



Business Challenge

Operating in a competitive environment, efficiency is crucial for ARAUCO. To enable faster, better-informed decision-making, the company targeted real-time analytics from SAP S/4HANA®.

Transformation

To accelerate the migration from SAP ERP to SAP S/4HANA, ARAUCO selected IBM® Rapid Move for SAP S/4HANA from IBM Services™ — a powerful combination of best practices, accelerators and automation.

Business benefits:

Significant
reduction in time to migrate to SAP S/4HANA, cutting time-to-value

Delivers
near-real-time data to decision-makers, helping to boost efficiency

Supports
innovation, beginning with IoT-enabled predictive maintenance

ARAUCO

Sows the seeds for sustainable growth with real-time data to boost green performance

Founded in 1979 and headquartered in Santiago, Chile, ARAUCO is a wood pulp, engineered wood and forestry company. With 47 manufacturing facilities across North and South America as well as Europe and South Africa, the company generates annual revenues equivalent to US\$5.7 billion.

“Using IBM Rapid Move for SAP S/4HANA, we estimate that we will cut the timeline for our cloud transformation journey significantly.”

Leandro San Miguel, CIO,

ARAUCO

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Taking on the climate crisis

The world's forests are indispensable assets in the fight against climate change. They are also at the very heart of the ARAUCO business model, as Leandro San Miguel, CIO at ARAUCO, explains:

“Through the sustainable management of forestland, our goal is to build an economy based on renewable resources, and our business processes reflect this aspiration. For example, we convert the waste products from milling lumber into composite materials like fiberboard, and into wood pellets: a low-carbon fuel that powers our manufacturing plants.”

Competitive space

ARAUCO operates in an industry where operating efficiently is crucial for commercial success.

“Every time we miss a delivery window because we have to shut down a manufacturing site for maintenance, we feel the impact at the bottom line,” says Leandro San Miguel.

“At the same time, forest fires are a threat. We must ensure that our plantations are maturing at the anticipated rate—a tough task considering they span thousands of hectares of land—and balance the immediacy of customer orders with the long timescales of forestry.”

Rising to the challenge

In recent years, ARAUCO has embraced technology to address these challenges. ARAUCO now uses a fleet



of camera-equipped drones to monitor its forests and ensure that its trees are thriving.

“We realized that technology could also help us to enhance our manufacturing processes,” explains Leandro San Miguel.

“The availability of industrial IoT devices promised to transform our old equipment into smart factories. The goal was to use industrial IoT data to predict when equipment was at risk of failure, and perform maintenance proactively to minimize downtime.”

ARAUCO saw that moving from its older SAP ERP platform to the in-memory [SAP S/4HANA](#) business suite would enable it to embed near-real-time data into its maintenance processes, and looked for a partner to help achieve its goal.

Expert partner, best-in-class platform

After a thorough review of multiple solution integrators, ARAUCO selected [IBM Services](#) as its implementation partner for the new SAP S/4HANA solution.

“One of the key reasons that we chose IBM Services to steer us through our transformation journey was their unique, fast-track approach to moving from SAP ERP to SAP S/4HANA,” recalls Leandro San Miguel.

“When IBM presented their [IBM Rapid Move for SAP S/4HANA](#) approach, we immediately recognized the value.”

He continues, “In collaboration with transformation software

“With SAP S/4HANA and IBM Services, we are in a strong position to expand our business into new global markets, and bring the benefits of renewables to more people around the world.”

Leandro San Miguel

CIO

ARAUCO

company [SNP Group](#), IBM has created a methodology that includes impact assessments, accelerators and automated data conversion tools. As a result, essential tasks such as Unicode conversion as part of the move to SAP S/4HANA are streamlined dramatically compared to traditional, manual approaches.”

ARAUCO decided to move away from on-premises systems and deploy the new SAP solution on cloud using [IBM Application Management Services for SAP Solutions](#).

“Round-the-clock availability for our SAP solutions is a must,” explains Leandro San Miguel. “With IBM Cloud Managed Services for SAP Solutions, we not only gain the peace of mind that comes with robust service-level agreements, we are also liberated from the need to manage



Enables near-real-time insights
for faster decision-making



Key components

Applications: SAP S/4HANA®

Services: IBM® Application Management for SAP Solutions, IBM Rapid Move for SAP S/4HANA, IBM Services™, IBM HANA Impact Assessment, SNP Group

the underlying technology stack that supports the new SAP solutions, freeing us to focus on our core competencies.”

On track for success

By following the approach laid out in IBM Rapid Move for SAP S/4HANA, ARAUCO is on track to achieve a fast and low-risk transition to the in-memory SAP S/4HANA suite in the IBM Cloud.

“Our engagement with IBM Services began with the [IBM HANA Impact Assessment](#),” says Leandro San Miguel.

“This process helped to identify potential technical roadblocks before we began the project, and formulate effective strategies to overcome them, an approach that gave us great confidence in the IBM team’s

ability to deliver a seamless transition to SAP S/4HANA.”

Today, IBM Services is working with ARAUCO to help the company to prepare its existing on-premises SAP ERP environment for the move to the cloud by upgrading key components, such as enabling Unicode conversion in a single step.

After standing up test, quality assurance and production environments for SAP S/4HANA in the IBM Cloud, IBM will move data into the new platform.

“By mirroring our data between two IBM data centers on the eastern and western coasts of the USA, we can ensure that our SAP platform stays online even in the event of an outage at one site,” adds Leandro San Miguel. “Thanks to IBM Application

Management for SAP Solutions, we can offer dependable, 24/7 SAP services to our operations in six countries worldwide.”

Leading the fight

With SAP S/4HANA, ARAUCO is poised to unlock the true value of its data by making decisions based on near-real-time insights into operations.

“Technology is a powerful way to combat the climate crisis,” says Leandro San Miguel. “Using IBM Rapid Move for SAP S/4HANA, we estimate that we will cut the timeline for our cloud transformation journey significantly compared to traditional methodologies.”

He continues, “When we go live with SAP S/4HANA, we will gain capabilities

that will help lift our efficiency and drive performance on the bottom line. By instrumenting our factories with industrial internet-of-things [IoT] devices, we will be able to use predictive maintenance to maximize the availability of our assets and reduce the risk of costly delays.”

Roadmap to a sustainable future

In close collaboration with IBM, ARAUCO is driving ahead with its digital transformation program. In addition to deploying industrial internet-of-things (IoT) devices across its existing manufacturing facilities in South America, the company is investing in more than 200 technology initiatives, which include the construction of next-generation smart factories.

“Our business model is a sustainable answer to challenges of a changing climate and a growing global population,” comments Leandro San Miguel.

“By maintaining healthy forest plantations, we help capture carbon and contribute to cleaner air for the countries we operate in. And by managing our business with real-time data, we ensure that we operate in a lean, cost-efficient way that strengthens our margin and frees up capital for investment in business growth.”

He concludes, “With SAP S/4HANA and IBM Services, we are in a strong position to expand our business into new global markets, and bring the benefits of renewables to more people around the world.”



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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