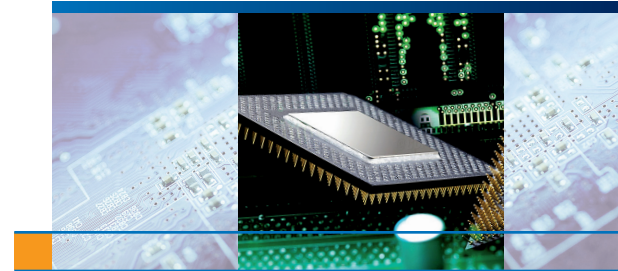


SUCCESS STORY: SEMICONDUCTOR MANUFACTURER IMPROVES SERVICES AND PRICING BY HOSTING SAP



Semiconductor Manufacturer

Challenges

- Need to improve disaster recovery readiness
- Implement patches and updates with less disruption
- Improve system performance/availability
- Free staff to focus on core business activities

Solution

- Freudenberg IT SAP Hosting
- Extensive SAP service availability
- SAP Certified Experts
- Upgrade to SAP ERP ECC 6.0 with Unicode conversion

Results

- Significant annual savings in labor costs
- SAP platform upgrade cost avoidance
- Reduced report runtimes
- Improved response times, and application availability
- Establishment of Trusted-Advisor Partnership with FIT
- Now have enterprise-quality disaster resilience

A leading U.S.-based semiconductor design and manufacturing firm has worked steadily in recent years to streamline its operations, including a move to fabless production and the increased use of outsourcing for non-core functions. The firm's semiconductor products are used in a wide range of consumer products.

The firm's efforts to optimize operations and financial performance, and introduce innovative new solutions has enabled the company to weather the on-going global financial crisis. The semiconductor firm, with representatives and sales offices in leading markets around the world, uses a range of software solutions from SAP AG to integrate its global business processes and workflows.

Improving SAP platform performance, DR upgrade

The firm's SAP hardware platform, which was based on older technology equipment, need to be replaced in order to drive performance improvements. The company also needed to reduce the time required for testing and quality assurance for patches and upgrades, and improve its disaster recovery program.

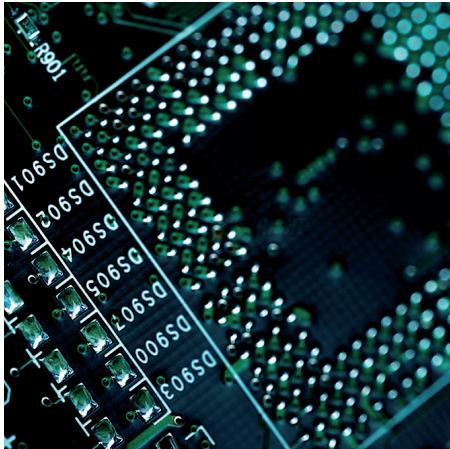
Prior to the upgrade, the time to produce SAP-generated reports was unacceptable, and the firm's primary disaster recovery option was to recover from offsite tapes, which could be a lengthy process, according to the business applications manager. These internal challenges coupled with the desire to improve operational efficiency led the firm to seek an outsourcing option for SAP support to help reduce costs and enable the firm to focus on its core business – designing innovative semiconductor products.

Benefits of SAP outsourcing outweigh concerns

Based on its success with other outsourcing arrangements, including SAP services and some semiconductor manufacturing, the firm believed that outsourcing its SAP landscape was an effective alternative to continued in-house support. The firm's SAP team looked closely at SAP outsourcing services from various firms including Freudenberg IT (FIT). The firm ultimately chose FIT based on the quality of its services, reputation, and certification as one of only 11 certified SAP Global Hosting Partners worldwide. FIT is also part of the \$7 billion Freudenberg Group.

According to the business applications manager, the semiconductor firm initially had concerns about outsourcing critical SAP applications and infrastructure to a third party. These concerns included worries about performance, data conversion, testing, cutover timing, and ongoing support. FIT worked collaboratively with the firm ensure network performance between its U.S.-based offices and FIT's Durham, North Carolina, data center by implementing a dedicated line equipped with Multiprotocol Label Switching (MPLS) routers that ensure network traffic speed and quality of service (QoS).

During three months of preparation, the semiconductor firm's SAP team worked closely with FIT experts to extract and upload data, conduct application and performance testing, and validation. FIT's Project Manager did a "remarkable job" according to the semiconductor firm's business applications manager. In fact, the manager noted that all of the FIT migration and support team were equally outstanding.



The migration to a new hardware platform – industry standard servers running the Linux operating system – at the FIT data center also included the conversion and standardization on Unicode, an industry standard for consistent data representation. Because the semiconductor firm planned to have FIT upgrade its SAP environment from R/3 4.7 to SAP ECC (ERP Central Component) 6.0, Unicode conversion was a necessary addition to the project.

The final cutover from the semiconductor firm’s in-house SAP environment to FIT’s data center in North Carolina, was uneventful, and took place in mid-December over a three day weekend.

Savings in time, manpower, and frustration

The business applications manager says that his firm now has a much more responsive, disaster resistant SAP environment that requires fewer in-house staff to manage, and allows the firm to concentrate on activities that add value to the bottom line. The manager notes that one of the most visible indicators of performance improvement is in report generation.

Manpower savings have also helped offset outsourcing costs. By outsourcing SAP support to FIT, the semiconductor firm was able to streamline its operations and realize significant headcount-related cost-savings.

By migrating to a new hardware and software platform at the FIT data center, the semiconductor firm avoided the need to upgrade its own environment to newer technology, which would have been a costly proposition in terms of dollars, planning, and execution.

Another important bonus in the move to hosting with FIT is greatly enhanced disaster recovery resilience. The FIT Dual Data Center Concept means that all customer data is mirrored by a second center. Data storage and back-up facilities are installed in separate data centers. Certification to DIN ISO 9001 and ITIL/ITSM and auditing to SAS / II are further indications of quality, underscoring the comprehensive process expertise and high-quality services that are available from FIT.

In addition, patches and updates that used to require extensive planning and testing by in-house and off-shore SAP support staff are now performed by FIT experts with no disruption to normal operations. The migration project was deemed so successful by the firm’s management team that the IT group has been asked to search for additional opportunities for outsourcing.

Does the semiconductor firm view Freudenberg IT as a true partner? Definitely, says the firm’s business applications manager. “We consider them to be part of our team,” he emphasizes and characterizes the overall relationship as “outstanding.”

To learn more about how your company could benefit from hosting SAP with Freudenberg IT (FIT), please contact us at the following:

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