

# Global Enterprise

Asian electronic components distributor FE Global implemented SAP on the IBM iSeries platform with the DB2/400 database engine to enjoy enterprise-class operations.



By Joy Tang

**Incorporated in 1990**, FE Global distributes electronic components, and also deals with design and development as well as value-added services. The company has more than 750 staff worldwide in more than 45 regional offices across 10 countries, and works with 80 major suppliers and 1,000 active customers.

The company had two IBM AIX-based pSeries servers, and had been running an ERP application for some years when the management decided

it needed to move forward with another ERP solution, one that would be able to grow with the business.

Tay Hung Chuan, Senior IT Manager, FE Global, recalled that the decision to move on was made around May 2004. The pSeries servers did not have enough capacity to allow for additional software, necessitating a new hardware solution, he said, while the IBM iSeries, the follow-on to the IBM AS/400s, had just been launched.

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—Tay Hung Chuan

## Investing in iSeries

With the help of IBM partner S&I, FE Global invested in two IBM i520 entry-level servers, sized to cater for its needs for a period of two years. It chose SAP for its ERP solution, and DB2/400 for database work.

"S&I has actually been involved from the very beginning. They were involved in the sizing of the hardware, the installation and they also gave us the necessary advice in setting up the architecture with the high availability (HA) feature," said Tay.

"We implemented HA to ensure business continuity. We recognize that ERP is a critical business solution, and HA is the first thing you want to put in place. If the production server goes down, everything is taken over by the backup server," said Tay.

FE Global also leveraged on dynamic logical partitioning (LPAR), IBM's hardware virtualization technology. A partition has been created for a development environment, and that can be easily reallocated, said Tay. "If there is a disaster, we can re-channel all resources to the backup server and forget about development," he

said. "Basically, the organization can focus on the business rather than be distracted and worried about system reliability. My former organization had been using the IBM AS/400 for over eight years. The comfort level I had in terms of reliability and stability, ease of maintenance and support contributed to my decision to go with the iSeries," explained Tay.

"The iSeries also comes with the DB2/400 database. I don't have to worry about support and maintenance. It does quite a fair bit of self-tuning."

Tay also noted that FE Global does not have the luxury of a huge IT department. "I only have two persons who are also managing over 10 servers in the data center, plus all the networking equipment. Without the luxury of more IT resources [I had to] put in place something which didn't need a dedicated person," he said.

The decision to go with SAP was equally straightforward, Tay said. FE Global now has 60-80 active users on the SAP system, with no capacity issues.

"SAP is a proven solution. You can find resources in the market to help you with implementation and ongoing support. SAP runs on the iSeries as well," he said. "The key consideration for the ERP solution was that it needed to be able to support multiple languages. We made sure the software is able to support traditional and simplified Chinese, because we have operations in mainland China and Taiwan."

### Leasing magic

Tay also noted that IBM had provided very attractive pricing. FE Global took advantage of leasing with the IBM Leasing Unit, Tay explained. "The complete project is leased with IBM, not just hardware and software, but also the implementation services. That made it easier for the project to

move ahead.

"Our key consideration for going into leasing was to better manage the cashflow. We don't have to worry about a large initial outlay." While leasing means that the company does not own the project, Tay pointed out that leasing has many advantages for SMBs. "In a practical sense you're utilizing the equipment, and the company benefits from using the solution. What's more important is to look at the immediate benefits compared to ownership of the equipment," he said.

### Key considerations

- **Reliability of the servers/systems**
- **On-going support and maintenance**
- **Basic server capacity and scalability as there is always a need for expansion**
- **Total cost of ownership (TCO)**
- **The IT partner that you are working with must have good knowledge, abilities and experience to help you throughout the whole installation/adoption process: from initial feasibility study, identifying needs, sizing, implementation, fine-tuning to support.**

### A happy customer

The systems were installed in late 2004, and went live in mid-2005, Tay said. Phase one involved FE Global's organizations in South Asia, while the next phase expanded to companies in North Asia. More sites were added in January 2006.

"To date, I can't think of any reason why I should not be satisfied with the iSeries. It is affordable, and caters to business needs to meet scalability and growth of the business. The system practically runs 24x7 with very minimal disruption to business operations," said Tay.

"This time the ERP is not going to be there just for two or three years.

And the hardware will scale up as well."

Tay said there is no question about the reliability of the hardware. "We have lowered our total cost of ownership (TCO). We can run without having a database administrator in-house."

"DB2/400 is organized and a very well-behaved database. There is no need to worry about tuning the database, or worry that the database will crash," he said. At the same time, the SAP architecture allows for easy implementation across remote sites, Tay added.

### Moving on

About one and a half years on, the system has performed well for FE Global's needs.

"We now want to look at additional storage capacity," Tay said. "We have one more SAP environment to set up to simulate our production environment, for support, troubleshooting, and quality assurance."

Additionally, FE Global is continuing phase three of its ERP roll-out, this time in Hong Kong. A new group of companies will be using the SAP-iSeries combination. "It will be a major change, as they're migrating from Wintel Accpac," Tay noted.

FE Global is still running the older ERP system on the pSeries machines, Tay added. "We have enquiries on historical information which we need to extract from the old system," he explained.

The key to success with ERP is change management," concluded Tay. "You need commitment of the staff, and commitment from management. Our organization believes in standardization. That has helped us to consolidate information, as headquarters is able to manage our information across the organization more effectively." ■