Richter+Frenzel turns on the tap of innovation

"Our whole company runs on one SAP system, so it's absolutely critical for us. HP was the only vendor to guarantee the end-to-end availability and response time of our SAP applications."
—Wolfgang Goesswein, Chief Information Officer, Richter+Frenzel GmbH + Co. KG

HP customer case study: HP Mission Critical Partnership guarantees SAP ERP application service levels—so plumbing distributor can focus on business process improvement

Industry: Wholesale

Objective:
Leverage the competitive and cost advantages of a single, centralized SAP ERP system, while reducing the risk of downtime

Approach:
Contract for guaranteed application response time and availability through an HP Mission Critical Partnership with SAP enhancements

Business technology improvements:
- Guaranteed 99.95% SAP application availability at defined performance levels
- 100% availability delivered since beginning of contract in October 2007
- Guarantee of SAP ERP 6.0 response time was an important enabler for the merger and migration of two SAP R/3 production systems
- Upgrade to new HP infrastructure improved SAP performance by 30% and reduced total SAP costs by €1 million/year

Business benefits:
- Mitigated risk of business loss (e.g., order entries and salaries)
- Shared risk through contractual agreement
- Simplified service relationships
- Freedom to focus on business innovation

Service as competitive advantage

Bath and plumbing wholesaler Richter+Frenzel GmbH + Co. KG has built a very successful business on its reputation as an innovative, able and reliable distributor. The company, which serves commercial contractors and craftsmen across Germany and the Czech Republic, handles a wide selection of high-quality brands. But it finds it takes more than fixtures to win and keep customers.

"We're number two in the German market," explains Wolfgang Goesswein, Chief Information Officer at Richter+Frenzel. "Our main competitor is significantly bigger and we must also compete with low-price retail stores, so we must have a unique selling point, and that is value-added services that our customers cannot get elsewhere."

Services include well-appointed showrooms, expert bath design consultations, just-in-time delivery, and web-based business-to-business (B2B). Enabling Richter+Frenzel's services is a single SAP® system. Guaranteeing the availability and performance of its SAP applications is an HP Mission Critical Partnership.

Business depends on a single SAP system

"Our centralized SAP system is our competitive advantage," says Goesswein. "It allows us have a single customer master and provide real-time credit checks, order tracking and problem resolution in all of our locations. Our handling costs are also very competitive through this one central system."

Linking the SAP system to its B2B web shop, Richter+Frenzel provides customers with an online EDI interface 24/7. "It provides speed and comfort for our customers and nearly all the functionalities they would have if they used our SAP system directly, including availability checks on goods and specialized pricing," says Goesswein.

All the capabilities that make Richter+Frenzel's SAP system so valuable—as a backend for showrooms, stores and the web, in managing warehouses and in tracking pricing, bids and costs—also make it extremely critical. "SAP is the core commercial application for our whole business," says Goesswein. "Our business processes are mainly based on our SAP system. If it stopped working, our company would not only lose sales, we would also damage relationships with our customers, who could turn to our competitors."

End-to-end performance guarantee
With so much depending on its SAP system, Richter+Frenzel wanted some kind of performance assurance. This need became especially acute when Richter+Frenzel began planning the merger and upgrade of an acquired company's and its own SAP R/3 system into a single SAP ERP 6.0 system.

When evaluating infrastructure options, says Goesswein, "We were not looking at hardware performance or operating system performance; we were looking for an end-to-end application response time guarantee."

Gaining such a commitment was complicated by the fact that Richter+Frenzel relies on an application service provider, FIS-ASP GmbH, to host its SAP system—which includes a SAP add-on from FIS-GmbH for wholesalers, called FIS/wws®. "It is not our core competence to run SAP systems," explains Goesswein. "We did a portfolio analysis that showed it was more cost-wise for us to have reliable, expert partners run the system for us."

In the end, says Goesswein, "Only HP could provide the SAP performance guarantee we needed."

Migrating with confidence
HP was able to assure Richter+Frenzel of an initial post-migration response time of less than 500 milliseconds for the SAP ERP 6.0 applications running on the new HP-UX 11i v2, HP Integrity server and HP StorageWorks infrastructure. Over time, this commitment evolved into a comprehensive HP Mission Critical Partnership with service levels that vary from month to month.

HP Mission Critical Partnerships are frequently built on vendor partnerships—in this case, among FIS-ASP, SAP and HP—with HP providing the ultimate assurance to the customer. HP already had an established relationship with FIS-ASP, who would handle the actual upgrade and host the application. It also had a nearly 20 year alliance with SAP, spanning joint testing, solutions and services, and extensive first-hand experience with SAP ERP 6.0 on HP platforms.

"HP's relationship and direct access to SAP, such as the HP SAP Competency Center by SAP headquarters in Walldorf, Germany, is a big benefit to us. If we need a third-level, programming skill from SAP for a special project, then we ask them for it, but HP supports the run base for us."
—Wolfgang Goesswein, Chief Information Officer, Richter+Frenzel GmbH + Co. KG

Migration of the two production systems to a single SAP ERP 6.0 system went smoothly. "The HP guarantee was an enabler for the merger to succeed," says Goesswein. Besides improving performance by approximately 30 percent, the upgrade and new platform reduced total SAP running costs by approximately €1 million per year.

99.95% availability in a changing environment
Today, Richter+Frenzel's HP Mission Critical Partnership is a shared-risk agreement that guarantees 99.95% SAP application availability at a specified performance level. This performance service level is based on a target "Average Response Time," which is calculated each month depending on variables such as SAP transports and the size of the Oracle® database.

"The Richter+Frenzel SAP system doesn't stand still," exclaims Springer. "Every day we get new SAP transports that reflect changes in processes, or new services, or customization of interfaces for customers."

Under the agreement, the SAP system is considered "unavailable" whenever transaction response times exceed 10% of the agreed-upon Average Response Time. In all, the total of below-target-performance time and unplanned downtime must not exceed 4.38 hours per year.

Richter+Frenzel, FIS-ASP and HP meet monthly to discuss past performance and set the next month's service level. "HP has a program in the SAP installation that measures system performance and generates a report," says Springer. "The HP support team includes a performance consultant who analyzes the data, and then we discuss whether any changes are needed."

Two highly qualified Richter+Frenzel service managers oversee performance, contracts and service levels, says Goesswein. "They could run the system themselves, although they do not. But it is very important to have our own experts confirm vendor data." In fact, he says, the HP Mission Critical Partnership has delivered 100% availability since its implementation in October 2007. "This is above expectations," he says, "and just perfect for us."

Proactive risk mitigation

As part of the Mission Critical Partnership, HP provides a dedicated team of resources and proactive services to mitigate risk by continually improving systems and support service delivery.

"HP makes sure that all required resources are available in the data center that FIS-ASP runs and provides third-level maintenance, as well as guaranteeing SAP performance," explains Goesswein.

"We work with a dedicated team of six people from HP," adds Springer. "An HP technician works on-site with us monitoring the hardware and operating system, while we monitor and handle the SAP system. Everything is looked at much more than with a normal service, to identify and resolve issues before they impact performance." If there is a problem, he says, there are two ways to get help fast. "We have the telephone numbers of our HP team and also escalation processes." So far, though, he stresses, "We have had no critical problems."

At the beginning of a Mission Critical Partnership, HP performs a baseline IT Service Management (ITSM) assessment against ITILv3, ISO/IEC 20000 and COBIT best practices. Once a year, it also performs a Critical Service Environmental Health Check to assess power, cooling, and other data center risk factors; a System Health Check to review parameters; and an

Availability Health Check to align technology with business plans and review ITSM processes, such as configuration, capacity, change, and release management.

"We all meet together to discuss what to do and when to do it, and we try to do it as agreements in an annual schedule," says Goesswein, who appreciates the efficiency of the interaction. "It works very well."

This year HP also led a disaster recovery workshop. An integrated, regularly tested plan was already in place for recovery of the operating system and database, in which FIS-ASP and HP work together on pre-defined tasks. "But with our outsourcer's data centers located near a nuclear power plant," says Goesswein, "we are currently discussing a strategy to mirror data in an HP data center." Another outcome of the workshop is an emergency handbook that documents recovery processes, roles and responsibilities.

Personally, says Springer, the biggest benefit of the arrangement is the assigned HP services team. "You get to know people and they get to know you—and the systems. We can talk and work together in a better way."

Calculating the cost of downtime—and the value of innovation

Goesswein justifies the cost of Richter+Frenzel's Mission Critical Partnership in a number of ways. "With an average 3,000 concurrent users per day, if work stops, we would lose the total of all these salaries per hour," he says. "If the system breaks down, we could quickly lose a lot of money. If we avoid even just 4 hours of unplanned downtime, the cost of the MCP contract is justified."

Equally important, if less quantifiable, says Goesswein, is the freedom to focus on business innovation. "I always say our intellectual property is in the business processes and not in the system. I am able to concentrate on business process optimization instead of system management, which means much more value for my company and its shareholders."

There is, he says, one other consideration: "With our HP Mission Critical Partnership, I sleep calmly at night."

About Richter+Frenzel GmbH + Co. KG

Richter+Frenzel **(www.richter-frenzel.de)** is a bath, heating and plumbing wholesale distributor, providing showrooms and just-in-time delivery. The company has more than 3200 employees, 141 locations in Germany and serves 50,000 customers. Richter+Frenzel offers more than 300,000 products for sanitary, bath, heating, environment and foundation engineering.

About FIS-ASP GmbH

FIS-ASP **(www.fis-asp.de)** is an application service provider and IT outsourcing company, specializing in support for SAP solutions and supporting more than 10,000 SAP users. FIS-ASP services range from consultation and data-center hosting to project implementation and out-tasking.
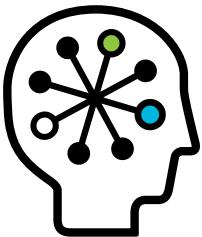
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