

## SAP Customer Success Story Chemicals – Chlorine and Caustic Soda



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Doug Lecomte, Project Lead, Chlor-Alkali Products Division, Olin Corporation

### AT A GLANCE

#### Company

- Name: Olin Corporation (Chlor-Alkali Products division)
- Location: Clayton, Mo.
- Industry: Chemicals
- Products and services: Chlorine and caustic soda
- Revenue: US\$2.4 billion
- Employees: 5,800
- Web site: [www.olin.com](http://www.olin.com)
- Partner: SAP® Custom Development organization

#### Challenges and Opportunities

- Replace legacy railcar management system with state-of-the-art software
- Improve ability to manage 4,000 railcars and 26,000 routes
- Migrate 250 users to the new system seamlessly

#### Objectives

- Integrate new railcar management application with overall business system
- Support business practices in place
- Minimize user-level differences between systems to reduce need for training

#### Solution and Services

- SAP Railcar Management application
- SAP Custom Development services

#### Implementation Highlights

- In-house implementation with key assistance from SAP
- On-schedule deployment within budget
- Seamless transition to new system

#### Why SAP

- Tight integration between SAP Railcar Management and SAP business software
- SAP's understanding of business processes in place
- SAP's record of success on previous IT projects
- SAP's industry knowledge

#### Benefits

- 10% increase in employee efficiency
- Streamlined railcar and route management
- Ability to track costs much more easily, such as consignment freight costs, stock transfer costs, and fuel and accessory costs of specific shipments
- More accurate reporting and analyses
- Cost savings – due to more effective decision making

#### Existing Environment

- SAP enterprise resource planning software

#### Third-Party Integration

- Database: IBM DB2
- Hardware: IBM
- Operating system: IBM AIX

## OLIN CORPORATION

### SAP® Railcar Management Boosts Efficiency and Decision Making for Basic Materials Leader

When freight is one of a company's biggest expenses, as it is with the Chlor-Alkali Products division of basic materials giant Olin Corporation, it pays to analyze freight practices closely and to continually find ways to reduce costs. The legacy railcar management system the division used in the past, however, hampered analysis because it was separate from the SAP® enterprise resource planning (ERP) software that the division uses to run the rest of its business. By replacing this system with the SAP Railcar Management application, Olin achieved tight integration of its railcar-related processes, greatly improving overall efficiency as well as the ability to make cost-saving business decisions.

### Truly Integrated Railcar Management for the First Time

Clayton, Mo.–based Olin, with 5,800 employees and US\$2.4 billion in sales, is one of the world's largest manufacturers of basic materials, ammunition, and other products. Olin's Chlor-Alkali Products division is the leading supplier of chlorine and caustic soda in the eastern United States and one of the largest in North America. To deliver all that product, the division relies on a fleet of 4,000 railcars that is supplemented by trucks and barges. The routes that these vehicles follow number around 26,000 and comprise a total of 260,000 stages, making railcar tracking and traffic management a considerable challenge.

Olin's Chlor-Alkali Products division has been using SAP business enterprise software for over a decade. But, because its legacy freight operations system was separate from the ERP software, users had to deal with two distinct applications on their desktops and manually switch between them many times every workday – a considerable drain on their efficiency. Worse, there was no automated way to coalesce information from the two suites for management analysis and decision making.

When the division's executives learned that support for the legacy system would soon cease, they recognized the need for a new solution and took the opportunity to address the integration problem. "We evaluated several new railcar management systems and found that they varied somewhat in functionality, but the

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differences among them paled in importance compared with the integration issue," says Doug Lecomte, project lead in Olin's Chlor-Alkali Products division. "Since we run the rest of our business with SAP software, it was crystal clear that we should run the railcar management part of it with SAP software as well."

### **Vital Assistance from SAP Custom Development**

Olin decided to perform most of the implementation with its own personnel. Not only would this approach prove most cost-effective, but Olin's IT team would gain valuable expertise for future use. However, Olin's executives understood the importance of augmenting the company's staff with teammates who already knew SAP Railcar Management well – and they had no difficulty at all identifying those teammates. "The experts from the SAP Custom Development organization not only knew railcar management, they also understood our business practices as a result of previous engagements with our IT department," says Lecomte. "They did a great job on those projects, and we knew they'd do an equally great job on the SAP Railcar Management implementation. We weren't disappointed."

Olin and SAP Custom Development finished the project right on schedule. They implemented the SAP Railcar Management application's base functionality as well as its freight cost and railcar extensions and made additional enhancements using the existing SAP ERP application and the ABAP™ programming language.

The system supports the entire order-to-cash cycle with functionality customized to the ways Olin does business. The software enables Olin to:

- Automatically create shipment information
- Track the entire railcar fleet
- Manage the leasing of railcars
- Manage the maintenance of railcars
- Expedite detention billing, which arises when customers keep railcars longer than agreed
- Manage rates and routes
- Easily calculate freight costs, including freight shipped by truck as well as by railcar

One of the most important tasks the team performed was to implement essentially the same user interface as the previous application. As a result, Olin had to provide only minimal training for the system's 250 users, and the transition was seamless, with no impact on everyday railcar transactions.

### **More Complete Information – More Ways to Report It**

While the new railcar management system has the same core functionality as the old system, it goes much further. Capabilities Olin had come to count on, such as the automatic creation of data for 99% of the shipments that SAP software manages, are preserved. At the same time, Olin enjoys many new capabilities because the system is tightly integrated into the company's SAP software environment. For instance, freight costing is easily

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linked with the division's overall financial information, enabling users to produce real-time reports that are far more complete than ever before. Olin can also track costs much more easily, such as consignment freight costs, stock transfer costs, and the fuel and accessory costs of specific shipments. The SAP application also provides a wider choice of report types and styles. “Our senior executives now have much richer information for making

their dollar-saving decisions. They can access this data much more quickly and easily produce customized reports,” says Lecomte. “In addition, our users are at least 10% more efficient because they no longer have to switch back and forth between applications on their desktops.”

Now that SAP Railcar Management has been fully rolled out, Olin has set its sights on taking further advantage of the application. For example, Lecomte and his team plan to implement tracking capabilities for barges and for third-party freight. “We're seriously considering engaging SAP Custom Development once again,” he concludes. “The level of support the SAP experts provide is very impressive, and they work superbly with our people. We definitely wouldn't have been as successful without them.”

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