



REC SILICON

MEETING THE DEMANDS OF A RAPIDLY GROWING MARKET

QUICK FACTS

Industry

Chemicals

Revenue

US\$423.9 million

Employees

700

Headquarters

Moses Lake, Washington

Web Site

www.recgroup.com

SAP® Solutions and Services

System consolidation with the SAP® ERP application and SAP Best Practices for Chemicals package

Implementation Partner

SAP Consulting

Key Challenges

- Support company's vision for growth
- Provide accurate and timely financial data across the enterprise
- Establish a single system of record
- Ensure responsiveness to an evolving renewable energy market
- Provide 1 version of the truth for better decision making
- Reduce process complexity

Implementation Best Practices

- Strong executive-level support
- Use of SAP Best Practices templates during blueprinting process
- Dedicated project team with "get it done" attitude
- Effective organizational change management
- Training and team-building programs

Financial and Strategic Benefits

- Implemented an extensible platform to support continued growth
- Improved business insight with trusted data
- Established a model for additional system consolidations
- Improved productivity with ability to focus financial personnel on more strategic activities
- Enhanced regulatory compliance and auditability

Why SAP Was Selected

- A fully integrated solution
- Business value of the SAP® Best Practices for Chemicals package
- Flexibility and extensibility needed to support future growth
- In-depth understanding of the chemical industry
- Extensive presence in REC Silicon Inc.'s value chain

Low Total Cost of Ownership

- 7-month cycle for initial implementation of financial and controlling functionality
- Implementation on time and within budget
- No customization
- Elimination of maintenance on retired legacy systems
- Transition to a shared-services model

Operational Benefits

- Established a single financial system instance across multiple locations
- Consolidated 13 systems to date
- Reduced cost variances in raw material procurements by 10% to 20%
- Reduced weekly check-processing time from many hours to a few minutes
- Reduced time to close books by up to 75%
- Enabled faster correction of capital and expense classification errors
- Gained ability for locations to provide functional backups with similar skill sets

REC Silicon Inc. is one of the largest dedicated producer of polysilicon and silane gas for the solar energy industry. To enable further growth and expansion into other emerging markets, REC Silicon needed to consolidate its complex system landscape. With help from the SAP® ERP application and the SAP Best Practices for Chemicals package, the company has retired multiple legacy systems while establishing a platform for a single system of record.



“The fact that SAP understands the chemical industry was a huge differentiator. We leveraged SAP Best Practices for Chemicals as the template to drive us forward and accelerate our implementation.”

Blake Barthelmess, Chief Information Officer, REC Silicon Inc.

Formula for Success

“There was an enormous imbalance in the silicon market,” explains Blake Barthelmess, chief information officer for REC Silicon Inc. “There has been a large demand and almost no supply.” That’s good news for a company that produces the high-quality polysilicon and silane gas critical to such rapidly evolving technologies as solar energy, electronics, and smart-grid electricity.

With current manufacturing capacity in Moses Lake, Washington, and Butte, Montana, REC Silicon sees tremendous growth opportunities for the future. In fact, executives predict that by 2020, it could take as many as 30 plants for the company to meet the global need for silicon. Any specific expansion plans at REC Silicon, however, were once hampered by a diverse and inefficient landscape of legacy systems. “Driven by our projected growth trajectory,” recalls Barthelmess, “we decided that we needed a fully integrated enterprise resource planning system.”

SAP® Best Practices for Chemicals Leads the Way

To optimize existing operations – and to establish an extensible business process platform – REC Silicon selected the SAP® ERP application. REC Silicon also recognized SAP’s deep understanding of the chemical industry and chose to use the SAP Best Practices for Chemicals pack-

age to facilitate the implementation. Taking a “why reinvent the wheel” approach, the company employed the industry-specific templates extensively during blueprinting and relied on the documented preconfiguration settings to achieve business benefits quickly. As a result of the project team’s dedicated, get-it-done efforts, REC Silicon completed a seven-month implementation.

Immediate Benefits

REC Silicon started the consolidation process by rolling out a single financial system across its facilities – boosting both efficiency and staff productivity almost immediately. For example, Barthelmess notes, “In the past it could take our accounts payable clerks hours and hours each week to process the thousands of checks required for our on-site building contractors. Now, it literally takes about 10 minutes for the whole cycle.” Moreover, REC Silicon slashed the time required to close the monthly books by 75%. With greater data accuracy, the task is now typically accomplished in three or four days.

Other benefits gained were perhaps less anticipated but equally significant. Barthelmess cites this example: “Better data visibility has allowed us to catch potential mistakes in our sand procurements, the principal raw material for our products. And that expense alone can run between US\$10 and \$20 million a year.”

Today, with a system of record providing one version of the truth, REC Silicon has

also ended internal debates about data validity. This has made it easier to resolve accounting discrepancies and has enhanced the company’s auditability for regulatory standards such as the International Financial Reporting Standards and the European Union’s Registration, Evaluation, Authorization, and Restriction of Chemical substances (REACH).

An Even Brighter Future

REC Silicon has already consolidated 13 financial and product portfolio management systems, and the company anticipates similar results in operations such as materials management, sales and distribution, and human resources. In total, executives expect to eliminate over 40 systems – essentially half of their former inventory.

Importantly, REC Silicon also has a single business process platform that it can extend to future manufacturing facilities as the company responds to the world’s mounting demand for silicon products. As Barthelmess sees it, “We simply couldn’t imagine carrying our previous collection of systems and processes forward to a next plant. We knew that just wouldn’t work.”

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