



BAYERISCHE STAATSFORSTEN

LEANER PROCESSES AND BETTER
CUSTOMER RELATIONS WITH SAP®
SOFTWARE

QUICK FACTS

Company

- Name: Bayerische Staatsforsten (Bavarian state forestry company)
- Location: Regensburg, Germany
- Industry: Mill products
- Products and services: Production and sale of raw timber, hunt management
- Revenue: €340 million
- Employees: 2,900
- Web site: www.baysf.de
- Implementation partners: SAP® Consulting, ESRI

Challenges and Opportunities

- Map forestry-specific business processes with SAP solutions
- Integrate a large number of small locations and many mobile users with a broad application spectrum

Objectives

- Transition from an administrative organization to a business enterprise on the IT side
- Integrate geographic information into the SAP ERP application

SAP Solutions and Services

- SAP ERP
- SAP NetWeaver® technology platform
- SAP NetWeaver Business Intelligence, functionality that is now known as the SAP NetWeaver Business Warehouse component

Implementation Highlights

- Connected highly specialized in-house developments to the SAP software landscape
- Transitioned from an administrative organization to a business enterprise in a very short amount of time
- Rapidly developed interfaces for connecting the geographic information system (GIS) to the SAP application

Why SAP

- Enhanced functionality to correctly map financial processes
- Improved integration of in-house developments
- Future-proof investments thanks to regular technology updates

Benefits

- Lean logistics business processes
- Legal certainty for internal and external audits thanks to legally watertight posting processes
- Reduced document volume
- Increased profits
- Correction postings implemented directly in the standard software
- High acceptance among users
- Better customer relations through the business-to-business process
- Larger percentage of vendor-organized delivery
- Foundation for future-oriented geographic processing

Existing Environment

- GIS from ESRI
- Third-party databases
- Mobile data entry with Panasonic Toughbook

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Matthias Frost, Head of Information and Communications Technology, Bayerische Staatsforsten

Timber production follows its own rules and has few standards with which to comply. Bayerische Staatsforsten (BaySF), the Bavarian state forestry company, manages its business processes with SAP® software. Where standard functions cannot map forestry-specific requirements, the company uses homegrown applications that communicate with the SAP ERP application.

Managing a forested area of 720,000 hectares, BaySF is one of Europe's largest forestry enterprises. Some 2,900 employees work to preserve and care for the Bavarian Forest. BaySF generates the lion's share of its €340 million annual revenues from the production and sale of timber. After major investments in forest cultures, forest management, and equipment maintenance, the company's profits stand at €52 million.

Growth Brings Responsibility

BaySF describes itself as a modern company with a long tradition. BaySF began the transition from an administrative organization to a business enterprise in 2005 – a transition that was reflected in the IT setup. The company set up a tailored SAP software landscape in just nine months, integrating all in-house development and developing new procedures for paying its forestry workers. At the same time, it completed a release upgrade to SAP ERP, further demonstrating its commitment to trust in SAP for the design of its business processes in the long term.

The key factor in BaySF's decision to opt for SAP software was the positive experience that the forestry company

had with the Walldorf, Germany-based software vendor from the very early days of their association. Back in 2000, BaySF implemented commercial accounting with functions for financial accounting, controlling, and cost and performance accounting based on SAP software. "SAP software provided the best coverage of our requirements for commercial accounting," recalls Matthias Frost, head of information and communications technology at BaySF. "What's more, the project was a resounding success and finished up 30% below budget and ahead of schedule."

Gradual Expansion of the SAP Landscape

After taking this initial step, BaySF gradually expanded its SAP landscape by adding real estate management functions, with which it now manages all of its land holdings: approximately 60,000 parcels of land, 400 service buildings, and some 1,000 refuge huts. The company was even able to map forest law requirements into the SAP application. "German forest laws are a very tricky area," says Frost. "Some of the usage rights to the forest date back 200 years; they can be very complicated and often involve very specific requirements."

Legally Watertight

Frost is particularly proud of the fact that BaySF manages its complicated core processes for production, materials management, and sales and distribution in SAP ERP. The company utilizes the functions for production management, purchasing, inventory accounting, and sales and distribution. "Our postings are all legally watertight, because the transactions we use meet all the applicable internal and external auditing requirements," says Frost.

The company was able to map forestry-specific processes more easily by embedding the SAP application within its own solutions. BaySF's in-house developments fit perfectly with the stable and powerful back-end processes supported by the SAP software. This makes it easier for users to complete work processes on a daily basis. Business application programming interfaces make the job of connecting in-house developments to SAP ERP very straightforward.

Logistical Precision with Geographical Data

The production and sale of raw timber is BaySF's core business. But this is also the area in which the company differs most significantly from other production companies – due to the nature of the forestry business. Unlike industrially produced goods, trees vary in size and quality. What's more, they are distributed over a wide area and cannot be produced, packed, and dispatched from a single location.



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Partner companies move the felled and debranched trees to the edge of the nearest forest track, where they are stored in stacks until they are transported to a saw mill. This vendor-organized delivery process requires a high degree of logistical precision. After all, there are no fixed shipping points. The foresters and preserve managers work with a geographic information system (GIS) from leading GIS solution developer ESRI to locate the timber stacks. The GIS transmits the data to SAP ERP so that the timber is easy to find at any location.

concept is the requirement to use GIS-based, geographic referencing to support all of its business processes. For this reason, the company is currently developing two new applications for entering data on raw timber. With their help, master data will be entered faster and error free and transmitted in a straightforward manner to the SAP ERP application.

To realize its geographic referencing concept, the company is integrating a new mobile GIS solution developed in conjunction with the mobile application

employees sometimes have difficulties with new technological innovations, our IT setup receives good ratings in internal satisfaction surveys. The solutions support our work very effectively and they are very stable." More than 1,300 BaySF employees use the SAP applications. Frost also appreciates the long-term security of investing in SAP software, because he benefits regularly from innovations and can always rely on having state-of-the-art technology available.

Value Added Through Vendor-Organized Delivery

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Link-Up in Record Time

The data from the ESRI solution is transmitted to the SAP application via Web services. The technology enabling the transaction is supplied by the SAP NetWeaver® technology platform, which supports a service-oriented architecture (SOA) providing the necessary flexibility. "Thanks to SAP NetWeaver and SOA, our project team was able to connect the geographic information system to the SAP solution in just two days," says Frost. "That really was sensational fast – and it works perfectly."

Geographic referencing is a central theme when it comes to managing data and processes in the forestry industry. Firmly rooted in BaySF's sustainability

development framework from ESRI. BaySF is profiting from the fact that this solution can also be easily linked up to the SAP application. At the same time, the company is paving the way for a modern platform for mapping further mobile work procedures in the future.

Improved Integration, Enhanced Progress

When it comes to integration, says Frost, the benefits of the SAP application are very apparent – in terms both of the system technology and of the application, business processes, and user interface. "The integration that SAP software offers is a major advantage for us. Users find it much easier if they can always work with the same tool," says Frost. "Although our em-

A unique feature of the forestry industry is the process of factory-side measurement. Here, customers make their own measurements of the goods they receive. The forestry companies are obliged to post their own measurements in advance for legal reasons. If there are discrepancies in the measurements made by the sawmill and by the forestry company, then the latter must correct its original postings. If invoices have already been issued, then credit memos must be created accordingly. BaySF also maps this complicated procedure in SAP ERP.

A more straightforward procedure is "vendor-organized delivery." Although this practice is not widespread in the German forestry industry, BaySF has already achieved good results with it. The advantage of this procedure is that the company only enters approximate, provisional measurements and quality data before delivering timber to the sawmill. The forestry worker fells the tree. Once it has been moved to the

edge of the forest track, the estimated quantity and location are entered into a mobile device.

This data is then transmitted via an interface to the SAP ERP application at BaySF, so that the transportation planning department can trigger the transportation process. The customer makes their measurements when the

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timber reaches the sawmill and sends this data back to SAP ERP. Based on this information, the forestry company then makes a material posting and issues an invoice. This procedure removes the need for complicated corrections in accounting. In addition, the production and delivery processes are much faster, and many time-consuming process steps are eliminated.

Better Customer Relations

A positive side effect is that this business-to-business process is very popular with customers. That is one of the reasons why BaySF wants to increase its delivery volume from 1.8 million cubic meters to 3 million cubic meters by 2010. "The vendor-organized delivery process leads to greater customer satisfaction and thus to better customer relations," says Frost confidently.

BaySF is one of the first forestry enterprises to increasingly manage its business processes with SAP solutions. By so doing, the company is keeping to its strategic plan of creating generic solutions that solve more than one problem. "We aim to build tools that we can use to handle a whole lot of issues. The technology and integration functionalities of the SAP software complement this objective ideally," explains Frost. The company is continuing to expand its IT landscape with SAP software.



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