



Senwes – the first in South Africa with SAP R/3 and IBM S/390.

Senwes Ltd is an agri-business enterprise located in the North West Province of South Africa. From its headquarters at Klerksdorp, it operates a full range of agricultural services, including storage, marketing and distribution of grains and processed food products. On average, Senwes handles approximately 30 per cent of South Africa's maize, wheat, sorghum and sunflower crops, as well as 25 per cent of the country's peanuts. It also enjoys a national market share of between 10 and 25 per cent with products such as edible oils, pet food and animal feeds.

Recently, Senwes has diversified its activities in order to minimise its exposure to adverse climatic factors. Activities such as retailing, consultancy, and the provision of insurance and financial services are helping the company to achieve more stable profit margins. In 1998, it had a turnover of 4.6 billion rand (\$ 750 million) and employed more than 6 000 people.

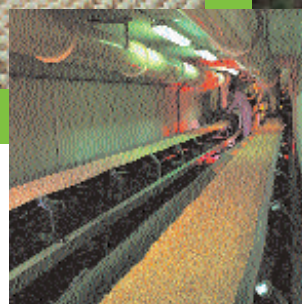
In 1999, Senwes became the first company in South Africa to start implementing the SAP R/3 system on the S/390 platform.

The success of Senwes' core grain business depends on a combination of an efficient physical infrastructure – including silos, handling equipment and railway lines – and flexible computerised administrative systems. The inadequacy of the systems used in the past became clear in 1995 with the deregulation of the grain industry that followed the change of government in South Africa.

Suddenly, Senwes found itself having to take over the responsibility for functions such as buying and marketing, which were previously carried out by the Maize Board. In an attempt to meet this challenge, it quickly developed some new applications using COBOL, but although these provided a temporary solution they still lacked the key ingredient of flexibility.

“In the buying area, for example, we were having to deal with lots of different ways of conducting transactions, all of them new. If we were going to expand our business in a changing environment, it was clear that we needed to modernise and integrate our entire administrative infrastructure. We therefore decided to make a clean sweep and implement a whole new ERP suite”, explains Jurg van Eeden, IT Facilities Manager at Senwes.

Industry	Agricultural services
Application	SAP R/3 Modules FI, CO, AM, MM, WM, PM, PP, SD, QM
Software	OS/390 AIX DB2 MQSeries
Hardware	S/390 RS/6000



Standing out from the crowd

High reliability, data integrity and security were primary requirements for the new solution. After evaluating all the alternatives, Senwes chose SAP R/3 on the IBM hardware platform, with S/390 Parallel Enterprise Server as database server and RS/6000 SP as application servers.

Says Jurg van Eeden: "We considered using other vendors, but IBM stood out from the crowd because of its ability to get a ready-to-run solution in a very short period of time, combined with the proven reliability of S/390 and DB2. The IBM solution was also the most cost-effective."

The benefits of using IBM became apparent at a very early stage in the project, when a customised preload of the SAP solution for the Senwes platform was performed by IBM's Product Solution Support Centre at Montpellier in France.

"As we were the first site to utilise this technology in South Africa, it was imperative that we had access to the expertise and experience of the IBM team. Our implementation would have been considerably more time consuming had we not made use of the preload service offered by the Montpellier centre", says Jurg van Eeden.

Jumpstart for immediate benefit

The implementation project started in January 1999, with a planned completion date of 1 February 2000. A total of seven SAP R/3 modules have been installed: Cost Accounting, Financial Accounting/Asset Management, Materials/Warehouse Management, Plant Maintenance/Service Management, Production Planning, Quality Management, and Sales and Distribution. IBM MQSeries is used to link SAP R/3 with the company's in-house retailing and human resources applications.

The new system is expected to have around 300 users, mainly in the accounting and marketing divisions. Users will connect to the system over an IP net-

work, with a strong reliance on VSAT technology because of the poor quality of landlines in this part of South Africa. Hardware sales, installation and support have been provided by IBM business partners Amcotec and Faritec.

The combination of S/390 and RS/6000 hardware architectures, with the DB2 database, supports Senwes' needs for a full suite of SAP R/3 applications. It also provides limitless scalability of hardware and database capacity for future growth. In Jurg van Eeden's view, none of the alternatives considered could have supported the expected rate of growth so well.

"We believe that we have chosen the combination of software and hardware with the best application functionality and the most reliable, scalable platform. With this combination, we can ensure that our systems are continuously available around the clock, every day of the week", he says.

Responding to market demands

Jurg van Eeden is confident that the new system will give Senwes access to a much wider range of management information, which in turn will lead to improved performance. "Better information translates directly into competitive gains. For example, if somebody rings and asks us for maize, we will immediately be able to see how much is available and where it is. We will be in a position to respond much more quickly to market demands", he says.

Over time, the use of SAP R/3 is likely to expand to cover new functions and business processes. In the long term, this will open the way for e-business and closer integration with the trading chain.

The completion of the SAP R/3 project in February 2000 will mark the start of a new phase in Senwes' business, with more effective systems and better services. Ultimately, Jurg van Eeden anticipates a much simpler computing environment throughout the enterprise, with reliance on the IBM platform and DB2 as the standard database.

"Thanks to SAP R/3, the DB2 database, and the S/390 and RS/6000 platforms, we now have a centralised, robust, manageable solution with a good upgrade path. The quality of IBM's technology is beyond question, and we have found IBM to be very responsive to customer needs for IT solutions. The company takes its responsibilities very seriously."

Jurg van Eeden, IT Facilities Manager,
Senwes Ltd



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IBM Deutschland
Informationssysteme GmbH
70548 Stuttgart

IBM Austria
Obere Donaustrasse 95
1020 Vienna

IBM Switzerland
Baendliweg 21, P.O. Box
8010 Zurich

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