

IHS Intermat for SAP®

Clean Structured Data – The Key to Unlocking
the Value of SAP Business Applicators



The Source
for Critical Information and Insight™



The Problem – “Dirty” Data

Without clean, standardized and enriched data, companies cannot realize the full value of their SAP business applications. This is especially true for industrial, process and manufacturing organizations implementing SAP solutions for Enterprise Asset Management (EAM) or Master Data Management (MDM). These organizations often have multiple plants and hundreds of thousands of items for maintenance, repair and operations, or “MRO.” They are considered “asset intensive” because of their considerable inventory and expense on non-production parts and supplies which keep companies running, such as valves, seals, bearings, motors, instrumentation, and lubricants.

However, MRO data is often “dirty” -- with unidentifiable, duplicate and non-comparable item descriptions. This dirty MRO data renders EAM & MDM systems ineffective, because users cannot effectively identify an item or replacement. In other words, if you can’t find it, you can’t use it or buy it. And when items are described differently, inadequately, or incorrectly, it has significant negative impact on the organization. If you can’t find items because of poor descriptions, then duplicate items are created, and users buy parts outside of the system. As a result, inventory values rise, inventory turn rates decrease, expedited part orders increase, and equipment downtime increases. All of these have a direct bottom-line effect in industries that often already have very tight profit margins.

The Solution – A Proven Process for Item Master Optimization

Enter IHS Intermat. IHS Intermat pioneered the standardization of industrial MRO parts information over 30 years ago, and has a proven process to develop and maintain a clean structured item master. IHS Intermat focuses on data cleansing of technical parts and materials content that is typically housed within the SAP Materials Management (MM) module. This supports the EAM capability of the SAP Service and Asset Management Suite, as well as MDM. Since clean structured data is required to fully unlock the potential of these SAP business applications, the majority of companies must perform some level of data cleansing/rationalization prior to go-live. Generally this isn’t an option, but a mandate to insure that implementations are successful.

IHS Intermat solutions are built around the Standard Modifier Dictionary (SMD)TM. The SMD is the de facto worldwide standard for describing MRO items - - utilized in more than 2,500 industrial plants and facilities for over 350 organizations in 34 countries, including over 100 implementations with SAP customers. These customers use the SMD (also known as a dictionary, taxonomy, nomenclature or schema) as the standard to classify and sub-classify assets (materials, equipment, and spare parts) by common descriptive attributes.



The following example shows MRO material description before and after cleansing, standardization and enrichment.

The Standard Modifier Dictionary (SMD) is comprised of approximately 2,500 Formats/Templates (example below) that cover virtually all industrial MRO items and materials. The SMD includes Nouns (Classes), Modifiers (Sub-Classes) and Characteristics that map perfectly to SAP tables/fields, and can be easily tailored to fit specific customer needs. In addition, the SMD includes guidelines, definitions, sample values, and rules to identify functional equivalents/duplicates.

Sample SMD template for "Gate Valve".

SMD Format: VALVE, GATE		
Noun: VALVE Modifier: GATE		
Definition: A valve with a flat or tapered gate that moves linearly over a seat to control flow.		
Modifier Guidelines: If description contains the words gate, knife, slide or wedge, classify as the modifier GATE.		
CHARACTERISTIC	CHARACTERISTIC GUIDELINES	SAMPLE VALUES
SIZE	Enter the nominal pipe size to be connected. If inlet and outlet are different sizes, enter smallest X largest.	1-1/2" 14" 6"
TYPE	Enter the term denoting the configuration of the gate.	DOUBLE DISC FLEXIBLE WEDGE KNIFE SOLID WEDGE
DESIGN RATING	Enter the maximum pressure or flow rating of the valve body. Enter PSI/PSIG and pounds as LB. Enter class 150 as 150 LB.	125 LB STEAM 1500 LB 200 LB WOG 21 BAR 33 GPM
PORT	Enter the type of port. Enter regular port as reduced.	FULL REDUCED
TEMPERATURE RATING	Enter the designated pressure rating at a predetermined temperature or its temperature operating range. Enter Fahrenheit first followed by the Centigrade temperature range(s).	100 LB @ 100 DEG F 115 LB @ 105 DEG F 1500 LB STEAM @ 975 DEG F 1500 LB WOG @ 500 DEG F 300-750 DEG F
CONNECTION	Enter the in-line service connection. Enter screwed) as THD, sweat as SOLDER JOINT.	BW FLANGED FPT MECHANICAL JOINT SOLDER JOINT SW THD

MRO Chemical Management: Easily identify and eliminate costly, unsafe, and redundant chemicals. IHS Dolphin Safe Source and Green Product Selector analyzes your MRO inventory based on product spend, human and environmental hazards, and proliferation. The result – reduced product count, reduced toxicity, and reduced MRO chemical spend.

MRO Supply Chain Assessment: Intermat OptiX™ analyzes the strategies, practices and analytics for the work streams associated with each asset lifecycle phase, delivering a comprehensive assessment and recommendations for complete MRO supply chain management.

Catalog Management Software: Maintain consistency and currency with Struxure® catalog management software. With Struxure, standardized MRO descriptions (item and classification data) can be passed seamlessly

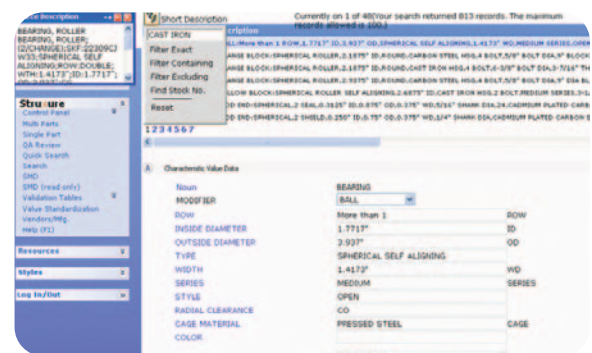
to SAP applications. Both Struxure and SMD have integrations certified for SAP Netweaver®.

Options to Fit your Needs and Budget

IHS Intermat suite offers data and inventory optimization services, outsourcing services, and software to create and maintain a standardized MRO catalog..

Description Standardization Services: IHS Intermat performs a broad range of services, from identifying potential duplicate inventory to standardizing and enhancing MRO information. We employ a proven process that eliminates cost and confusion, whether your inventory consists of 10,000 or 1,000,000 items.

Inventory Optimization: "Right size" your MRO inventory with analytics and performance management at the item level, with real-time feedback and control. The IHS MRO Inventory Optimizer *powered by xIO™* is the only industry and commercially proven, web-based solution expressly designed for MRO inventories and integrated with SAP. Dynamically monitor and adjust Order Points, Order Quantities, and Lead Times with scientific support and prioritized analysis.



Catalog Outsourcing: Let the experts manage your MRO catalog. IHS Intermat has a flexible and customizable catalog maintenance outsourcing model, to allow you to build and maintain a material master catalog with complete and consistent item descriptions – with little or no drain on your important resources.

Immediate, Tangible Benefits

The cost benefits of clean MRO data in your SAP business application are significant. With clean, structured MRO item descriptions, you can:

- Identify duplicates and obsolete items
- Reduce inventory and procurement costs
- Reduce plant/equipment downtime
- Enable strategic procurement efforts

Proven methods deliver proven results. IHS Intermat has unparalleled experience as your MRO data optimization partner, including:

- Experience with industrial MRO data – IHS Intermat has processed over 50 million MRO item/material records in the past three decades, with hundreds of reference customers. We only employ project professionals and materials analysts with deep subject-matter expertise in industrial MRO.
- Proven business model/approach – Many companies tout data cleansing tools or classification software, but

there is no “quick fix” for dirty data. Only IHS Intermat utilizes a proven, service-based model that leverages software tools to improve product delivery and increase operational effectiveness.

- Depth and breadth of catalog management tools – Only IHS Intermat has the SMD . . . the de facto standard for describing industrial MRO items, used daily in thousands of plants worldwide. We also utilize MRO-specific auto-classification software, reference databases, and advanced catalog management tools to support our service-based model.
- Experience with SAP integration – IHS Intermat has been increasing the value of SAP business applications for over a decade by ensuring clean structured data. We have over 100 successful SAP implementations worldwide.
- Proven delivery of tangible and sustainable cost benefits – Only IHS Intermat delivers proven payback periods and solid, recurring ROI. The following illustrates our historical averages:

Key Performance Indicator (KPI)	Potential	Typical	Year 1 Realized Cost Benefits	
			Low Range	High Range
Inventory Reduction	5-20%	8%	\$1,778,700	\$2,695,000
Strategic Procurement Savings	2-7%	4%	\$660,660	\$1,001,750
False Stock Outs Reduction	1-3%	2%	\$363,300	\$550,550
Carrying Cost Reduction	10-17%	12%	\$302,148	\$457,800
TOTAL			\$3,104,808	\$4,705,100
Payback Period/Project			3.8 months	2.9 months
Rate of Return: Year 1			214%	309%

About IHS

IHS (NYSE:IHS) is a leading global source of critical information and insight, dedicated to providing the most complete and trusted data and expertise. IHS product and service solutions span four areas of information that encompass the most important concerns facing global business today: Energy, Product Lifecycle, Security and Environment. It serves customers ranging from governments and multinational companies to smaller companies and technical professionals in more than 180 countries. IHS is celebrating its 50th anniversary in 2009 and employs approximately 3,800 people in 20 countries. Interimat is an IHS solution focused specifically on helping Global 2000 organizations optimize and manage their industrial MRO parts information. IHS Interimat cleanses, standardizes and enriches unstructured MRO/Indirect parts data using industry-proven templates and tools.

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