

ENOWA COMPLETES MOST SUCCESSFUL

System Landscape Optimization Project

> The client

LANXESS Corporation was formed when the Bayer Group combined most of its chemical businesses and large segments of its polymer activities. The company began operating as a legal entity in the United States on July 1, 2004. LANXESS Corporation is a member of the German LANXESS-Group that was spun-off from Bayer in January 2005.

LANXESS is a leading supplier of chemicals to customers around the world. LANXESS has over 50 companies in 18 countries with over 6,000 employees. Their sales in 2006 were over EUR 6.9 billion.

LANXESS manufactures high-quality products in the areas of chemicals, synthetic rubber and plastics. The company's portfolio comprises basic and fine chemicals, color pigments, plastics, synthetic rubber and rubber chemicals, leather, material protection products and water treatment products.

> The project

In late 2006 LANXESS announced that it would carve out its EPDM (ethylene propylene diene terpolymer) business into a separate legal entity. In the United States, the marketing management, manufacturing and controlling activities of EPDM were to be carved out into a new legal entity, LANXESS Buna LLC, in early 2007. The objective was to increase focus on the EPDM business by grouping together the resources concerned with this product group and ultimately to strengthen LANXESS' position in the industry by increasing their efficiencies and improving transparency in the business.

To support these objectives, a major restructuring of the ERP system, SAP R/3 and peripheral systems was necessary. The SAP system needed to be re-aligned to the new and desired organizational structure.

Which methodology was followed?

Enowa developed a custom-tailored roadmap for this project which was then detailed out into a full-fledged project plan. The roadmap was developed to include the following steps:

- Requirements gathering and blueprinting. The purpose of this step was to understand the impact of the high-level decision of carving out a business unit on all aspects of the established business processes and the underlying SAP system design.
- Detailed analysis of relevant peripherals and interfaces to document solutions required to enable pertinent peripherals to function in the new environment.
- The Realization phase to develop technical and business process solutions and to implement them in the SAP system and the peripheral systems.
- Enhance and re-align the Authorization Concept to the new organization structure and requirements.
- User Acceptance Testing to ensure a thorough validation of the implemented solutions by the user community.
- Cut-over preparation and detail planning to develop a thorough and detailed hour-by-hour activity plan for all teams involved.
- Cut-over and hyper-care support to complete the project and provide necessary post-go-live support.

What future SAP related projects will be on the horizon for this client?

The solutions developed during and the lessons learned in this project are already being used for another carve-out project in which Enowa's consulting team is continuing to assist LANXESS IT and Functional groups with its special expertise.

Lanxess Management Testimonials

“*Enowa met our expectations as a consulting partner with the SAP and information technology expertise to satisfy our complex project requirements within a very demanding timeline. The Enowa team easily "fit in" as project team members, working closely with the business unit and functional support groups in addition to our IT team. The LANXESS IT Group gained valuable SAP project knowledge and experience from the relationship with Enowa that has enhanced our skills for future SAP projects.*”

“*The SAP system transition and "go live" for the Buna LLC project was the most seamless experienced by LANXESS Corp. to date.*”

(Program Manager, LanXess Corp.)

What were the goals?

The goal was to plan, execute and complete the carve-out project to allow a “clean cut-over” on the target date to allow for all existing assets, as well as all operations, to seamlessly transfer to the newly formed company at midnight on the target date. The highest directive was to ensure a smooth transition and to adhere to a “zero business disruption policy”.

What was the time-line?

The decision was made in late 2006 and an aggressive timeline was defined to plan, prepare and execute this project in a matter of four months with a target completion date of March 1, 2007.

What were the obstacles?

The main challenge faced in this project was two-fold. Although the team needed to plan and to comply with the tight project timeline, it was equally important to synchronize IT/ERP activities with business restructuring activities, such as informing business partners of the coming changes, dealing with transferring ownership of inventories while in transit (on the water) and clearing customs under the original ownership, etc.

How was Enowa brought in?

LANXESS selected Enowa based on the company's experience with the company in previous successful projects. Enowa has been a longtime partner of LANXESS in both Europe and North America for many years. In addition, Enowa's consulting team possesses a special expertise in SLO (System Landscape Optimization) projects. This special expertise was needed to allow the completion of this project in the desired timeline. The consulting team was assigned based on the required special expertise with similar projects (SLO) and their broad, multi-module SAP expertise to allow for a team with fewest possible members.

What suggestions and ideas did Enowa develop to help with the success of the project being on-time and on-budget?

Key decisions were made based on Enowa's recommendations on many aspects of the system design, ranging from how to best apply major changes to a running R/3 system to business process-related aspects, such as how to most efficiently operate a shared warehouse with inventories belonging to different legal entities, how to manage transfers between them seamlessly and transparent for the warehouse operators, transfer of assets on a key dates taking into account the partial depreciation, etc.

About us

Enowa is a **definitely different** SAP consulting company that stands out from the crowd. For about a decade, clients have called on Enowa experts who understand their business, communicate effectively, and consider knowledge transfer part of their responsibility. Clients benefit in having access to a stable and consistent team year after year and project after project, making Enowa a trusted advisor for SAP Business Initiatives. This value allows Enowa clients to make and execute business decisions with comfort – **definitely different**.



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