



SUCCESS STORY FIT MOVES BUSINESS ALONG FOR PANOPA

Panopa

For some time now, software has been one of the main areas of investment in the logistics sector. In today's commercial environment, where goods are constantly needing to be shipped all over the world, logistics is a rapidly growing sector. On a global scale, however, this growth is kept in check by a fiercely competitive market. For an internationally based full-service logistics provider such as Panopa Logistik GmbH, a forward-looking IT strategy is vital for the implementation of economical and reliable logistics concepts.

Panopa shifts approx. eight million tons of steel for its customers each year, which makes the company a leading provider in steel logistics. In order to meet the complex requirements that come with such a position and to endow the company with a solid business foundation, Panopa's management decided in the fall of 2005 to employ a full-service IT provider that could deliver process-optimized IT solutions.

For Panopa, the suitable IT partner needed to fulfill two vital criteria. First, the future partner would need to have considerable expertise in the implementation of IT systems. Second, the partner would have to be reliable and allow the company to establish viable, long-term IT strategies. Following a careful selection process, Freudenberg IT (FIT) was chosen as Panopa's partner.

"Our company policy stipulates that we design and implement our customer- and industry-specific solutions in collaboration with reliable, well-established business partners. In FIT, we have found an IT contractor who provides us with fast implementation periods for operational tasks—as well as transparent costing structures. At the same time, the implemented

solutions are sufficiently flexible to cover all our project-specific requirements," explains Dr. Andreas Hucht, Head of Planning and Consultation for Panopa Logistik GmbH.

The EWS Siegen Pilot Project – Seamless Service

In the fall of 2005, FIT took on its first IT project for Panopa. The brief was to equip the 13,000 square meter (140,000 square foot) distribution warehouse that Panopa operates for EWS (Edelstahlwerke Südwestfalen, Germany) with a competitive modern logistics system. From the Siegen logistics center, Panopa controls stock transport from production into storage, handling and loading, and all of the dispatch paperwork for EWS.

At the expansive warehouse, steel bars and cold drawn steel are stored on so-called hurdles, a special storage technique for unprocessed steel stock. The warehouse buildings are fully separated from the EWS plant and located 200 meters away on the Setzer Wiese premises. This means that Panopa could transfer all of the steel stock, previously spread around isolated stores on the plant premises, to a central warehouse with state-of-the-art equipment.

PROJECT DESIGN AND DEVELOPEMENT

The introduction of a new system landscape meant that the logistics processes could be optimized considerably.

A unique aspect within the project's implementation was that the planned integration of SAP Warehouse Management, as well as the optimization of process structures within procurement, stockkeeping, and sales and distribution, was to take place not within the Panopa system but the EVWS system.

"As a logistics contractor, we operate with the utmost flexibility. We implement our customers' requirements and needs professionally and as specified. In the case of the logistics center in Siegen, this meant that SAP Warehouse Management had to



be integrated entirely into the EVWS system architecture," says Dr. Hucht.

Another unique requirement was that in addition to integrating an SAP template into the EVWS system, the Siegen warehouse was to be fitted with a full-scale IT infrastructure. Panopa's system specifications for the logistics center were extensive, and FIT had to deliver a high-performance system solution. This included installation of all the required server architectures, a Web console, connection of routers, and installation of a modern WLAN system to provide wireless communication with radio scanners throughout the warehouse.

The system is designed so that all of the warehouse stock can be registered and managed in the SAP system via dedicated radio scanners. In addition to this, FIT was contracted to implement Voice-Over-IP technology within the new system architecture to cover the entire telephone/intercom system.

An Optimized Warehousing Solution: Short Termers and Long Termers

Goods receipt, which is handled by 20 staff members working 24/7 in a rotating

three-shift cycle, requires constant access to the entire system infrastructure across the new warehouse buildings. In goods issue, the system only needs to be available to staff for five days per week (again in a rotating three-shift cycle).

Radio scanners are used to register all received and issued goods in the system using WLAN-capable Windows CE software. Every staff member is equipped with a handheld scanner to register the steel stock delivered from the EVWS production plant. SAP Warehouse Management is used to generate transport orders for the delivered stock, and the warehousing requirements are registered via radio scanners from the barcodes on the steel collars. The steel collars thus registered are assigned directly to customers/batches and stored in the designated hurdles. The system automatically determines the collars' storage durations from the customer assignments.

In daily warehousing routines, SAP Warehouse Management guarantees efficient processing throughout, as it prioritizes the steel collars according to their goods receipt/issue status. With this method, goods can be dispatched efficiently and with little logistical effort. "Short termers"



are handled differently from “long termers,” which are usually stored in remote hurdles due to their longer storage duration.

Hurdles with optimal accessibility are always stocked with short termers, as these have a much higher turnover. For Panopa, the implemented SAP solution represents a transparently structured and homogeneous standard application. The solution is easy to maintain, flexible, and highly adjustable, which is a crucial advantage in situations where the flow of information and the flow of stock are closely intertwined. The system provides all required functionalities at the highest possible availability, and it encompasses all standard logistics functions—ranging from cross stocking to efficient management of the storage hurdles right up to full-scale warehouse inventories.

Well-Defined Project Scenarios

In the space of six months, the FIT consultants implemented a full-scale, fully operational logistics system for the EWS steel stock warehouse in Siegen. Panopa has been running the new system since July 2006.

Because of the tight project implementation schedule, the integrated SAP template

proved crucial. By integrating an SAP prototype into EWS’s existing SAP system, Panopa ensured a transparent and forecastable project framework; the SAP template’s software base only needed to be customized to meet the specific business processes already implemented. This meant that a project that was otherwise dauntingly expansive could be completed in a relatively short time span.

“Within half a year, we managed to install all the hardware and software needed on the premises, configure these, set up all the specified usage profiles within the system landscape, and as a result create a reliable, high-performance logistics system. The project was large and challenging—we could only complete it as successfully as we did thanks to professional specifications, a well-structured timetable, and excellent teamwork,” explains Rainer Zöller, FIT’s project manager for the EWS project.

“With the template strategy introduced by FIT, we can finally move away from the isolated solutions at our facilities. The new strategy will help us cut process-related costs, provide us with a reliable long-term system base, and ultimately increase the company’s added value,” claims Dr. Hucht.

Outlook

With the Siegen project, FIT has created a modern, high-performance IT system landscape for Panopa. Being a pilot project, it forms the basis for the partnership’s future collaborations. To Panopa, FIT represents a strategic partner who in the case of the EWS project in Siegen provided everything ranging from strategic planning to SAP consulting, as well as installation and configuration of industry-specific hardware and software components for the warehouse.

“We are currently planning to collaborate with FIT as general contractor for the roll-out of an SAP Logistics Execution System (LES) at all our Panopa sites and the core divisions Steel, Spare Parts, and Automotive. This includes centralized operation of the entire system from FIT’s data center in Weinheim. By getting FIT to provide the full range of IT services, we can focus exclusively on our business—logistics,” says Dr. Hucht.

Panopa Logistik GmbH



Panopa Logistik GmbH is a wholly owned subsidiary of Imperial Logistics International GmbH (based in Duisburg, Germany), which in turn is part of Imperial Holdings Limited (South Africa). The business portfolio of Panopa GmbH comprises a broad range of advanced logistics services. The core business consists of automotive, steel, and spare parts logistics, as well as the management of worldwide forwarding operations (land/sea/air). Established in 1955 as a forwarding agent and wholly

owned subsidiary of Fried. Krupp GmbH and today part of the Imperial Group, Panopa Logistik GmbH provides full-service logistics around the world. The company has offices throughout Europe as well as a sophisticated international logistics network. Based in Duisburg, Germany, Panopa employs 1,400 people. Around 350 of these are working in the core division of Steel Logistics. In 2004, the logistics provider achieved a turnover of EUR 150 million.



Panopa Logistik GmbH

Dr. Andreas Hucht, Head of Planning, Consultation and Quality Management

Helmut Schniederjohann, Head of Operative Logistics Automotive

"In the choice of our IT service provider, the key selection criteria were internationality, full service capability, as well as an attractive quote. What was important for us was to get end-to-end service—from SAP systems to handheld scanners—from a single source. We are confident we have chosen the right full-service IT provider with Freudenberg IT and look forward to continuing our successful partnership in the future."

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