



Business Challenge

To drive its global growth, Grace Co., Ltd. aimed to standardize its business processes and systems. How could the company avoid the cost and complexity of an on-premises deployment?

Transformation

Grace worked with partner Lotus Business Consulting to build integrated business processes based on SAP Business One® solutions on IBM® Cloud™ Bare Metal Servers—supporting growth while keeping operational costs lean.



Mr. Takeo Tsuchida
Global Controller,
Information Systems
Department
Grace Co., Ltd.

Business benefits:

50% faster
time-to-market for new
hat designs

Integrates
complex business
processes based on industry
best practices

Supports
global growth by enabling
Grace to scale out
cost-effectively

Grace Co., Ltd.

Targeting worldwide growth with a tailor-made cloud solution from IBM and SAP

Founded in 1991 in Japan, Grace Co., Ltd. is a leading fashion accessory design group with offices in Tokyo, Hong Kong and New York City.

*“SAP Business One on
IBM Cloud Bare Metal
Servers enables us to
make fast, well-informed
management decisions.”*

Mr. Takeo Tsuchida
Global Controller, Information Systems
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Challenge in detail

To keep up its fast pace of global growth, Grace wanted to build standardized, efficient business processes — but it realized that deploying the physical server, storage and networking infrastructure to support the new way of working would incur significant capital costs. How could the company integrate its business from end-to-end in a cost-effective way?

Solution delivery

Grace worked with expert consultants from IBM Business Partner Lotus Business Consulting to implement joined-up business processes for its global business, supported by SAP Business One software running on IBM Cloud Bare Metal Servers. Using industry-specific patterns for applications and middleware in the cloud, Grace was able to deploy its solution rapidly and avoid the cost and complexity of managing the underlying systems.

Preparing for global growth

Since it was founded in 1991, Grace has grown rapidly. From its roots as a manufacturer of women's hats, the company has expanded its catalogue to offers products for men and women of all ages. Following success in its domestic market in Japan, the company entered the US market in 2001, and continues to grow steadily in Asia and Europe.

Mr. Takeo Tsuchida, Global Controller, Information Systems Department at Grace Co., Ltd., takes up the story: "Grace offers a wide range of products for both men and women. One of our key value propositions to retailers is the ability to buy in bulk, which enables us to offer high-quality products at a competitive price point.

"Grace designs its products in Japan, and manufacturers them in 11 consignment factories in China and a further four consignment factories located in Japan. We then ship our products to Japan and the United States, as well as other countries in Asia and Europe. In the past, we relied on a number of different systems to manage our business processes, based in Japan, Hong Kong and the United States. As we continued to grow globally, it became increasingly difficult to gain a unified view of our consignment processes, and to compare business performance across each of the regions we operate in."

He continues: "As well as increasing the time required to extract actionable insights from our business data, using multiple business systems introduced the risk of inaccurate data entering our reporting process.

"Our previous systems were unable to accommodate differences in languages and or currencies, which meant that the language and currency had to be changed manually to build reports, reducing our efficiency. And because our systems lacked support for SQL queries, visualizing and presenting the information for decision-making was difficult. We aimed to resolve these issues to reduce our operational costs and shrink our lead times for new reports."

Deploying a tailor-made solution

Grace realized that an ERP solution would enable it to solve its challenges. However, the company determined that deploying a system that was capable of supporting its requirements would require a costly and complex IT environment. Because such as solution would not be cost-effective for a medium-sized enterprise, Grace placed the project on hold.

Mr. Tsuchida comments: "When setting up an on-premise ERP environment, factors such as software licenses, installation costs and the capital cost of procuring servers, storage and networking equipment raise the total cost of ownership considerably."

In 2014, Grace learned that IBM had launched industry-specific patterns for applications and middleware deployments, available on [IBM Cloud Bare Metal Servers](#). The company realized that using these templates would enable it to rapidly build the robust cloud environment it needed manage its global business effectively in the cloud.

"Based on SAP Business One software, our template enables retailers to rapidly launch an enterprise-class ERP solution in the cloud, avoiding the cost and complexity of on-premises deployments.

Mr. Mizuki Takanabe

Chairman

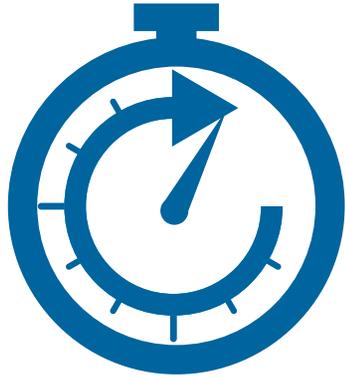
Lotus Business Consulting

Lotus Business Consulting Co., Ltd., an IBM Business Partner, has developed a custom pattern for fashion retailers.

Mr. Mizuki Takanabe, Chairman of Lotus Business Consulting, says: "Based on [SAP Business One](#) software, our template enables retailers to rapidly launch an enterprise-class ERP solution in the cloud, avoiding the cost and complexity of on-premises deployments."

This proposition was a breakthrough for Grace.

"When deploying on-premises setups, the initial cost is around JPY30 million, and would have required about six months to one year of development time," says Mr. Tsuchida.



Reduces time-to-market
for new designs by up to
50 percent

“However, the small to medium-sized clothing business profile from IBM and Lotus Business Consulting brought the initial cost down to only a few hundred thousand yen. Because the cost was substantially lower than an on-premises environment, we decided to move forward with our ERP project immediately.”

In addition to reducing its operational costs, the cloud-based platform makes it easier to deploy software solutions across multiple geographies, requires no maintenance, and eliminates the need to worry about upgrades to the operating system and middleware.

Mr. Tsuchida comments: “To meet the requirements of the fashion retail industry, it’s essential that our ERP solution can define stock-keeping units by features such as the color and size of the garment.

“Creating this kind of data model from scratch is a very complex process—but by using a pre-configured template, we were able to start using our platform in a very short period of time.”

Unifying a global business

Following a two-month test period, Grace purchased three user licenses for SAP Business One running on IBM Cloud Bare Metal Servers.

Mr. Tsuchida says: “In the past, we ran our business process systems on the corporate LAN environment, but the new system can be accessed anywhere and even runs in the cloud—so deploying solutions to support our operations overseas is simple. Although there are still some unfamiliar parts in the operation, we think these will be solved in time.”

He continues: “We plan to increase the number of licenses, so it will be possible to bring more geographies into our SAP environment. Using our traditional tools, it can take a minimum of six months to go from designing a new product to putting it into production—but the SAP approach aims to cut that turnaround time by about half. When implementing globally, we can expect to save on the number of licenses by using time differences to our advantage—supporting multiple geographies with the same server resources.”

He adds: “When we compare our cloud solution with a comparable on-premises environment, we estimate that we reduce our operational spend and decrease the risk of unplanned system downtime. In addition, IBM has data centers around the world, ensuring that our platform is available wherever and whenever we need it.”

Based on the success of its initial deployment of SAP solutions on IBM Cloud Bare Metal Servers, Grace is already planning value-added enhancements.

“When a finished product arrives at our distribution center in Japan, we need to allocate it to the customer that needs it most,” says Mr. Tsuchida. “We have a total of 800 customers purchasing around 1,250 SKU every year, and performing the allocations manually is a time-consuming process. To accelerate the process, we are planning to work with our Lotus Business Consulting Partner to develop an automated distribution functionality.”

Mr. Tsuchida continues: “Using SAP Business One on IBM Cloud Bare Metal Servers to manage our business processes enables us to make fast, well-informed management decisions. For a company of our size, the ability to manage information in this way is a big advantage.”

He concludes: “In the future, we plan to expand and strengthen our efforts in Asia, Europe and elsewhere, and launch a new subsidiary. Thanks to our cloud-based solution, we can strengthen collaboration across our global business, and compare performance easily—helping us to drive our global growth objective.”

Benefits in detail

- Enables Grace to integrate its business processes based on industry best practices, helping it to monitor and manage its worldwide operations effectively.
- Avoids costly capital spend on server, storage and network infrastructure, offering Grace the benefits of an enterprise-class business-process management solution without breaking the bank.
- Supports global growth by enabling Grace to scale out its solution to new markets cost-effectively.
- Reduces time-to-market for new designs by up to 50 percent, sharpening the company’s competitive edge.

Key components

Applications: SAP Business One®

Services: IBM® Cloud™ Bare Metal Servers

About the IBM and SAP Partnership

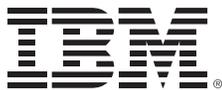
The strategic shift to the cloud and to intelligent technologies isn't easy, but it's how businesses of all sizes will create exceptional customer experiences, uncover new revenue opportunities, optimize investments and fundamentally reinvent how business gets done. SAP and IBM offer the innovations and industry expertise to help.

SAP provides the world's leading intelligent applications and technologies – connecting and clarifying the data that makes processes more nimble and decisions more powerful. IBM helps build smarter businesses and is a global leader in SAP transformations – offering in-depth industry experience, cloud and on-premise deployment expertise, and game-changing intelligent technologies.

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