

Interview with Michael Bleier, CEO, ITeanova Consult GmbH, about optimization in the production area and the implementation of logistics software.

The mixture is essential

In the area of logistics and production a sensible mix is essential – between automatic process steps controlled by planning software and manual procedures -, by which competent people intervene and make decisions such as Michael Bleier, CEO of ITeanova Consult, explains in the E-3 interview.

E-3: Do you think the value of IT in logistics has changed over the recent years – particularly through the internet?

Michael Bleier: IT in logistics itself has always been of high value. However, by and by a growing awareness has developed to network processes in sales, production and procurement. Namely, to use integrated solutions instead of isolated solutions. At the same time, business partners are involved much stronger in logistic processes or vast supply chains these days. For example, possible delivery bottlenecks of suppliers are included or even calculated in planning activities. In addition, an attempt is made to get an idea of the demand situation of important customers before they officially report the needs. This is also the direction in which Vendor Managed Inventory goes. The internet certainly plays a role with these developments. Logistic solutions without the internet would be impossible, where constant online connectivity is necessary, such as with mobile online solutions.

E-3: What are current main challenges or breaking points of production companies that they must master in their logistics processes or supply chains?

Bleier: We focus mainly on consulting and development respectively deployment and implementation of software systems, whereas the planning of logistical processes within the production is the key issue. In the vast majority of our customers, a mere demand-oriented planning does not fulfill or only insufficiently meets the requirements. It is a matter of putting the implementation and use of finite planning into practice. Usefully mapping bottlenecks in production, personnel, tools, storage room and supplier resources, and putting feasible as well as optimized planning into action stand often in the foreground. Several logistical planning components must be networked which results in a certain complexity and the necessity to think in the context of optimization projects in abstract models.

E-3: How is this complexity dealt with?

Bleier: In logistic projects, where optimized planning is necessary, it is important that all participants – casually formulated - aren't slain by this complexity. Therefore, in a first approach it is significant to focus on essential realization points – for example on the main bottlenecks. The key here is that individual responsible persons of supply chains can continuously overlook their areas and make decisions, furthermore that software is used efficiently. In addition, it is to ensure that the participants gain confidence in the software.

E-3: ...but this is not always the case, right?

Bleier: Sceptical people are present in every business. For this reason, it must be desirable to implement a sensible mixture between automatic processes controlled by the planning software as well as planning steps and existing manual processes into practice, by which a relevant person can intervene and make decisions. Such a mixture is of course dependent on customer-individual requirements and must be found in thorough joint analysis.

E-3: A couple of years ago, as the hype on the subject SCM was unleashed, initially SAP was not involved. Then they picked up steadily. However, today it isn't unusual that non-SAP solutions or specific SAP add-on solutions with SCM are used in composite application. It might give the impression that SAP has gaps in the sector of logistics?

Bleier: SAP provides a strong and comprehensive SCM solution. Many companies profit from it. For those who view their own system with its own data model as not demand-adequate, there is still ERP. Proven over decades, it offers a framework for mapping of planning processes to which add-ons can comfortably be put on. Many companies with profound knowledge and extensive experience in the logistics environment are based on the ERP standard and make their own solutions available – as well as ITeanova. Our field of action is mainly planning, but we also offer solutions for execution and reporting. In the nature of things, not all functions in many versions and of all production companies can be covered 100 percent in the SAP standard. But almost always there is one or another know-how carrier in the SAP community that can implement the desired solution with reasonable effort or completes the standard.

E-3: ITeanova provides many add-ons, including so-called cockpit solutions. What is so special about these solutions?

Bleier: For us the best possible utilization of objects provided by SAP ERP is important. On the one hand, customers can combine various functionalities and data in our cockpits. On the other hand, they can move in their familiar environment without having to change to new, previously unknown data structures. We also offer a standardized view of data, including easy handling. Clearly pragmatic logistics solutions are of priority to us, which we develop with customers in projects and thereby expand the standard solution more. Last nuances are customized individually. All in all, with our add-ons complex planning problems can be solved efficiently and on demand.

E-3: In which way do companies benefit from the cockpit solutions specifically?

Bleier: Our cockpit solutions, for example the production planning cockpit for multi-level sequence, medium-term and rough-cut planning as well as availability check are used by production companies to improve important logistical key figures for increasing delivery reliability, to minimize process times or to reduce the stock. Thereby we also develop solutions for scenarios, which in most projects are not processed with software, but merely with organizational measures such as reserving capacity, formation of flexible campaigns or consideration of tools for finite planning. In this context, customers – perhaps for the first time – receive an overview or a review and insights of their processes and functions, particularly in the planning area in a way they haven't had; which however provides room for improvement. Guided discussions concerning improvements with its focus on solutions, that

are economically reasonable but supported by IT, become possible often for the first time with our solutions.

E-3: These days standard software can cover a lot but not everything. Especially in the logistics sector it seems that individualization celebrates a comeback...

Bleier: There will always be individualizations since standard software in logistics and/or planning practically cannot represent all constraints, networking and planning procedures to 100 per cent. Logistical problems as mentioned are very diverse and varied, as well as cross-linked. An optimal competitive advantage arises, when solutions take special occurrences and processes of the customer. Considered by itself, this isn't new.

E-3: Almost daily, process optimizations in the logistic areas across all industries take place. Often these last too long for companies. What is this down to?

Bleier: On the one hand, certainly because of the underestimated complexity as mentioned before. On the other hand, a general feasibility of a problem solution is often not considered early enough, for example how software supports business processes. Here and there, customers want a 100 per cent overall solution in the shortest time possible, although it would be better to solve problems step by step. Then, of course, mellow success factors play an important role. People must intellectually and psychologically be prepared for changes.

E-3: According to your experience, what constitutes good consultation?

Bleier: You must understand the individual processes and know if and how a process can be supported efficiently with a suitable software solution. And of course, customers must be addressed differently. His wishes simply should be discussed and taken seriously – but it is also important to show the customer that goals set too high or imaginary time are not feasible.

E-3: Will SAP Hana be able to solve the problems or challenges of logistics which couldn't be solved until now without the in-memory technology?

Bleier: Certainly there are scenarios that can be solved very well with HANA as this has been the case to date. The possibilities are promising, even for companies such as ITeanova, which pursues additional logistical developments with large data volumes and requires high processing powers. I believe with HANA, ERP computational models based on mass data will become more interesting, e.g. as part of MRP or in capacity planning.

E-3: Thank you for the interview.