

SUCCESS STORY



Manufacturing Industry | ORBIS Product Cost Calculator | ERCO GmbH



Introduction of ORBIS PCC with complete SAP integration: ERCO brings light into offer calculations

ERCO GmbH performs its offer calculations for customized product solutions with the ORBIS Product Cost Calculator (ORBIS PCC) which is 100 % integrated into SAP ERP. Thanks to the direct access to current prices and costs which is possible with this add-on, the manufacturer of lighting tools can generate exact, detailed calculations quickly in high-quality and also reuse these. The light products are manufactured accurately to customers' requirements, a cost-intensive over-engineering is avoided and the gained calculation knowledge can be applied in subsequent projects.

ERCO

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In offices, gastronomy, retail, airports, conference centers, authorities, libraries and museums, on facades and in outdoor spaces – the right lighting is crucial in many areas. The targeted use of light improves concentration, perfectly sets the scene for retail spaces and ensures the optimal presentation of works of art.

ERCO GmbH

Head office: Lüdenscheid

Sector: Manufacturing industry, architectural lighting with LED technology

Production sites: active in 55 countries with own sales organizations and partners

Employees: worldwide around 870 employees

www.erco.com

A range of 3,400 standard LED light tools

The innovative, robust and low-maintenance tools from ERCO GmbH from Lüdenscheid, which are all LED-based, meet the most diverse requirements of lighting technology. The family-owned company founded in 1934, sells its products – spotlights, floodlights, wall washers or recessed floor luminaires – worldwide. The company deals in around 55 countries with its own sales organizations and partners. As the range of LED light tools includes around 3,400 items, ERCO can usually meet its customers' requirements with its standard products.

When a customer has very specific requirements for lighting, for example because the construction, space geometry or nature of the walls or a facade demands this, a customized light solution is developed. In such cases a lighting solution is customized according to the "Engineer-to-Order" concept. "Shining examples" include the New York Times skyscraper, the Guggenheim Museum in Bilbao, the Rome branch of the fashion brand Zara, or the Federal Chancellor's Office in Berlin.

Calculating customized product solutions in SAP

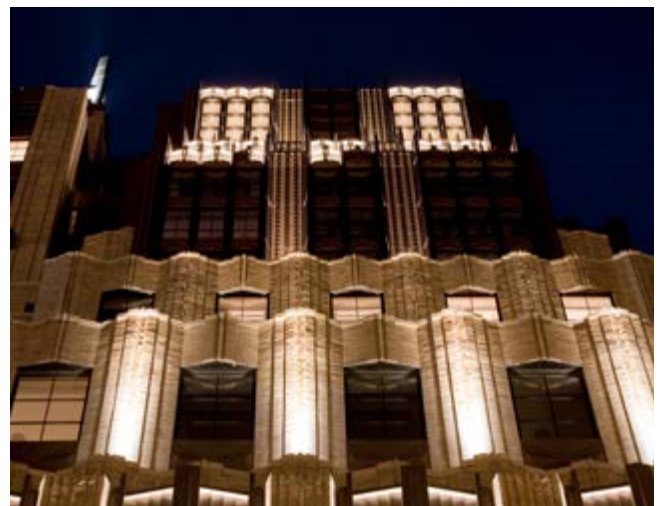
"An accurate as possible offer calculation is the most important basis for economically creating this modification and for achieving the specified target margin", explains Jörn Escher, Group Manager Product Information Center at ERCO GmbH. Since recently, the lighting manufacturer handles this with the ORBIS Product Cost Calculator (ORBIS PCC), an ABAP-based add-on which is integrated seamlessly and with version compatibility into the SAP-ERP application with which ERCO has been working for a long time.

The ORBIS Product Cost Calculator replaces a solution based on Microsoft Excel and various IT tools from third-party suppliers, with which the offer calculations were previously performed in a cumbersome and time-consuming manner outside of the SAP software. The prices and data needed to be extracted manually from SAP ERP and copied back and forth between the individual applications. This was not very transparent and due to the many media breaks there was also the risk that information was incorrectly interpreted or overlooked, worst case even lost.

Exact calculation prevents over-engineering

Very different nowadays: As ORBIS PCC is completely embedded in SAP ERP, the offer calculation is now IT-supported and standardized from start to finish. It is performed on a uniform database, in great detail and very accurately. Current material prices, tariffs, but also BOMs, work plans and production time parameters determined with the REFA method, automatically flow into the calculations, as the add-on allows online access to the SAP data.

The accurate description of the customer's requirements based on text documents, CAD drawings and other documents forms the starting point of the calculation which is now significantly more precise than before.



Walker Tower, NY, USA; Foto: Edgar Zippel

The result is that prices, costs and all other information which play a role in the calculation, are available to professional users in sales, but also in development and controlling, at all times, clearly arranged and above all uniformly. *"This way we are establishing a common understanding of the customer's requirements for "their" lighting systems across all departments, improving the internal cooperation and the knowledge transfer, and we are able to perform targeted, efficient calculations in high quality",* says Jörn Escher. Product solutions can be deve-

veloped and manufactured exactly to the customer's specifications and usually also within the framework of the customer's price expectation; a costly over-engineering is avoided and cost drivers for the individual wishes are made visible and can be dealt with – altogether very competitive factors.



Barbican Art Gallery, London, UK; Foto: Dirk Vogel

Collecting and reapplying know-how Calculations

Collecting and reapplying know-how Calculations in the course of the calculation process constantly need to be adjusted and fine-tuned – with ORBIS PCC this is no problem at all. The ERP software provides constantly updated prices and tariffs. Components that are part of the calculation, can easily be replaced or re-added. Figures and data relating to development and manufacturing times, internal activities, variable items such as tool costs and flat-rate surcharges can be added if required, also internal comments are taken over. And this with a few clicks of the mouse. As each change is fully documented, the calculation and its history is retraceable and transparent by means of the individual versions.

After the offer calculation is completed, an SD offer is immediately generated from the add-on tool, which is displayed in the SAP sales module and processed there, before it is automatically sent via SAP Mail to the customer in the correct language. Because each calculation is stored directly in the SAP software, the gained know-how, e.g. about the technical implementation of specific requirements, can also be used for the costing of subsequent orders or comparable projects. *"This is an invaluable advantage, as this way we can create calculations and thereafter SD offers with less effort, and send them quicker to our customers"*, Jörn Escher emphasizes.

Optimizing production planning

But that's not all: ERCO's production planning has also benefited. The BOMs and work plans created within the framework of the offer calculation can be generated, following order confirmation, with the "Lean Data Manager" from ORBIS PCC via the touch of a button in SAP ERP as master data. The production order is also generated directly from the add-on and passed to the production control; without the need of a detour via order processing.

ERCO also relied on the process and consultancy expertise of ORBIS during the launch.

"Thanks to the partnership-based cooperation of the ORBIS consultants and our internal team, we have implemented all our requirements, reliably solved all the demands which emerged during the course of the project and successfully completed the implementation", Jörn Escher reports.

In the next step it is planned to coordinate and optimize the calculation processes integrated into the SAP ERP application by means of ORBIS PCC even more.



Jörn Escher, Group Manager Product Information Center at ERCO GmbH.



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Photos: © ERCO GmbH

Cover photo: Alexander Ring

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