

SAP Customer Success Story

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Garry Lowenthal, CFO, Viper Motorcycle Company



AT A GLANCE

Company Name

Viper Motorcycle Company
United States
www.vipermotorcycle.com

Industry

Manufacturing

Key Challenges

- Gain visibility into key business processes
- Develop systems and procedures to comply with Sarbanes-Oxley requirements
- Build economical but scalable IT system

Implementation Partner

Business-First, LLC

Solution and Services

- SAP® Business One
- Fourth Shift Manufacturing

Existing Environment

- QuickBooks Premier Manufacturing & Wholesale Edition
- Microsoft Excel, PowerPoint, and Word

Implementation Highlights

- Implementation in fewer than 60 days
- Minimal in-house resources

Key Benefits

- Detailed business information, quickly and easily available
- Powerful, easy-to-generate business reports
- Positioned for substantial growth
- Compliance with Sarbanes-Oxley requirements

Hardware

Dell server

Operating System

Microsoft Windows 2003



VIPER MOTORCYCLE COMPANY

SAP® BUSINESS ONE HELPS MANUFACTURING START-UP PREPARE FOR A BIG FUTURE

When you think of a motorcycle, you might picture a summer day, an open road, and a rush of power and speed. Many people have this same image in mind, so it shouldn't be surprising to learn that the world market for luxury cycles is growing at about 70% per year.

But if you're the management of a new luxury-cycle start-up like Viper Motorcycle, you might also think about how you're going to put a business IT architecture together – quickly – that can support that growing demand. That's what Minneapolis-based Viper was facing in the fall of 2003, according to Viper CFO Garry Lowenthal.

“At the time, the company was using a standard, off-the-shelf accounting package,” he says. “But what Viper really needed was a solution that would tie together the company’s accounting with manufacturing, order processing, and other business functions, while complying with Sarbanes-Oxley requirements.”

Viper wanted business software that would support fast growth because the company – just starting production in late 2003 – had plans to grow quickly.

PLANNING FOR EXPANSION

In fact, Viper is planning to ship more than 350 bikes in 2005, at prices typically between US\$20,000 and US\$30,000. But to Lowenthal and Viper's other executives, that's only part of the Viper vision. The company is going forward with its IPO. The company is also preparing to sell motorcycle "after-market" parts and subassemblies – for other motorcycle brands, as well as Viper's models – over the Internet.

"We needed a business software system that would help us ramp up for production and make better planning decisions," says Lowenthal. "But we also needed a system that would handle a

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more complex business model. For instance, we'd need precise information on our cost structures if we were going to sell sub-assemblies that might be manufactured, or partly manufactured, by our suppliers."

In November 2003, Minneapolis-based solution provider Business-First helped install the SAP® Business One solution at Viper. Currently in place are SAP Business One solutions for financials, sales, purchasing, and production. The installation took fewer than 60 days.

POWERFUL REPORTING TOOLS

CFO Lowenthal says, "SAP Business One was simple to set up – it walks you through laying out accounts and defining reports – so it started helping us plan for production right away.

"But it also has fine-grain reporting capabilities that will help us as the business grows. As we take on assembling and selling components through the Web, SAP Business One will give us detailed looks at our cost structures. For instance, it will let us separate actual costs – for a part we might buy, for instance – from other costs, such as overnight shipping."

Lowenthal also benefits from the ease that SAP Business One offers in designing new reports, thanks to the software's predefined standard reports and a query wizard that helps to create ad hoc reports.

"It's easy to generate 'what if?' queries, and these can help us tremendously," he says. "For instance, I might want to know what our insurance exposure is at any given moment, and this can get tricky, since our current inventory might include some parts that are off-site – being made into subassemblies – as well as the parts and materials that we have in-house. We may be small, but we have a fairly complex supply chain, so it's beneficial that SAP Business One helps us maintain full visibility at all times."

Viper is also utilizing radio frequency identification (RFID) technology by deploying a closed-loop materials tracking system in its production facility. Data collected from the tags will assist in auditing the company's financial metrics – real-time productivity (which affects gross margins) and inventory (which affects the company's balance sheet). CFO Lowenthal plans to use the reporting data to help validate, monitor, and audit Viper's business processes and internal controls to comply with Sarbanes-Oxley Section 404, which requires companies and auditors to attest to the effectiveness of their financial reporting.

KEEPING AN EYE ON COSTS

Viper also makes use of the automatic alert capabilities that SAP Business One offers. One example: any time a purchase order goes over a certain cost threshold, Viper gets an alert. As a result, the company can make sure it doesn't pay too much for a part. "This way, our accounts payable department has the flexibility to hire some part-time staff, and the staffers don't have to become experts on every part and assembly we're going to sell," says Lowenthal.

Lowenthal also uses the SAP Business One Drag&Relate™ feature. "Drag&Relate gives us a way to create an instant report – to explode a bill of materials, for instance – without having to go and write a whole new report generator," he says.

POISED FOR GROWTH

Lowenthal is now getting about 24 standard reports each month. Viper creates new reports, as needed, to track everything – the cost of parts, the "real cost" to build a bike, and shipping activities. Viper is growing fast, too. Lowenthal projects that shipments will triple in 2006 and that, by the end of 2005, the employee count will just about double. Also, Viper's current group of five SAP Business One users will soon triple.

"The SAP Business One system is helping us stay ahead of our competition, not just keep up with it," says Lowenthal. "For instance, we've already signed up most of the high-end dealers we want, and these dealers appreciate how easy it is for them to see into our processes in order to get information on the motor-cycles and parts."

Also, SAP Business One is helping Viper keep up the performance of its customer service. Viper customer service reps have online access to detailed order, invoice, and pricing information for

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But we think like a big one."**

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each customer. As a result, customer service reps can respond quickly – and personally – to service calls. Their data is always current because it is automatically updated in real time, rather than in daily or weekly cycles.

"I came from the world of large companies," says Lowenthal. "And there, we were used to working with SAP ERP solutions. At Viper, we're still a small business. But we think like a big one. And even though a full-size ERP system would have been overkill, we wanted to get as close as we could with our own IT infrastructure. I'm glad to say that SAP Business One is letting us do just that – and at a cost that is still within our budget."

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