxembourg manager.

It soon became clear the new solution increased responsiveness. Agfa plans manufacturing at its Wiesbaden factory based upon its global needs and finalizes those plans two to three weeks before starting a production run. However, client needs may

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change significantly during that time. With the new system, once a pallet of printing plates is completed, the global SAP system uses the latest information available to determine its final destination.

If an urgent order is entered only moments before a pallet comes out of production at Agfa, the system will assign that pallet to that urgent order, even though it did not exist at the time of production planning. This whole decision and routing process is carried out while the pallet is packed and wrapped before being delivered to a truck waiting at the end of the packing line.

In an earlier project with Agfa, CSC helped create a tool that easily allows multiprocess step interfaces. This lets the global SAP system perform a whole range of dependent transactions simultaneously rather than one by one. Agfa uses this same tool to integrate the Wiesbaden shop-floor system and the global SAP template.

## Continuous innovation

"This is far from being a standard SAP implementation," says De Coninck. "We needed to develop a unique solution that not only meets Agfa's specific system requirements, but is also fast, easy to monitor, and able to continue after error resolution with complete data integrity, traceability and interoperability with other file formats."

For Agfa, such a project never really ends, as it continuously improves its products and production processes. Agfa and CSC developed the SAP architecture, and its interfaces and transactions, in a modular and robust manner, enabling Agfa to adapt to future needs with minimum effort. The system also has potential benefits for Agfa's other manufacturing organizations and will be integrated into the supply chain processes in the global SAP environment.

"The outlook for the future is very positive," adds Swerts, when considering the road ahead for Agfa. "Soon the performance improvement program for the master production planning will be complete, enabling us to manufacture even more efficiently while maintaining lower levels of raw materials in inventory." ■

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