

**PIMA 2005
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ERP Value Proposition

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Presentation to PIMA



**Scott Paper Ltd.
History & Background**

- Established in 1922
- Acquired by Scott Paper Co. in 1954
- Purchased by Kruger Inc. in 1997.
- Canada's leading manufacturer and distributor of towel and tissue products
- Fifth Largest Tissue company in the world

Scott Paper Ltd. Background

- Multi Company
- Multi Division
- Multi Mill
- Multi Currency
- Multi Unit of Measure
- Multi Language

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Selection Guidelines

- Committed Executive Sponsor
- Establish a Requirement's Team
- Appoint Company Project Manager
 - (previous experience managing projects or a functional area essential)

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Selection Guidelines

- Well defined business requirements by functional area
 - these will become the basis for a comprehensive RFP document.
- Prepare the RFP.
- Internal review of the RFP by key functional personnel.

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Selection Guidelines

- Send RFP to several firms with an established client base.
- Formal vendor responses and client list to be reviewed by Requirement's Team.
- Select three vendor clients from similar industry group to interview.
- Vendors present their product both from a generic view & more importantly from the RFP key requirement's perspective.

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Selection Guidelines

- Package should meet 80% of key requirements.
- An integrated application is the preferred choice.
- Allow sufficient time for Contract Negotiations
 - Third party assistance may be required

Now is a good time to be a buyer!

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General Implementation Guidelines

- Select an Implementation Partner
- Contract Negotiations Critical
 - *Soft costs represent the majority of spend.*
- Select Implementation Partner consultants.
 - Personnel chosen should have been actively involved in one successful implementation.

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General Implementation Guidelines

- Select a Project Manager from the Implementation Partner.
- Prepare and publish a detailed project plan.
- Project Budget presented and approved.
 - One time and ongoing annual costs need to be identified along with assumptions.

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Implementation Guidelines

- Full Time Team members
 - consisting of the best functional and business systems personnel in the organization.
- Functional Team Leads selected.

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Implementation Guidelines

- Identify Functional Champions
- Resolve Major Issue in 2 Business Days.
 - Team Champions play a key role in this area.
- Setup Project Steering Committee

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Implementation Guidelines

- Team should be centrally located

- Knowledge Transfer is Key

- Stick to Scope
 - significant deviation from plan requires Steering Committee approval (all additional costs and impact on schedule to be identified).

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Implementation Guidelines

- Test, test, test - involve key users
- Integration testing
 - minimum three business cycles
 - one successful cycle required before Go-Live
- Establish Secure User Profiles
- Prepare User Documentation

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Implementation Guidelines

- Train functional users 2- 4 weeks prior to Go-Live.

- Provide onsite support for a minimum of one month after Go-Live.

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Implementation Guidelines

- Implementation Partner resources should be finished their assignment by no later than the second month-end after Go-Live
- Goal is to be self reliant in day-to-day operations

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Implementation Guidelines

- Audit project objectives to actual results at appropriate time within first year of implementation.

ERP Key Drivers & Benefits

- Business Systems Integration
- On-time Customer Order Deliveries
- Cost Reductions
- Real time access to information

ERP Key Drivers & Benefits

- On-line data collection
- Sales Orders launch Process Orders
- Planning and Scheduling tools (APS)
- Manufacture Resource Planning (MRP)

ERP Key Drivers & Benefits

- Credit Management
- Timely Financial Reporting / Statements
- Profitability Analysis
- One truth - \$ and Units
- BOM / Recipe management.
- Batch management / traceability.

ERP Key Drivers & Benefits

- Quality Management System
- Plant Maintenance System
- Warehouse Management System
- Transportation
- Sales information - on demand.

ERP Key Drivers & Benefits

- Single source for master data.
- Efficient customer response.
- Inventory availability by category - Enterprise wide.

ERP Implementation Tips

- Develop detail Project Plan.
- Incorporate best business practices.
- Micro manage the project.
- No modifications to source code.
- Assign Best In Class Resources.

ERP Implementation Tips

- Focused teams by business function.
- Locate functional teams at one site.
- Teams develop detail planning & scope.
 - document based on RFP
- Stick to scope.

ERP Implementation Tips

- Provide training - pre and post.
- Train the trainer program.
- Knowledge transfer.
 - Consultants > Team Members
- Promote team building activities.

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On-going Cost Considerations

- Software Maintenance (15 – 20% / year) *
 - * Fees may exceed original purchase cost over 5 years
- IT Infrastructures Costs (*Servers etc*)
- Support Personnel
- Upgrades / New Releases
- Interfaces – *Minimize where ever possible*

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Examples of benefits to Scott Paper

- Volume increase with no corresponding increase in personnel
- Shared business processes and applications
- TCO of IT is less in 2005 than in 1999
- Acquisition Tool – facilities quick setup
- Majority of system interfaces eliminated

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Q & A
