

KCM SA in Bulgaria



KCM - S.A.

With the economic downturn of the past few years, the price of nonferrous metals on international exchanges has dropped to levels not seen in many decades. This has put increased pressure on nonferrous metals producers such as KCM SA in Bulgaria to reduce costs and make more informed business decisions. To help improve its competitive edge, KCM is undertaking an implementation of SAP solutions running on Windows Server 2003 and SQL Server 2000 (64-bit)—solutions that are powered by 4-way HP Integrity rx5670 servers based on Intel® Itanium® 2 processors.

“We’re modernizing our IT infrastructure to deliver consistent business and technical information across KCM and reduce the cost of production,” says Dimitar Nestorov, head of IT, KCM SA. “The combination of technology from HP, SAP, and Microsoft gives us an industry-standard solution with superior price/performance that positions us well for the future.”

With 2,500 employees, KCM SA is the largest producer of zinc, lead, silver, and gold in Central and Eastern Europe. A global supplier of nonferrous metals, KCM imports 75 percent of its raw materials and exports 85 percent of production, which includes recovering and refining metals. The company is a leader in recycling and ecology and has an outstanding reputation for exceptional quality.

One of the cornerstones of KCM’s strategy is moving from product-based to activity-based accounting to improve decision-making and better identify cost improvement opportunities. In addition, KCM seeks to streamline traditional business functions such as human resources and payroll. While transitioning to activity-based costing and improving other business processes promises to help drive costs down and give KCM greater visibility into its business operations, the move requires a sophisticated enterprise-wide system that delivers consistent, integrated business and production information across the company.

KCM’s implementation

KCM had been running its business and production operations using custom-developed applications that ran on an IBM mainframe system. The applications were outdated and expensive to operate and maintain. Due to a lack of integration between applications, operational information was often inconsistent, and it was difficult to pinpoint opportunities to reduce indirect costs. It was clear that an enterprise-wide SAP solution-based environment would provide the consistent information KCM needed.





The implementation of the mySAP Business Suite at KCM will include 12 SAP R/3 applications and 150 users. KCM is currently working with SAP and Siemens Business Solutions to implement the human resources, financial, and logistics applications of SAP R/3 to streamline these business-critical services. During phase two, KCM will implement additional applications of SAP R/3, such as production monitoring.

Market leaders

In updating its IT infrastructure to support the SAP solution, KCM sought a cost-effective, reliable, and powerful solution, with the scalability required to meet future needs. KCM selected HP Integrity servers for several compelling reasons. First, these powerful servers reduce complexity and improve resource utilization through integrated management tools. Their Itanium-based architecture has broad industry support as well as the ability to support demanding business and technical computing well into the future. Finally, KCM needed easy access to local technical expertise for each of the solution components. "In Bulgaria, Microsoft and SAP are clearly the market leaders, with numerous successful installations of enterprise business planning and control systems," explains Nestorov. "By working with solutions from SAP, Microsoft, and HP, we have access to a wealth of local expertise and experience to help ensure a smooth implementation."

Having selected Microsoft Windows Server 2003 and Microsoft SQL Server 2000 (64-bit) as the foundation and made the clear choice of the mySAP Business Suite for the applications, KCM began evaluating hardware alternatives. The company conducted hardware sizing tests to determine the requirements of the SAP solution-based environment. KCM discovered that its performance needs were on the edge between the most powerful 4-way (32-bit) servers available on the market or newer HP Integrity servers based on Intel Itanium 2 processors.

The company chose 4-way HP Integrity rx5670 servers, which will be deployed in a high-availability cluster to enable continuous access to business-critical information across the company. Itanium-based HP Integrity servers were attractive for many reasons. KCM investigated numerous benchmarks comparing Itanium-based HP Integrity servers against other platforms. The conclusion was that Itanium-based servers from HP offered the best performance, and the price difference compared with other platforms was minimal. "HP Integrity servers were hands-down the best option in terms of price/performance," says Nestorov.

HP also engendered a high level of trust in terms of service, support, and application availability. "For KCM, HP is a reliable partner that can deliver a wide range of solutions independently and together with software and service suppliers," says Nestorov.

Room for growth

KCM considers its SAP solution deployment an investment in the future and, therefore, wanted to use the newest hardware available to lengthen the life span of the solution. As new SAP R/3 applications and functionality are introduced in the future, the 64-bit architecture of the HP Integrity servers and 64-bit versions of the Windows operating system software and SQL Server database will easily accommodate additional capacity and computing requirements.

"HP Integrity rx5670 servers let us obtain the newest technology with exceptional scalability and availability—at an excellent price/performance ratio," says Nestorov. "Going with HP was an easy decision."

“HP, SAP, and Microsoft provided an open solution with the best price/performance, as well as a high level of commitment to our success.” —Dimitar Nestorov, Head of IT, KCM SA



At first, KCM's 64-bit SQL Server database and associated storage will hold half a terabyte of data. By next year, the company plans to purchase an additional 700 GB of storage. KCM is currently using an HP Ultrium 460 external drive for backup. In the near future, the company will build a storage area network (SAN) environment based on HP EVA 3000 storage.

Early ROI

Having completed quality assurance testing on its HP Integrity servers running Microsoft Windows Server 2003, Microsoft SQL Server 2000 (64-bit), and SAP R/3, KCM is pleased with the early results. “Our initial impressions are incredible—the solutions from HP, SAP, and Microsoft have done well,” says Nestorov. “All our fears of new technology—real-life performance, actual capabilities, bugs, lack of robustness—are gone.”

Even though the solution implementation is in its earliest stages, KCM is already achieving a return on investment (ROI) from using Itanium-based HP Integrity servers and SAP R/3. The extreme speed of the HP Integrity servers and excellent performance of SAP software on the new systems allowed tuning of the Microsoft and SAP solution components to be completed ahead of schedule—saving money and time that will be put toward additional testing to improve the quality of the solution. Once deployed, the HP Integrity servers' performance will enable faster processing and reduced query time, promoting improved decision support and increasing productivity.

“Itanium-based HP Integrity servers are so fast that we have more time to spend ensuring a successful implementation,” says Nestorov. “It's a great luxury to have more time to think and test within the project timeframe to help maximize our long-term return on investment.”

The move from a proprietary mainframe to open, industry-standard systems is expected to result in additional ROI. The open solution will be less expensive to maintain, changes will be faster and easier, and software development resources will be less expensive and more readily available.

As the project evolves, KCM is looking toward a bright future with greater insight into its business and the ability to improve production efficiency. “We believe that a fully integrated system for managing our business processes will give us a competitive edge,” says Nestorov. “HP, SAP, and Microsoft provided an open solution with the best price/performance, as well as demonstrating a high level of commitment to our success.”

Technology highlights

- 2 HP Integrity rx5670 servers
- mySAP Business Suite, including SAP R/3
- Windows Server 2003 for Itanium-based systems and SQL Server 2000 (64-bit)

Customer at a glance:

Industry sector: metals production

Name: KCM SA

URL: www.kcm.bg

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Challenges

- Deliver consistent business and technical information across the company
- Move to an open, standards-based platform
- Find a platform with scalability and performance to meet future needs
- Ensure a successful implementation by having ample access to skilled resources
- Ensure scalability and performance for future growth
- Move to activity-based accounting

Solutions

- HP Integrity rx5670 servers based on Intel Itanium 2 processors
- mySAP Business Suite, including SAP R/3
- Microsoft Windows Server 2003 Enterprise edition (64-bit)
- Microsoft SQL Server 2000 Enterprise Edition (64-bit)
- HP Ultrium 460 external drive

Results

- KCM expects to reduce costs and operate more efficiently by streamlining business processes and having consistent information across the company
- Technology from SAP, Microsoft, and HP provided superior price/performance
- HP Integrity rx5670 servers provide the reliability, performance, and scalability required for KCM's enterprise installation
- Installation and tuning occurred ahead of schedule
- Moving to 64-bit Itanium-based systems provides headroom for future scalability and performance
- By converting from proprietary to standards-based open systems, KCM expects to reduce maintenance costs

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