

THE HOLLAND GROUP

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Automotive - supplier
Revenue	US\$470 million (2006: approximate)
Employees	1,800
Location	Holland, Michigan
Web Site	www.thehollandgroupinc.com
SAP® Solution & Services	mySAP™ ERP application
Implementation Partners	Deloitte Consulting LLP (implementation); itelligence Inc. (support)

The Holland Group Inc. specializes in coupling, lift, and suspension systems for trucks, buses, motor homes, tractors, and trailers. The company, based in Holland, Michigan, is a world leader in the design and manufacture of fifth wheels, hitches, and couplers. For commercial transportation, Holland makes lift gates and truck and trailer suspension systems. Organized into U.S., Canadian, and international divisions, Holland operates 15 manufacturing facilities in North America, Europe, and Asia.

Key Challenges

- Fragmented operations with 9 separate operating companies
- Lack of critical functionality to support business operations
- User dissatisfaction with difficult-to-use applications
- Lack of system scalability to support business expansion
- Obsolete technology of an aging mainframe system
- Deteriorating performance with systems at capacity
- No global capabilities to conduct international business

Why SAP Was Selected

- Met selection criteria based on size, financial viability, and installed customer base
- Demonstrated coverage in 18 different functional areas based on evaluation against 100+ detailed business requirements to assess overall fit
- Defined bottom-line benefits by process area

Implementation Best Practices

- 8-month implementation cycle with 4-phase end-to-end approach rolled out by operating location
- Executive steering committee guidance and support
- Implementation focus from dedicated Holland project team
- Restricted inquiry access to legacy systems at go-live
- On-site configuration, training, and post-go-live support

Low Total Cost of Ownership

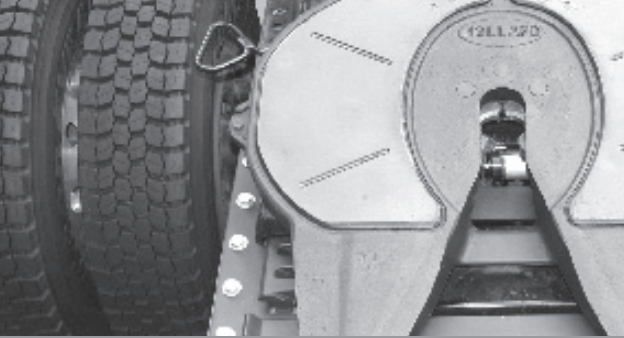
- Shift in IT spending from non-value-added hardware costs to software applications enables new business capabilities.
- Transition from mainframe architecture to client-server infrastructure enables flexibility and adaptability.

Financial and Strategic Benefits

- Increased revenue by nearly 80% due to acquisitions and international expansion
- Decreased structural cost and improved operations by consolidating 9 operating companies into 5 business units
- Increased inventory turnover with order-driven material planning
- Reduced material cost with centralized sourcing
- Improved on-time delivery with enhanced order visibility
- Increased productivity through shared services
- Improved logistics with real-time transaction processing

Operational Benefits

Key Performance Indicator (KPI)	Impact
Inventory turns	52% improvement
Material cost savings	1.5% of total spend
On-time delivery performance	45% improvement



"I would say that our return from SAP [software] has been in excess of twice the cost of the project."

Steve Albert, Vice President of Business Processes and Information Technology,
The Holland Group Inc.

"Any business system that we select must be able to operate anywhere, anytime, any language, and any currency."

Tom Wiewiora, Director of Information Technology, The Holland Group Inc.

The Holland Group Prepares to Connect the World

Since 1910, The Holland Group Inc. has been evolving from building a safety disconnect for horse-drawn plows to developing sophisticated fifth wheels, coupling devices, trailer suspensions, and landing gear for the transportation industry. However, growth by acquisition resulted in fragmented business processes across nine discrete operating companies. In the mid-1990s, Holland's management team realized that several new capabilities were needed to consolidate core business operations and grow internationally. Specifically, the company had to standardize common enterprise processes, establish a more scalable operating model, and develop international business capabilities. To accomplish this, an aging and unsupported mainframe would have to be replaced. In addition, the IT department was overwhelmed with business change requests, and, as a result, many departments were forced to use manual process workarounds.

Transforming Processes End to End with SAP and mySAP™ ERP

Holland mobilized a business process review (BPR) team to identify requirements for a new solution. After an extensive series of reviews, the BPR team selected SAP based on its size, R & D commitment, and established customer base; they chose the mySAP™ ERP application for its business process coverage, module integration, and global functionality. A steering committee of senior executives was convened before the implementation to ensure cross-functional sponsorship through validation of the business case and rollout strategy.

Starting in June 1998, Holland implemented mySAP ERP at selected operating locations in four sequential phases, finishing in December 1999. A dedicated project team worked on-site to configure the SAP application, conduct user training, and address

issues during go-live. External consulting assistance was used for overall system configuration; however, these resources were reduced with each subsequent phase. Upon each go-live, access to legacy systems was restricted to inquiries only, accelerating adoption by requiring employees to use mySAP ERP immediately for processing transactions.

The Holland Group Gets a Lift of Business Benefits from SAP

Since going live with mySAP ERP, Holland has increased revenue approximately 80% through business acquisitions, new-product introductions, and international expansion. This impressive record of growth is further complimented by operational improvements in delivery performance (+45%), inventory turnover (+52%), and material cost savings (-1.5%). Major productivity gains were achieved by consolidating the nine separate operating companies into five business units and creating centralized, shared service operations for finance, accounting, human resource management, purchasing, and supply chain management.

With its investment in SAP software, Holland was able to shift IT spending from non-value-added hardware to investments in software applications that enable new business capabilities. The transition from a fixed mainframe system to a more flexible client-server infrastructure has already generated significant value. The mySAP ERP application is a scalable foundation that has provided multilanguage, multicurrency, and multi-time zone functionality and has helped enable The Holland Group to grow its global business. The company has already begun work to extend its capabilities to include customer relationship management, global trade services, and enterprise business intelligence.