



Ball Horticultural: Harvesting the benefits of SAP R/3 on IBM AS/400.

Although Chicago-based Ball Horticultural Company has been in business for almost a century, the company is anything but antiquated when it comes to running its enterprise. The company owns the number one wholesale horticultural distributor in North America, which supplies professional greenhouse growers with thousands of varieties of seeds, plugs, and plants. In addition, Ball owns production and breeding facilities in southern California, Costa Rica, the Netherlands, Chile, and Guatemala. To serve its customers more effectively, Ball turned to the power of SAP R/3 running on AS/400 and created Ball WebTrack™ – a real-time, Internet-based inventory and order management system and with this now operates the Web's most complete online marketplace for greenhouse growers.

The Need for Change

Ball's legacy system was a hodgepodge of homegrown software and heavily modified off-the-shelf packages. Its order-entry system was missing source code and, with the Y2K spectre looming overhead at the time, Ball needed to find a solution. Modifying the legacy system wasn't the answer; nor was building a custom system, as it would take too many years to create due to the complexity of Ball's business, says Ball CIO Sharon Gunia. "We had modified our systems so much that they were unstable," she says. And the problems went deeper. With the legacy system, "We didn't really have a good foundation for newer technology," Gunia says.

Being able to use modern technology was vital to Ball. According to Ball's Senior Manager of Systems Development, Mark Morris, the company was overdue for a supply chain management overhaul. "In our industry, we touch 99 percent of our

orders a minimum of three times each," Morris says. "Due to the nature of our business, we spent an inordinate amount of time doing changes. And prior to SAP, a lot of that was done manually."

So in the fall of 1996, Ball began looking for a replacement for its legacy system. The company's data requirements were imposing – after a year-long reengineering and mapping process, the company identified 3,600 functional requirements that the new system would have to meet – from automatically sending order acknowledgments to managing inventory of live perishable products. Ball contacted 32 software vendors to see who could meet such stringent requirements, and the re-

Industry	Wholesale supplier and distributor
Application	SAP R/3
Software	OS/400 DB2/400
Hardware	AS/400



sponse wasn't encouraging: "Only 12 or 15 even replied because of how massive our RFP was," Morris recalls, "and SAP was the only one that even came close – it was able to meet almost all 3,600 requirements."

Using SAP's ASAP methodology, Ball implemented SAP R/3 on AS/400 in 11 months. Morris says the difficult ERP implementation was made easier by the fact that the company had already undergone its own process reengineering. He notes that some additional process reengineering "occurs naturally because of the nature of SAP, but we didn't try to take on more than we could do in that time-frame, so we could stay focused." That gameplan worked – Ball went live in April 1998, a month ahead of schedule and on budget.

Harvesting the Benefits

Since implementing SAP R/3 more than two years ago, Ball has realized many improvements in its operations. According to Ball's second-quarter 2000 quarterly report: "The SAP operating systems have played an important role in improving operating results. Process improvements and billing function together with billing enhancements have reduced billing backlogs, accelerated the timing of invoicing, and improved overall customer service levels. Data integrity has improved dramatically over the prior year, and fewer errors are taking place with customer orders and invoices." "We've truly integrated our suppliers into the processes," summarizes Morris.

Enjoying the Fruits of e-commerce

One huge gain that Ball reaps from SAP R/3 is Ball WebTrack. Tied directly into the SAP R/3 system, WebTrack is Ball's complete, online, live marketplace for greenhouse growers. The first and most extensive electronic customer service center of its kind, WebTrack links growers directly to Ball's inventory and suppliers, where they can check and reserve products from an extensive listing of seed and plant varieties, as well as order growing supplies. Customers can place orders immediately and choose their preferred shipping options, and WebTrack immediately sends order acknowledgements.

With the SAP R/3 solution, Ball no longer has to touch most of its inventory (its suppliers reach consumers directly via WebTrack) and suppliers can connect seamlessly with the home system to satisfy their customers'

demands in real time. "Our suppliers are part of the purchase order process, they're part of the inventory management, and even the invoicing now," Morris says. With WebTrack's inventory management feature, "the inventory is readily available – which increases suppliers' sales – and we've improved our order fill rate," adds Gunia.

Morris says WebTrack promises to be a great success. Since its introduction in July, 1998, 1,100 greenhouse growers (Ball's customers) are actively using the system, and five to 10 new customers sign up for WebTrack weekly. In addition more than 100 suppliers offering thousands of varieties of seed, plants, and growing equipment have joined. "We're integrating the supply chain," Morris says. "We have a Web-based storefront that provides the suppliers with increased sales – which is a great deal of incentive to get on our system. We actually provide our suppliers the tools to either log directly onto our system or send us electronic files of their inventories that get posted on our Web site. And that's truly live inventory – when a purchase order comes in, you see the numbers change. Someone books a sales order, you see the numbers change. We've already booked more than \$3.5 million on WebTrack in fiscal year 2000."

Making Room for Growth

The e-commerce functionality of SAP R/3 has saved Ball hours of worker time and labor costs because suppliers can perform their own direct billing on the Ball SAP R/3 system, whereas under the legacy system, an entire department at Ball had to do it manually. Suppliers prefer this because payments and invoices are automated, expedited, and accurate. "We have suppliers on our system basically doing vendor-managed inventory," Morris says.

This saved time and manpower doesn't mean that Ball plans to eliminate jobs. Rather, the efficiency of SAP R/3 on IBM AS/400 will let the company grow even larger; Morris says Ball will now be able to use the staff that previously handled inventory management and billing to support additional sales growth. SAP R/3 has made it possible for the company to reach unprecedented levels of efficiency without having to hire additional employees.

IBM AS/400 Keeps it all Running Smoothly

The IBM AS/400 is the glue that holds the power and ease of use of SAP R/3 together. Ball originally bought IBM S/38s in 1984 and the company was one of the first users of the fledgling IBM AS/400. As the AS/400 has evolved, it has become the top choice among companies that need a fast, reliable machine to support their ERP solutions, and Ball understands why. "The AS/400 has matured so much to be able to host such a powerful environment," says Doreen Anderson, Ball's data center manager. "It's a very reliable machine."

Ball is currently looking to upgrade to SAP R/3 4.6. "The upgrade will further Web-enable what we're doing and take advantage of some of the new Internet technologies," Morris notes. "That will certainly improve communications, and some of the other features within 4.6 are truly going to allow us to continue to enhance our processes; for example, how our suppliers and our accounts payable fit together with our invoicing to our customers."

With the upgrade, "We'll be looking at doing more with customer relations management," adds Gunia. "And as time goes on, more sales force automation to provide Ball's sales force with better sales tools." With SAP R/3, the new Ball WebTrack system, limitless reporting capabilities, and the technological foundation to add any new functionality it wants, Ball is ready for the next century of horticulture.



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