



## Colacem builds global growth with insights enabled by SAP and IBM

Acquisitions can be a fast way to get a foothold in international markets – but the complexity of integrating new businesses presents its own unique risks. How can multinational enterprises ensure that acquired assets are profitable?

Construction materials company Colacem worked with IBM® Global Business Services® to create a unified workflow supported by the latest version of SAP® ERP software. Today, the company can understand the profitability of every asset – cutting the risk of its international acquisition strategy and decreasing its dependence on revenues from one market.

### Balance revenues to shrink risk

Headquartered in Gubbio, Italy and employing 2,400 people, Colacem is a leading manufacturer and distributor of cement and concrete products, producing more than 14 percent of all

cement in its domestic Italian market. In 2012, the company generated revenues equivalent to USD824 million.

Andrea Coccia, CIO at Colacem, says: “International growth is a key part of Colacem’s long-term strategy, and today we have production operations in ten countries around the world. In the past, more than 40 percent of our total revenues were concentrated in our domestic market in Italy – a significant business risk in a turbulent European economy.”

In addition to its production facilities in Italy, Colacem had a presence in Albania, Canada, the Dominican Republic, Haiti, Jamaica, Spain, Tunisia and the United States.

“To reduce our commercial risk, we wanted to balance our revenues across multiple geographies by building our international business,” continues Mr. Coccia. “Growing our established

### Overview

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#### Challenge

**As construction materials company Colacem acquired new manufacturing units, the challenges of integrating operations, finances and information threatened the company’s global growth plans.**

#### Solution

**To manage, maintain and understand its profitability worldwide, Colacem implemented integrated SAP ERP and SAP NetWeaver Business Warehouse solutions. With IBM’s help, Colacem cut the effort of a later upgrade project by 40 percent, reducing the cost by 30 percent.**

#### Key benefits

**With a clear view of the profitability of all domestic and international manufacturing assets, Colacem can reduce the risk of integrating new acquisitions and build its global growth.**

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## ***Business Challenge***

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**Construction materials company Colacem wanted to reduce the risk of reliance on its domestic Italian market by acquiring manufacturing plants globally – but with multiple inherited processes and systems, how could it understand and build the profitability of the new assets?**

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footprint in growth markets such as North Africa and South America was therefore a key priority.”

### **Creating a unified process**

“Acquisition is an essential aspect of our growth strategy, but the complexity of the process creates significant challenges,” says Mr. Coccia.

“New assets come with pre-existing processes and systems, which are often significantly different from those used in other parts of the business.

“Furthermore, international acquisitions have country- or region-specific financial, regulatory and operational requirements: adding additional layers of cost and complexity to the onboarding process.”

Colacem determined that a fresh approach to managing its international operations could help accelerate growth. “Our existing approach to business-process management made it extremely difficult to manage the multiple currencies, languages, accounting standards and manufacturing assets across our international businesses,” says Mr. Coccia. “We realized that a single, fully integrated business process would help enable our strategic vision.”

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“Thanks to the insight from the Panaya Quality Management Cloud, we reduced the manual effort required for the upgrade by 40 percent.”

### **Andrea Coccia**

CIO

Colacem

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### **Deploying SAP solutions**

To enable its unified process, Colacem engaged IBM Global Business Services to help deploy a best-in-class solution from SAP.

“SAP ERP software has long been the preferred solution for large players in Colacem’s industry,” says Mr. Coccia. “The popularity of SAP ERP software among our largest industry peers signaled that the solution would meet our own business requirements. In addition to the deep compatibility of IBM and SAP solutions, the IBM Global Business Services team’s experience of multiple successful SAP ERP implementations gave us confidence



## Cut potential cost of later upgrade project by 30 percent

that IBM was also the right integration partner for Colacem.”

Colacem selected SAP ERP with applications for Finance, Controlling, Asset Accounting, Materials Management, Project Management, Project System, Human Capital Management, Production Planning, Document Management System, Business Workflow, Warehouse Management and Quality Management. For operational insight, the company uses the SAP NetWeaver® Business Warehouse application. To enable mobile reporting, Colacem deployed the mobile edition of SAP NetWeaver Portal.

### Seamless upgrade

“For many years, our SAP ERP solutions have been essential to

ensure that our global business runs smoothly,” says Mr. Coccia. “Recently, we took the decision to upgrade to the latest version of the software. Using the Panaya Quality Management Cloud, IBM Global Business Services demonstrated how simulating our target SAP ERP environment could help us to identify potential issues before the upgrade had even begun. Based on the successful proof of concept, we selected IBM to guide us through the SAP ERP software upgrade process.”

Following the best-practice approach to the SAP ERP upgrade cycle laid out in the IBM Evergreen Services for SAP offering, IBM Global Business Services simulated the upgrade from SAP ERP Central Component 5.0 to 6.0 in the Panaya Quality Management Cloud, and determined the potential issues and developed solutions in advance of the real-world upgrade process.

“Moving to the latest version of SAP ERP with IBM Global Business Services was a smooth, painless process,” says Mr. Coccia. “Thanks to the insight from the Panaya Quality Management Cloud, we reduced the manual effort required for the upgrade by 40 percent, and avoided two full days of potential system downtime – cutting the cost of the process by 30 percent.”



### Solution

**Colacem worked with IBM Global Business Services to replace existing process and systems with a single, integrated business process, based on comprehensive SAP ERP software.**

**The solution enables full control of every business unit from a central point, helping the company to understand the profitability of all manufacturing assets.**

**With assistance from IBM, the company reduced the manual effort of a later SAP ERP upgrade project by 40 percent: cutting the cost of the process by 30 percent.**

## Key Solution Components

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### Industry

#### Industrial Products

### Applications

**SAP® ERP with applications for FI, CO, AA, MM, WM, QM, PM, PS, HCM, PP, DMS and WF; SAP NetWeaver® Business Warehouse; SAP NetWeaver Portal, mobile edition**

### Hardware

**IBM® zEnterprise® EC12, IBM BladeCenter® HS22, IBM System Storage® DS8870, IBM Storwize® V7000**

### Software

**IBM z/OS®, IBM DB2® for z/OS, VMware**

### Services

**IBM Global Business Services®; IBM Evergreen Services for SAP; Panaya Upgrade Automation and Business Function Activation for SAP, part of the Panaya Quality Management Cloud offering**

Adopting a carefully structured approach to project management, IBM Global Business Services ensured each stage of the upgrade process proceeded on schedule, and helped to minimize the time and effort required from Colacem's employees during the integration and acceptance phases.

"From start to finish, the process took just 6 months, and the upgrade itself took just four months to complete," says Mr. Coccia. With help from IBM Global Business Services, the new version of SAP ERP went live overnight for 1,200 users in 10 countries seamlessly. Moreover, the Panaya SAP Business Function Activation service gives us the ability to activate new SAP ERP features quickly and effectively – assuring that all of our operating units benefit from the latest functional enhancements, user-interface simplifications, and enterprise service bundles from SAP."

### Building a high-performance platform

To ensure that its SAP solution is always available for more than 1,200 business users worldwide, Colacem selected a range of integrated IBM technologies. Colacem deployed an IBM zEnterprise® EC12 server running IBM DB2® for z/OS® database

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"With IBM Global Business Services, we are well placed to drive improvements to operational efficiency, enable faster onboarding of assets, and boost our presence in growth markets."

#### Andrea Coccia

CIO

Colacem

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software. For the SAP ERP applications, the company implemented 13 Intel Xeon processor-based IBM BladeCenter® HS22 blades virtualized with VMware, running a mixture of Windows and Linux operating systems, and connected to IBM System Storage® DS8870, IBM Storwize® V7000 disk systems.

The SAP ERP solution infrastructure is jointly managed at Colacem's central data center by a team of IBM and Colacem employees. "We selected IBM systems because we were impressed by the close strategic relationship

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“We selected IBM systems because we were impressed by the close strategic relationship between IBM and SAP.”

**Andrea Coccia**

CIO  
Colacem

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between IBM and SAP, and their collaborative product development continues to add value to our business,” says Mr. Coccia. “We consider our zEnterprise EC12 server the optimal platform to deliver dependable stability, scalability and security for our SAP ERP application databases. IBM System z gives us the flexibility of a private-cloud environment, with the elasticity to reduce the number of MSUs consumed and related software costs according to seasonal fluctuations in demand from the business.”

**Boosting growth, cutting risk**

With the latest SAP solutions in place on the IBM servers and storage, Colacem is reaping the benefits of integrated information and analysis.

The company can now migrate its new acquisitions to standardized systems, and gain rapid insight into operations, finance and – most importantly – return on investment.

“Because we have a single, integrated solution, we can apply our standard process to new acquisitions rapidly – shortening time-to-value for new assets, and helping to accelerate our expansion into key growth markets,” says Mr. Coccia. “Before SAP ERP software, managing local financial, regulatory and operational requirements was tough challenge – now, it’s simple. Using a single instance of SAP ERP software, we can manage multiple currencies, accounting standards and compliance processes across the business.

**Cost-efficient maintenance**

Colacem uses its SAP solutions to manage maintenance for almost every company asset – including its fleet of company cars. Today, the company is reaping the benefits of tighter control over its maintenance spending. “Before, we were unable to ensure that all of our manufacturing plants were being managed at optimal efficiency; using SAP ERP software, that’s all changed,” says Mr. Coccia. “Today, we can manage assets in every manufacturing

**Business Benefits**

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- **Using a single global process, Colacem has full visibility over the profitability of all of its current manufacturing assets and new international acquisitions.**
  - **The company can rapidly grow its manufacturing footprint in key growth markets.**
  - **Colacem can balance revenues across geographies and minimize the risk of concentrating revenues in a single, volatile market.**
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planet – from the smallest tools to largest spare parts – within a central system, enabling us to ensure we get value for our asset management spend. Maintenance makes up a significant portion of the fixed annual cost to run a single manufacturing plant, so we are very satisfied with the savings that we are making using SAP ERP software.”

### Planning ahead with analytics

Access to a central source of data on all global business transactions has opened up new opportunities for Colacem. Today, the company has a dedicated analytics team that uses more than 100 reports in the SAP NetWeaver Business Warehouse application to deliver deep insights to key decision-makers.

“Business analytics is an essential tool to drive revenues in our target markets,” says Mr. Coccia. “For example, if we are looking to export cement from southern Italy to Libya, we need to find the most cost-efficient route. On the surface, any of our four manufacturing plants in southern Italy might seem to be the correct choice – but there are multiple factors to consider.

“For instance, if we do not achieve at least 50 percent of our total production capacity per plant then we must pay carbon-emission tariffs, which cut

into our profitability. Analytics is vital because it helps us to understand the way that complex interactions between production volumes, logistics processes and local regulations affect our bottom line.”

### Ready for the future

With the latest version of its SAP ERP software at the heart of its integrated business process, Colacem is exploring new ways to gain valuable insight from its operational data. Mr. Coccia comments: “The latest versions of our SAP solutions will enable us to use our business data in new ways. For example, we are currently planning to deliver mobile reporting via tablet devices: enabling decision-makers throughout the business to get even faster access to up-to-date operational information.”

He concludes: “Our IBM and SAP solutions are helping us to achieve our objective of balancing our revenues across all of our geographies – dramatically cutting the risk of concentrating revenues in a single market. By continuing our work with IBM Global Business Services, we are well placed to drive continuous improvements to our operational efficiency, enable faster onboarding of new assets, and boost our presence in our growth markets.”



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