



**binder+co**

## Time for a change

### Machine and plant engineering company relies on modern ERP system

**An outdated PPC system and a hardware for which the end of the support contract drew closer – the Austrian machine and plant engineering company Binder+Co was required to take action. In 2002, after intensive groundwork, the manufacturer of plants for processing technology, environmental engineering and packaging technology opted for the modern and flexible ERP system of the Karlsruhe software company ABAS AG.**

A combination of tradition and innovation does not constitute a contradiction for the Binder+Co Group. Binder+Co started off as a small locksmiths and metalworking shop in 1894. In its 110 years of existence, it has become a world-



wide operating machine and plant engineering company. At the headquarters, in Gleisdorf near Graz, the Binder employees develop and produce groundbreaking products in their area. The Binder+Co processing

product range includes machines for mechanical and thermal processing of bulk materials, such as e.g. glass or ceramics. In the field of environmental technology Binder+Co offers an opto-electronic sorting machine for transparent and non-transparent bulk materials, such as e.g. paper or foil. In their third business area (packing technology) machines for packaging and palletization of free-flowing bulk materials are developed and produced. The medium-sized company also regularly produces special and tailor-made machinery, as it provides individual solutions to meet the different requirements of its customers.

"For years we have been earning our money with the necessity of separating and recycling expensive raw materials. The increase of commodity prices and the more strict environmental regulations in the recycling area play to our business", says the construction engineer Bruno Egger. The production manager with power of procurement counts – amongst many others – to Binder's long-standing employees. The Styric company is a market leader in the optical processing of glass and paper. Intelligent camera systems recognize colors, shapes and structures.

Binder is world-wide the first provider of plants capable of separating glass according to its color and of removing impurities at the same time - in a single process step. The Binder portfolio is perfectly complemented by the packing machines that pack bulk materials into sacks of different sizes and, if desired, can be palletized fully automatically.

#### A lifetime

In order to see all important business resources at a glance, the company must depend on a reliable, modern and flexible ERP system. Moreover, the longevity of the machines and plants makes it necessary that all information from construction to disposal is always available. For this purpose, the data from the ERP system forms the basis of an efficient life cycle management. Therefore, Binder+Co moved from an old production planning and control system (PPC) to a modern ERP system (Enterprise Resource Planning) at the beginning of 2003.

"Since the end of the 80s we were using a PPC system for which we had bought the source code in order to be able to adjust the software ourselves. 20 years later, the system was simply outdated. We then had to deal with a relatively inflexible ASCII interface and the missing Office integration, to mention only two examples", explains the IT manager Michael Kummer. Apart from the PPC system another software was used for cost accounting and financial accounting.





## User report

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On the hardware side something also had to happen as the support contract, for the old computers, with Hewlett Packard was to expire in 2006.

#### The quest for the right system

The selection of an ERP system and its implementation can be compared to the quest for Mr or Mrs Right – a wrong decision can cost an awful lot. The IT manager Kummer, and other employees responsible, intensively checked the market for providers. “We already started with the search in 2001. We read specialist magazines and visited fairs in order to obtain an overview of the systems offered on the market. Then we



looked at 13 ERP systems altogether”, he remembers. This was followed by appointments with ERP providers and “short presentations” in order to carry out a preliminary selection in a small circle. “We wanted to limit ourselves to a maximum of four providers in order to test their products more intensively – these were ABAS, Proalpha, Bäurer and Psipenta.

After a preliminary decision at the beginning of 2002, ABAS and Proalpha were the two candidates left that had created a good impression after preliminary talks. Proalpha also had the advantage of being located in Gleisdorf. “As the functionality of the systems was comparable, we placed great emphasis on the easy adaptability of the software, as well as on its flexibility when meeting with the ERP sales people. Moreover, it was important for us that the ERP advisors understood our business,” emphasizes Kummer. In addition, a key-user team was composed of the individual departments, so that the members were familiar with the requirements of their area and the old PPC system.

#### A good reputation

The Binder team had conducted a pre-brief of the providers. As a task the providers had to program a workflow from A to Z that was close to the requirements of the construction engineering company. “We try to standardize our machines but the requirements of our customers are so different that we hardly ever deliver a machine that isn’t a customized version. That’s why the flexibility of the ERP system and its easy adaptability to changes in the workflow is so important to us”,

says Egger the production manager. Here, the ERP specialists of the ABAS partner Nittmann & Pekoll from Vienna were able to score some extra points with the abas Business Software: „Amazing was the speed at which the adaptations were carried out.

For instance the workflow changes discussed were carried out during the coffee break“, remembers the IT manager Kummer. The presentation was so convincing that the people responsible for the project, as well as all 17 key users, unanimously voted for the abas Business Software.

In spite of the unanimous vote, Binder+Co wanted to make sure that they had chosen the right partner for a longer period. “We wanted to be sure, so we took the time to call the companies on Nittmann & Pekoll’s reference list. The statements given by the companies were very positive throughout“, Kummer emphasizes. Especially interesting for the Gleisdorfer company were the statements given by a supplier of nearly the same company size and structure that was using the abas Business Software and was very satisfied with the cooperation with Nittmann & Pekoll. The ERP system also fulfilled other criteria, such as the multilingualism of the software and the possibility of using different currencies. That the software could be run under the operating system Linux was an additional plus point, as Linux is popular because of its stability, performance and little maintenance effort. The decision in favor of ABAS was unanimous at Binder+Co and the contracts were already signed in the first half of 2002.

#### Step by step changeover

On June 1<sup>st</sup>, 2002 the changeover to the new system started with financial accounting, since it had the least interfaces with the old PPC system that could then continue running in parallel. Each month a data transfer was made to the external FinAcc of the abas Business Software. “Basically we didn’t make a point of a quick changeover, but it was important to us that it was a smooth one that didn’t affect our daily business operations“, says IT manager Kummer. In the following nine months it was thoroughly tested and optimized.





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Not only did the data transfer from the old to the new system run smoothly, it also already provided rationalization potential: the database was cleaned up and the product master files were reduced. Until the changeover several programs had been used, e.g. purchasing, sales of spare parts and customs clearance, the product master files had been created and exchanged several times. This additional work was no longer necessary when using the ABAS Software.

Whilst the two systems ran in parallel, practical data could already be used with the abas Business Software and the Vienna ERP specialist could make adjustments.

The final changeover took place on a weekend in April 2003. The ASCII data was imported from the old system and master files were created. Up to this point in time the complex production data capture (PDC) that provides the ERP with important data also ran smoothly. For this, at



Binder+Co the time required by each employee for processing a project is recorded per barcode and then assigned to an order together with the employee's personnel number.

### Reduced order processing time

Since May 2003, the abas Business Software has been running soundly at Binder+Co. Thanks to careful preparation and thorough testing the giant project was completed successfully. From the very beginning it was possible to recognize benefits, as well as saving potentials: "For the sale of spare parts we have considerably faster lead times, for example because everything takes place centrally by using one system. The simplified maintenance and reduction of the master files saves a lot of time and excludes potential sources of errors," explains Kummer. Another concrete example for this is the ISO certification procedure that would not have been possible with the old system. How well thought out the software is, is reflected in its simple adjustment possibilities that can only be realized using the flexible user interface (FO).

The methodology used for the implementation of the abas Business Software was also considered favorable. Using a multi-level concept and defined project steps, the time frame could nearly be kept and the project status was always clear. On the whole the training for users went well, whereas the time and effort required here was slightly underestimated. "You can

actually never give too much training", the IT manager says. After all the users had been using a familiar system for about 20 years and had to become familiar with a new software. At present 100 users are using the abas Business Software.

### Reviewing processes

According to Michael Kummer, optimizations can not be avoided, even if the ERP system is running in a reliable manner. "We have optimized quite a few things and will keep doing so over the next years. The processes should be constantly reviewed and optimized. In doing so, we like to fall back on the service and know-how of Nittmann & Pekoll." In Gleisdorf the budget for this has been planned in advance as Binder+Co is convinced of the return on investment.

A critical point that always arises with ERP systems has already been overcome: In spite of the individual adjustments made - the software ran without the slightest problem. Other ABAS customers have also made this positive experience, Kummer reports who regularly takes part in the ABAS user congress in Karlsruhe. "We really appreciate ABAS' open communication with its customers."