Client Success Story

Packaging Solutions Company Avoids SAP Upgrade and Invests in Network Infrastructure

Jones Packaging Inc.

Client Profile: Jones, whose roots trace back over 135 years, provides printing and packaging solutions throughout North America and Europe largely targeted to pharmaceutical companies and pharmacists.

Industry: Manufacturing

Geography: Headquartered in Ontario, Canada

Products Supported: SAP R/3 4.6c, Microsoft® SQL Server 2000

"I was concerned about having to invest meaningful time and money to upgrade our SAP platform, since there was no real benefit for our business operations, or measurable return on investment. We had a stable system, including SQL Server 2000, that was already doing what we needed it to do — and we had no reason to change it."

Rick Jankura
Chief Financial Officer
Jones

Jones provides a variety of packaging solutions, focusing on pharmaceutical and healthcare markets, but also servicing customer packaging needs in the confectionery, food, beverage and personal care markets.

The Jones Challenge

Jones manages a very diversified business with multiple product lines offered by its three operating divisions. To help Jones deliver a wide variety of solutions to its customers, the company runs a customized version of SAP R/3-4.6C. Even though the software meets business needs, the company began to explore upgrading simply due to concerns over technological obsolescence for the 32-bit environment.

"As we explored the next phase of technology infrastructure investment for our business, we learned both the supported hardware and software that were needed to operate 4.6C were starting to become scarce in the industry," says Rick Jankura, chief financial officer for Jones. "It turned out the bigger risk for us wasn't about the stability of our existing SAP software, but rather about us continuing to rely on a 32-bit environment that may not be compatible with current technologies."

If the company were to upgrade its hardware and software, it would also require an upgrade of its SAP software to a 64-bit version – and this would require a significant capital investment. In addition, Jankura reports an SAP upgrade project would require extensive effort from the company's technology services team, putting any new business-focused IT initiatives on hold for at least a year. Jones had already spent nearly a year testing its customizations and SAP ECC 6.0 software in a sandbox development environment. Plus, Jones had to ensure related add-on manufacturing software would function appropriately in an upgraded SAP environment.

Jankura explains: "Our upgrade was really just a defensive measure to combat the threat of obsolescence of 32-bit hardware and operating systems."

Jankura expected the upgrade to cost over $250,000. "What's more," Jankura says, "there's risk associated with going through an enterprise system upgrade. The process inevitably causes disruption to day-to-day business activities and that's a cost I couldn't clearly quantify."

Benefits

– **Avoided unnecessary SAP upgrade:** Jones was able to remain on its stable SAP R/3 implementation, eliminating business risk while achieving significant operational cost savings.

– **Gained ability to reinvest savings:** Jones has redeployed its support savings into strategic hiring to fill knowledge gaps, update network infrastructure, add process automation and deploy new applications.

– **Achieved strategic flexibility:** Jones can continue to run its effective SAP R/3 system for years to come, yet also upgrade to SAP ECC 6.0 if the business requires it in the future.

– **Received tailored tax, legal and regulatory updates:** Jones now receives tax, legal and regulatory patches for its Canadian operations, complimentary and customized to Jones' specific needs.

"The Rimini Street team helped show us a path to freeing up capital so we could enhance our existing platform's functionality and performance instead of executing costly and large-scale upgrades. When I delivered the recommendation to our senior leadership team, and, more importantly, to the owners of the company, they were very appreciative of the savings we were able to produce from this move."

Rick Jankura
Chief Financial Officer
Jones

For More Information

To learn more about Jones or to read other client success stories, visit www.riministreet.com/clients.

The Rimini Street Solution

Jankura spoke to a Rimini Street expert who presented an alternative option to the unnecessary upgrade. The advice: move the 32-bit system into a virtualized environment that could be managed more easily for years to come.

On one hand, upgrading the system would involve time, resources and the risk of a potentially devastating business outage, while still adding no new business functionality or immediate productivity gains.

On the other hand, Rimini Street could support Jones' existing environment, including all customizations and support for its MS SQL Server 2000, plus Jones could get its tax, legal and regulatory updates from Rimini Street at no additional charge. Because Rimini Street guarantees 15 years of support for Jones' current SAP version, there is also no pressure to upgrade to ECC 6.0.

Still, Jankura wanted his company's external technology consultants to vet the viability of the 32-bit virtualization solution. "That was probably the first 'ah-ha' moment — our external experts engaged with Rimini Street to prove we could move to this virtual environment, and we found this was really possible."

"We also spoke with Rimini Street customers who had been working with the organization for three or four years and already lived through the same challenges we were facing. Every customer mentioned how moving to third-party support proved to be a very good decision for the organization, and that sealed the deal for me."

Client Results

By moving to Rimini Street, Jones immediately saved significantly in annual support-related fees, not to mention in other areas as well. "When I ran a five-year business case, our overall savings approached $700,000, taking into account the time and additional costs outside of annual support fees associated with the upgrade," adds Jankura.

The new funds allowed Jankura to hire staff to fill skills shortages, which included hiring a Director of Corporate Technology Services tasked with creating an updated technology roadmap and implementing more new applications. "This is allowing us to shift the focus of our technology team to working with operations teams and determining how we can leverage technology to drive business value."

"We're looking at an e-commerce initiative for one of our divisions and mobility for another," Jankura says. "A lot of our efforts will be focused on business process and automation improvements, extending our capabilities to the front lines so we don't have to touch transactions manually and so frequently. We've also made some updates to our network infrastructure, and have been evaluating new data management tools for potential implementation."

Jankura says that Jones is now getting much more responsive and tailored support services. "When you submit a ticket to SAP," Jankura explains, "the customer has the burden of proving a customization is not at fault. Rimini Street takes on the whole problem and works diligently to find a solution, regardless of custom code – and that has been refreshing."

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