



Agrofert implements group-wide shared services with IBM DB2 and SAP

Overview

■ The Challenge

Agriculture, foods and chemicals group Agrofert found that rapid growth had resulted in more than 160 different systems operating in subsidiary companies. It was difficult to provide unified reporting, and support and license costs were rising. Adding yet more infrastructure with each new acquisition was not a scalable strategy.

■ The Solution

Agrofert implemented SAP ERP applications as a shared service for some of its subsidiaries, aiming to make these available subsequently throughout the enterprise, hosted at two locations on IBM Power Systems servers. The company migrated from a mixed database environment, including Oracle and Microsoft SQL Server, to IBM DB2 as its standard database and deployed centralized storage systems for critical business data.

■ The Benefits

Eliminating local systems greatly reduced administration, support and license costs; IBM DB2 results in lower license fees, simplified management and less staff education and training; consolidated storage helps to reduce costs, and IBM DB2 Deep Compression will reduce total storage requirements; total cost reductions are estimated at 20 percent.

■ Key Solution Components

Industry: Agriculture, Chemicals, Foods

Applications: SAP® ERP 6.0, SAP CRM 5.0, SAP NetWeaver® Portal 7.0

Hardware: IBM® Power Systems™ p5-550, IBM System Storage® DS4700

Software: IBM AIX®, IBM DB2®

Agrofert Group, based in Prague, is the largest agriculture and second largest chemicals holding group in the Czech Republic, with revenues of more than CZK 100 billion (€3 billion). The group has operations throughout Europe, with more than 160 independent business companies reporting to the central headquarters.

The majority of these units had originally been separate businesses, and had been acquired by Agrofert over the course of several years.

Each unit operated its own IT infrastructure, with a mix of applications (including SAP and many others), databases and operating systems. Operating, maintenance and development costs were high, and collating data for central analysis was slow and inefficient.

To reduce operational costs and improve information flow, Agrofert decided to consolidate and centralize its business applications, by implementing SAP applications at the main data center in Prague.

“IBM has the service capability and technologies to make migrating from Oracle and Microsoft SQL Server a safe and reliable process. IBM DB2 and SAP applications offer immediate financial and operational benefits, and provide Agrofert with a scalable system capable of handling the next stage of our company’s growth.”

Luboš Pajer, IT Manager, AgfIT

Luboš Pajer, Technical Director at Agfit, the IT services provider at Agrofert, comments, “We were carrying unnecessary costs, with local support and maintenance teams, databases, servers and operating systems, and, of course, additional software licenses.

“Because Agrofert had grown through acquisition, they had many different databases, such as DB2, Oracle and Microsoft SQL Server. This mix made it difficult to gather central information for reporting purposes, which added to the central IT department workload.

“Finally, Agrofert had additional problems caused by the lack of reliability of the local systems. With so many independent systems, often one or more would be unavailable, causing further delay. This tended to increase the local support costs when systems needed fixing, and had consequences at head office as figures would not be fully available.”

Working with IBM, Agrofert planned to rationalize the IT infrastructure, produce better business performance for Agrofert group, and increase total availability of systems.

Centralizing systems

The first step was to centralize systems and applications at the Agrofert data center. To do so, AGROFERT HOLDING with the Agfit team chose to standardize on the SAP ERP application, a single database standard and a shared operating environment to gain the targeted reduction in costs.

Agrofert selected IBM DB2 to support a comprehensive set of SAP applications on IBM Power Systems servers. The SAP applications include SAP ERP 6.0, SAP CRM 5.0 and SAP NetWeaver Portal 7.0, providing complete business management capabilities for all the Agrofert business units.

The 22 employees in the Agfit team, 14 of whom are SAP consultants, were assigned to the migration process. A total of 1,500 users were moved from local systems onto six central SAP application instances, initially at two data centers in Prague and Bratislava. All six will later be consolidated to Prague, with the Bratislava data center acting as a hot backup service.

“IBM Power Systems offered us the ability to support all the users and SAP applications from just two database servers and ten application servers,” says Luboš Pajer.

“By consolidating to IBM Power Systems, Agrofert has been able to enter a single contract with SAP, which



simplifies license management costs and reduces direct operational costs.

Standardizing on IBM DB2

Many of the subsidiaries were using either Oracle or Microsoft SQL Server databases for their original SAP applications. It was essential to migrate these databases successfully and quickly to a standardized DB2 environment for easier data collection and analysis.

“We selected IBM DB2 as it offered the best combination of low license fees for SAP applications and low operational costs,” remarks Luboš Pajer. “With IBM DB2, we see savings in disk array capacity of an average of 20 percent, and system response speeds are about 15 percent faster. We expect further savings as we implement DB2 Deep Compression.”

Martin Poláček, IT Manager at Agrofert Holding, comments, “Thanks to the centralization of the computing power and the use of the IBM DB2 solution we have saved enough storage space to provide capacity not only for the further growth of the individual companies, but also for the eventual transfer of the computer systems of the other companies in the Agrofert Group to the new data centre. The greater efficiency when administering and backing up the centralized systems, the optimal price/performance ratio and the improvement of the productivity parameters are also appreciable advantages.”

The first migration from Oracle to IBM DB2, with around 450GB of production server data, took a total of 68 hours. The migration of the main Microsoft SQL Server environment, which

involved a total of six SAP systems (production and test for SAP ERP, SAP CRM and SAP NetWeaver Portal) and 430GB of production server data, took 39 hours.

Reaping the benefits

By replacing local infrastructure with centralized SAP applications running on IBM Power Systems, Agrofert has gained direct business advantages, with an estimated operational cost reduction of 20 percent.

With only one database type to administer, Agrofert has reduced its staff training requirements, and IT services company Agfit is able to focus more closely on DB2 as its core expertise.

Rather than multiple SAP licenses and versions spread throughout the company, there is now a single SAP contract that covers just the two data centers. Agfit is responsible for application management, and the consolidation exercise has considerably reduced the administration overhead.

“Put simply, Agrofert is saving a lot of money,” says Luboš Pajer. “This program of consolidation to IBM DB2 and Power Systems has been mainly about reducing costs by eliminating the multiple instances of SAP applications, databases and hardware. For example, where before we had no local database administrator we would have needed an external consultant; now, our central IT team can handle all database issues. Where we have local IT teams, they are now able to deliver on business objectives rather than purely technical support matters.”

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Agrofert companies have also seen improvements in total system reliability. Beforehand, if a local system suffered an outage the corporate team had to wait until the problem had been resolved before financial reporting could be completed.

With all subsidiaries migrated to the central system, group-wide reporting will be faster and less prone to delay, improving the visibility of sales and production data throughout the group. Another valuable consequence of consolidation has been the reduction in total power requirements, too.

Looking to the future

Agfit intends to take advantage of IBM PowerHA technologies to provide high availability for its Power Systems servers, by grouping them in a single cluster, offering continuous operations in the case of a server outage.

Agrofert will also deploy Live Partition Mobility (LPM), which gives the ability to move live applications during planned system downtime.

During the consolidation of the two data centers, LPM will enable Agrofert to move applications from the Bratislava to the Prague data center with complete confidence. The Bratislava data center can become a full hot standby, protecting Agrofert from disaster in a manner that would

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have been impossible with the distributed systems before the consolidation. The new infrastructure is essentially a standards-based solution that relies on IBM technologies, from the hardware platform, storage and operating system through to the database software.

“Our experience shows that IBM has the service capability and technologies to make migrating from Oracle and Microsoft SQL Server a safe and reliable process,” says Luboš Pajer. “IBM DB2 and SAP applications offer immediate financial and operational benefits, and provide Agrofert with a scalable system capable of handling the next stage of our company’s growth.”



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