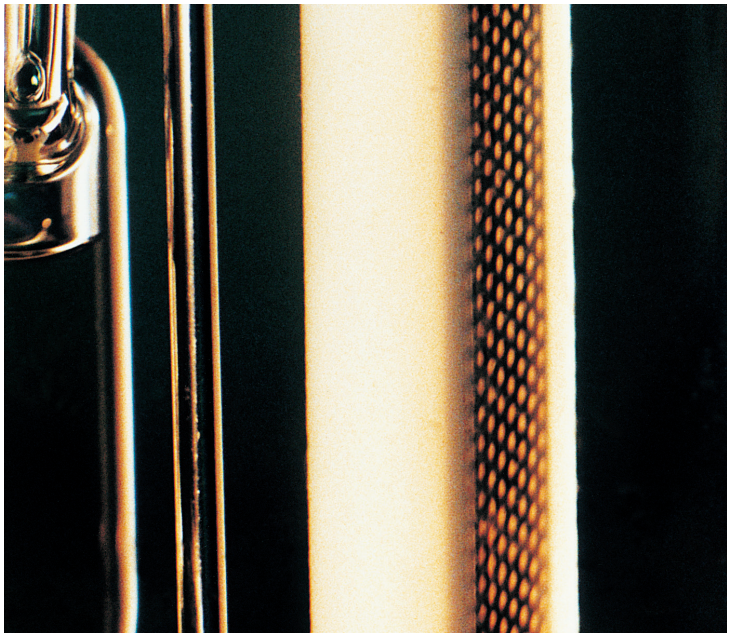
OM Partners
Case Study

BASF

Shift from Volume- to Value-Driven Planning in intermediates division leads to competitive advantage for BASF, the Chemical Company







OM Partners implemented a value-driven planning strategy in the BASF Intermediates division.

BASF is the world's leading chemical company – The Chemical Company. With about 114,000 employees, six Verbund sites and close to 352 additional production sites worldwide BASF serves customers and partners in almost all countries of the world. Recently, BASF posted sales of €57.7 billion and income before special items of approximately €6.3 billion. BASF helps its customers to be more successful through intelligent system solutions and high-quality products. Through new technologies the company can tap into additional market opportunities. BASF conducts its business in accordance with the principles of sustainable development

The identification of value chains

The Intermediates division management selected OM Partners after OMP Plus (OM Partners' integrated supply chain planning solution) proved to be 'best fit' for their processes and functional requirements. Planning and Scheduling functionality, advanced optimization and the integration between operational and tactical (S&OP) planning were key in this implementation.
The project team identified various value chains in the division. The most complex of these value chains is spread out over five plants, which means that a particular product needs to be handled in five different plants before it is completed. Focus shifted on these value chains rather than on individual plants.

Use in S&OP cycle and Integration with SAP ERP

Users achieve an optimal plan by launching a cost-profit optimization that focuses on a strategy of value maximization. This optimization takes into account a number of constraints, such as campaign length, change-overs, capacity, inventory policies, while maximizing the contribution margin. This optimized solution can be validated or fine tuned by the user.

Being a SAP Partner, OM Partners integrated OMP Plus flawlessly with SAP ERP. Both master and transactional data are imported into OMP Plus and Process and Planned orders are exported. The validated solution can be used in a S&OP cycle and integrated with SAP ERP.

More than just another software solution

The consideration of contribution margin and value before volume enables the production planners, in case of shortage of raw materials, to concentrate on the most profitable products first. This highly enhanced visibility throughout the value chains allows planners to identify capacity bottlenecks much faster and to make a plan based on the resources of the whole chain.
Critical to the success of this project was the focus on process redesign, instead of implementing just another software solution. The combination of this redesign with the different way of thinking changed the profile of a 'planner'. It requires now more abstract thinking and increases responsibilities, and it profiles the planner as a true Supply Chain manager.

Fast return on investment and immediate savings

With OMP Plus the time to get back the invested money is round about six months. This was reached by reduced setup and holding costs and more profitable utilization of materials and resources in cases of shortages.

This case and many other Chemicals success stories prove that OMP Plus is the best fit for Chemicals Industry.

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