

SAP Ariba 

## KAESER KOMPRESSOREN: Delivering Up to 30% Savings and Retaining Flexibility with SAP® Ariba® Solutions

Customers depend on KAESER KOMPRESSOREN for quality parts and service, and it delivers. But while most of its functions were centrally managed at its Coburg headquarters, the majority of its purchasing was decentralized. So KAESER KOMPRESSOREN implemented SAP® Ariba® solutions for procurement that centralized control and increased department-level efficiency.



**Company**

KAESER KOMPRESSOREN SE

**Headquarters**

Coburg, Germany

**Industry**

Industrial machinery and components

**Products and Services**

Rotary screw compressors, rotary blowers, air compressors, equipment treatment, delivery services

**Employees**

5,000

**Revenue**

€500 million

**Web Site**[www.kaeser.com](http://www.kaeser.com)

# Executive overview

**BUSINESS TRANSFORMATION****Objectives**

- Create a single platform for all indirect spend
- Benefit from groupwide purchasing economies
- Improve process efficiencies at the department level
- Drive compliance and verify that agreed terms and conditions are applied in all order processes

**Resolution**

- Implemented the SAP® Ariba® Buying solution for transactional procurement
- Created centralized catalogs for all indirect purchasing
- Enabled supplier information and contract management

**Benefits**

- Standardized process, allowing for greater purchasing efficiency at the department and enterprise level
- Major spend categories consolidated through SAP Ariba solutions, delivering greater management control and reducing maverick purchases
- Process compliance verifying that all orders follow preagreed conditions
- Easy price comparisons resulting in lower overall costs

Read more ►

“With SAP Ariba solutions we can expand our catalog options. We started with 8 catalogs and within 9 months KAESER KOMPRESSOREN had 50 catalogs with more than 23 million products, which is up from just a few thousand two years ago.”

Jörg Hülsmann, Head of Strategic Purchasing, KAESER KOMPRESSOREN SE

**30%**

Reduction in select commodity costs

**All**

Major vendors on-boarded through the solution

**50%**

Reduction in time spent processing orders

Executive overview

**Company objectives**

Resolution

Business transformation

Future plans

# Benefiting from groupwide procurement

Founded in 1919, KAESER KOMPRESSOREN manufactures specialty compressed air and vacuum products. The family-owned company operates six production facilities in Germany, with even more associated global distribution, service, and training centers. KAESER KOMPRESSOREN offers direct sales and service in more than 50 countries with its preferred partners covering the rest of the world.

Jörg Hülsmann, head of strategic purchasing for KAESER KOMPRESSOREN, says, “Every production plant has its own buyers, in departments like production logistics and planning, who can place their own orders. Some senior staff can create an order in every other part of the company, in every department, for things like office supplies or tools. In total there are around 200 people who can place an order.”

“In the past, there was no easy way of managing indirect spend centrally, as there was very limited reporting functionality,” says Hülsmann. “Supplier information and contract documents were simply stored in a shared folder, and we had no embedded workflow for purchasing approvals.”

“It was very easy for people to place orders with suppliers outside the standard processes – maverick buying – without involving the purchasing department,” says Hülsmann. “It was not possible to measure or monitor maverick buying, and we were unable to consolidate orders to gain economies of scale. Invoice assignment and verification was manual, which increased the administration workload.”

KAESER KOMPRESSOREN relies on the SAP® ERP application to manage almost every aspect of its business, and it was particularly important to find a solution that offered full integration with the SAP solutions it already used for accounting and reporting systems.

“We wanted to keep the big advantages of local purchasing, but also gain the benefits of a centralized solution,” says Hülsmann.



Executive overview

Company objectives

**Resolution**

Business transformation

Future plans

# Transforming procurement with simplified processes

KAESER KOMPRESSOREN identified three clear objectives for a new procurement solution: increase process efficiencies, reduce maverick spend, and improve total cost of ownership.

To access economies of scale, all purchasing would go through selected suppliers, with the prices, discounts, and terms agreed upon to the orders being placed. At the enterprise level, consolidated purchasing offered the possibility of discounts based on efficient central price negotiations. The company also wanted to enable central reporting to help examine and manage spend by department, location, item, and more.

Centralized catalogs would eliminate troublesome maverick purchases and make sure that all procurement followed known approval, payment, and business processes. This would allow KAESER KOMPRESSOREN to improve quality and value by investing more time in building relationships with selected suppliers.

“We selected SAP Ariba solutions to help manage our indirect spend, hoping to bring all of our purchasing into the system. We looked at every indirect spend order in our system, created a list of approved suppliers, and built a catalog within the SAP Ariba Buying solution,” Hülsmann says. “At the same time, we engaged with both staff and our suppliers to ensure that all sides understood what we were doing and convince them of the benefits.”

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“To chart our success, we only had to compare the indirect spend in our system with the indirect spend we have with SAP Ariba solutions. We have been more successful than we thought possible.”

Jörg Hülsmann, Head of Strategic Purchasing,  
KAESER KOMPRESSOREN SE



Executive overview

Company objectives

Resolution

**Business transformation**

Future plans

# Standardizing catalog purchases

KAESER KOMPRESSOREN first implemented SAP® Ariba® Buying, followed closely by the SAP Ariba Contracts and Ariba Supplier Information Management\* solutions during a 22-week implementation period. This was subsequently followed by the SAP Ariba Sourcing solution.

KAESER KOMPRESSOREN rapidly adapted to the SAP Ariba solutions, building up to 50 purchasing catalogs in 9 months, as well as centralizing supplier information and contract management.

“We have learned that when a new supplier joins, we can obtain massive commodity price cuts, between 20% and 30%,” says Hülsmann. “Working with SAP Ariba solutions gives us an integrated view. Staff in subsidiary companies also use SAP Ariba solutions, enabling true transparency of operations.”

“Our ideas and processes have changed in many ways,” says Hülsmann. “For example, the way we work with a contract has transformed, with automated analysis of total spend, discounts, and comparative pricing.”

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“SAP Ariba solutions make life much simpler for buyers. There aren't any incorrect invoices to fix or discuss. Rectifying errors used to involve hours and hours of work, and that is now completely eliminated.”

Jörg Hülsmann, Head of Strategic Purchasing, KAESER KOMPRESSOREN



\*No longer available as an individual product, but some features and capabilities may have been rolled into other SAP Ariba offerings.



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