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Evolution is an organisation committed to ensuring that manufacturing companies can respond effectively to changes in the market place. Being focused solely on textile sector, we understand the current issues within the industry and in particular are able to assist companies to shape and transform their business. **Evolution** are able to provide a wide range of services from strategic to operational. We are unique in being able to offer a high degree of information technology expertise combined with more broadly based business transformation skills - a combination that makes us the only 'one-stop-shop' for all your business services requirements.

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Rheem Manufacturing keeps America in Hot Water ...

When you shower in the morning, you give no thought to how the hot water got to the faucet. You forget that the water heater is lurking in the basement, giving you hot water for clean clothes, clean dishes, and a hot shower. You take receiving plenty of hot water for granted, and Rheem Manufacturing takes delivering that hot water very seriously.

Turning on a faucet and getting hot water is a 20th century phenomena, and Rheem was there almost from the beginning. In the 1930's, Rheem began manufacturing water heaters, and in 1947 began producing warm air furnaces. With the building boom after World War II, heating and air conditioning of commercial buildings - as well as most homes - became a necessity of life.

Rheem is now the leading North American producers of water heaters, central warm air furnaces, air conditioners and swimming pool heaters, plus commercial boilers. The company's products are used for residential and commercial applications and operate on a variety of fuels — gas and electric are the most popular. Their customers are both individual dealers in water heaters, plumbers, and many of the large retail home improvement chains across the country. When any American has to look for a new water heater, one of the top choices is a Rheem.

Today, Rheem is a wholly owned subsidiary of Paloma Industries, the world's largest manufacturer of gas appliances. With corporate headquarters in New York, Rheem has manufacturing facilities in Montgomery, Alabama, Fort Smith, Arkansas, Milledgeville, Georgia, and Westlake Village, California.

Rheem has two Canadian locations in Hamilton, Ontario and Mississauga, Ontario, and one Australian location in Mulgrave, Victoria. There is also a manufacturing facility located in Nuevo Laredo, Mexico. The locations are all connected into the main evolution system through a variety of methods, with the newest Mexican site connected by a permanent line connection back to the main location in Alabama. All the manufacturing facilities are ISO 9000 certified.

Rheem definitely sits in the high volume manufacturing category. Output of finished water heaters is around 1000 per month. Assembly is a mixture of to stock, and to order, with a range of different products being available for a diverse

customer base. The company uses an integrated Sales Configurator within the evolution application, to help sales staff place orders in the system.



Getting to be the leading hot water heater and furnace manufacturer required a great deal of help from hundreds of suppliers, providing everything from steel, copper tubing and insulation material to software that helps run the business. It is this last category -software-that **evolution** has had a profound effect on Rheem.

When Rheem began looking for an ERP system, the software search was part of an overall initiative to reengineer the entire process of Manufacturing. The software, which was in place at the time, as well as the antiquated hardware, would not support the increased demands in production.

According to Ed Nowicki, Information Systems Manager, "Because of the rapid growth of our industry, we had to significantly increase production of our various products. With increasing demands on productivity — essentially getting the right products out the door to the right customers, on time — we had to have an effective software system. The ERP system from **evolution** gives us the functionality we need to run our operation, encompassing multiple sites, hundreds of users, and a complex distribution network.

Since the implementation of the **evolution** System at Rheem, the effects have been profound. Production increased 28% in a two year period following implementation of the MRP, inventory control and purchasing modules. Inventory was reduced by 10% during this same period. Since implementing the full system Rheem has increased production by 50%.

"An added strength of evolution," Mr. Nowicki continued, "is the ability to control rapid increases in production. Recently, we made significant changes to our distribution system, expanding production to meet the needs of large wholesale and retail accounts. Our key to success in satisfying our customer's needs has been a combination of accurate forecasting responsiveness. evolution has given us those and ability.

"When we looked for a new system, we initially evaluated six of the most popular ERP vendors, selecting evolution for a variety of reasons. Rheem required several of the features available in the enterprise software that either were not available in other systems, or simply did not have as much functionality. We needed a Configurator, Flow — Line Assembly Scheduling and Engineering Change Control, as well as the traditional interfaces to MRP, Bills of Material, inventory and accounting systems," explained Mr. Nowicki.

According to Mr. Nowicki, the original objectives for the new ERP system were:

- Improve Bill of Material accuracy
- Improve material procurement and availability
- Improve plant efficiency
- Improve availability & accuracy of data
- Minimise user dependence on MIS
- Provide the ability to manage all manufacturing either centrally or de-centrally
- Challenge & simplify past operating procedures
- Develop a flexible, managed database system
- Move to an almost paperless system

Nowicki went on, "Additional benefits that we received from **evolution** include:

- improved customer service
- reduced inventory shortages
- reduced material substitutions
- everyone is using common data & supporting the same plan,"

To implement the system, Rheem established a full time project team, consisting of a project leader and key employees from the areas being implemented. Initially, the team consisted of a project leader, an industrial engineer, an R&D engineer, a material control specialist and a representative from manufacturing responsible for the Configurator, Bills of Material, Flow line assembly scheduling and MRP areas. As the other areas were implemented, team members changed accordingly, including on-site **evolution** staff expert in particular areas being implemented at any given time. The complete system implementation, the backbone of Rheem's entire operation, spanned 18 months.

"A major milestone occurred when we started using the system-supplied inventory and planning tools," said Mr. Nowicki. " We also realised and felt comfortable that the new system was working

properly when people in material control and on the production floor started finding problems with the data and asking questions about the system. At that point, we knew they were using it on a daily basis to do their jobs!"

" We have posted a number of achievements that actually exceed our expectations," Mr. Nowicki added. "There are now over 700 users on the wide area network. The daily average of users has been 250 since the beginning of spring, 2000". Never shy about upgrading hardware or software, Rheem is currently using a Hewlett Packard HP9000-K580 with 4 GB of memory.



"How do I feel about all choosing **evolution**?" asked Mr. Nowicki. "From my point of view, Rheem did great. The major benefit of using the **evolution** system has been a dramatic increase in production capacity over two years with no additional people or equipment. We also improved customer service, reduced inventory shortages, reduced material substitutions, and we've given everyone common data, supporting the same plan. We're now in the process of using WorkSmart desktop to simplify and reduce the number of system transactions - and we're also looking at implementing the latest version of the standard software, sometime in 2000. That new release will provide more advanced features that will help us move ahead in adding additional locations, providing more needed information, and further streamlining our processes. It also will position us to take advantage of business-to-business transactions over the Internet. The WorkSmart desktop with its GUI, documentation, and web capabilities reduces our training costs, increases productivity, provides much easier access to information, and allows us to make small modifications to meet our requirements without touching the existing system."

... with evolution's "Proven Value" software.