

## SAP Customer Success Story Mill Products

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# MITTAL



## MITTAL STEEL GERMANY

### SAP PROVIDES END-TO-END PLANNING SOLUTION FOR MAJOR GERMAN STEELMAKER

Mittal Steel Germany is part of the Mittal Steel Group, which has steel-making facilities in 14 countries across the globe. In recent years, the group has grown rapidly, and it is now the world's largest steel producer. Mittal Steel Germany operates three major plants: Mittal Steel Ruhrort, which specializes in high-quality semifinished steel products, as well as Mittal Steel Hamburg and Mittal Steel Hochfeld, which are both leading German manufacturers of wire rods.

### HARMONIZING PROCESSES AT MITTAL STEEL GERMANY

Because the Hamburg and Ruhrort steelworks produce feedstock billets for the Hochfeld wire mill, operations at the three facilities have to be closely coordinated – a highly complex task given the variety of materials involved. And complicating matters further, the three German plants had very different planning solutions, since they were formerly independent companies.

To harmonize processes across all three sites, Mittal Steel Germany decided to implement a cross-plant planning solution. “Planning used to be performed at the individual plant level,” says Wilfried Hausmann, CIO, Mittal Steel Germany. “We needed a solution that would tightly integrate all three production sites, provide visibility into inventories, and standardize data.”

#### AT A GLANCE

##### Company Name

Mittal Steel Germany  
www.mittalsteel.com

##### Industry

Steel manufacturing and processing

##### Key Challenge

Harmonize data and systems throughout the company as well as integrate and optimize production planning across three plants

##### Implementation Partners

- agiplan
- IDS Scheer
- C:1 IP&S
- PSI

##### Solution and Services

- mySAP™ Supply Chain Management, which includes the SAP® Advanced Planning & Optimization (SAP APO) component
- SAP R/3® (available today in mySAP ERP) with add-on functionality for the mill products industry
- SAP Active Global Support

##### Existing Environment

SAP R/3 at two sites;  
homegrown application at one site

##### Implementation Highlights

- Large-scale implementation of SAP APO for complex business processes
- Successful rollout across three plants
- Seamless changeover to the new, fully integrated system landscape

##### Key Benefits

- Total system integration across all plants
- Greater visibility throughout the internal supply chain
- Highly effective cross-plant planning
- Reduced inventories
- Enhanced responsiveness
- Transparent plant capacity
- Reduced throughput time, order backlog, and order cycle time

### **SAP® SOFTWARE ENABLES STREAMLINED PLANNING**

To master these challenges, Mittal Steel Germany chose SAP® R/3® software with add-on functionality for the mill products industry (now available in the mySAP™ ERP solution) and mySAP Supply Chain Management, with its key component, SAP Advanced Planning & Optimization (SAP APO). SAP APO provides best-in-class planning and optimization functionality. Its powerful, out-of-the-box capabilities enable decision makers to check the availability of materials and capacity, and create reliable production schedules across multiple sites, making for greater visibility, efficiency, and productivity.

### **EXPERT ASSISTANCE**

The project kicked off in June 2001. From the outset, implementation partner IDS Scheer provided the supply chain management expertise and industry-specific skills required to tailor SAP APO to the company's requirements. Working closely with specialists at Mittal Steel Germany, the consultants modeled the steelmaker's production processes in SAP APO and ensured they could be executed with SAP R/3.

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Mittal Steel Hochfeld went live with SAP APO and SAP R/3 in November 2002. Experience gained during this stage of the project benefited the rollout of software to the Ruhrort steelworks in April 2003 and to the Hamburg plant exactly one year later.

### **TOTAL INTEGRATION AND GREATER VISIBILITY**

The SAP software installation at Mittal Steel Germany has harmonized planning across all three facilities. It is one of the most comprehensive and up-to-date systems of its kind within the rapidly growing Mittal Steel Group.

"With SAP software we have total integration," says Hausmann. "We now have greater insight into available materials and capacity, enabling us to effectively plan and coordinate activities across our three facilities."

SAP APO performs a variety of central tasks, including demand planning. Together with SAP R/3, it enables effective, integrated cross-plant production planning and execution. When customer orders are entered in the SAP software, for example, SAP APO checks if the required material is available in stock. If so, it is reserved; if not, a production order is created for the corresponding steelworks. As a result, Mittal Steel Germany can avoid potentially costly bottlenecks.

Users at the wire mill and sales order managers can now quickly and easily check the status and location of feedstock and customer orders. Enhanced transparency and optimized planning throughout the internal supply chain have also reduced safety stock and production inventories that await processing, yielding significant savings. Moreover, lead times have been cut, and the flow of materials has been streamlined.

### **THE FUTURE**

Mittal Steel Germany is currently looking to upgrade its SAP APO software during 2005. All in all, the relationship between SAP and Mittal Steel Germany continues to strengthen and grow.