SAP America

Win/Loss Analysis Survey Results

York International Corporation

Survey Type:	Win	**Category:**	Strategic
Survey Status:	Final	**Transfer Date:**	2/28/03
Survey Result:	Win		

Key Business Profile and Logistics

Company:	York International Corporation
Company ID:	318215
Project ID:	714055
Address:	631 S. Richland Avenue York, PA 17403
Telephone:	717-771-7890
Annual Revenue:	$3,848 million
Employees:	20,270
Fiscal Year End:	December
Corporate HQ:	York, PA
Website:	www.york.com
SIC Code:	3585
Sector:	
Industry:	

Survey Summary

York International is the largest independent supplier of heating, ventilation, air conditioning and refrigeration (HVAC&R) products in the United States and a leading competitor globally. York designs, manufactures, sells and services heating, ventilation and air conditioning systems for residential and commercial markets under the brand names York, Luxaire, Frick, Bristol, Fraser-Johnston, and Seveso. York markets its products in the Americas, Europe, the Middle East, and the Pacific Rim.

The company selected SAP's R/3 solution to meet its global business needs for standardized processes and systems. According to Chief Financial Officer Mr. Dave Myers, the company has "fragmented systems and businesses all over the world. Our desire was for one common set of processes, procedures and tools worldwide to streamline availability of data." The solution will replace up to 35 different ERP systems scattered across Europe, Asia and the U.S., with phase one deployed in Europe and Asia. SAP was selected due to the superiority of its functional capabilities which were clearly highlighted during a comprehensive two-day demo presented in Waldorf, Germany. Chief Information Officer Mr. Karsten Sorensen described the demo as "great," and stated "That's why we bought the solution. They showed us 99 percent of what we wanted to see and it had the functionality." In addition to the solution's functional capabilities, Mr. Myers stated its ability to provide resources worldwide was key.

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GOVERNMENT EXHIBIT P3155

inability to compete globally narrowed the long list of six or seven vendors to four: SAP, J.D. Edwards, PeopleSoft and Oracle. Further evaluation produced a short list of SAP and Oracle, with SAP the eventual winner. However, Mr. Myers noted that if it had not been for SAP rep Mr. Sam Julian, the York team would have "deselected" SAP and chosen Oracle. " It was probably on the strength of his presence and support that we chose the SAP solution over Oracle's. We chose SAP because we believe it was a better product, but based on our experience with some of the internal SAP folks (those we would get on the phone) during contract negotiations, we almost made another selection. They were difficult to work with and seemed to have a lack of understanding of us as a customer. We had to meet their timetables and requirements. They didn't seem to have any sense of urgency for our needs. Quite honestly, the team would have selected Oracle if it were not for Sam Julian."

Mr. Sorensen commented on another area that he believed reflected communication "disconnects" between SAP and York. While discussing implementation, he stated that BearingPoint will assist York with the implementation. "We did not select SAP for the implementation because there seemed to be some miscommunication regarding expectations and needs." He explained that SAP's quoted cost of $120 million was far higher than what York had estimated internally, at close to $50 million. When pressed for clarification, Mr. Sorensen stated that it was not that SAP was not willing to negotiate aggressively, but more that the York team felt "deflated," gave up and walked away from it. "We couldn't understand what lead to such a wide gap in the costs."

Mr. Sorensen also expressed some frustration with regards accessing the SAP website for needed downloads. The password continued to give them trouble even after calling in for some support. He hopes that this issue can be resolved.

Overall Mr. Myers and Mr. Sorensen are satisfied with their selection of the SAP solution, and are not allowing some "bumps in the road" to deter them from achieving the best solution for the company.

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Survey Results

Business Needs

The company's most significant problem was disparate legacy systems that did not support the business. The systems lacked integration capability and the functionality to successfully control the flow of data. Processes and procedures were all different, depending upon the system one was using.

Selected Vendor

The overwhelming reason for SAP's selection was its ability to provide resources worldwide. Secondary reasons included were functionality, needs matching, demo quality and product technology. The selection of SAP included 3,000 licenses for a value of $3.5 million.

Competition

The company initially looked at six or seven vendors, which included SAP, J.D. Edwards, PeopleSoft and Oracle. The final short list consisted of Oracle and SAP. Mr. Myers stated, "We eliminated some of the local vendors initially because they did not have the resources to compete globally."

Solution Features and Functionality

Both contacts stated that the most important feature of the SAP solution is the ability to integrate and its superior functionality.

monstration

The demo was very important in our decision," stated Mr. Myers. "SAP did a better job preparing the pilot used for the demo. That was the consensus among the user groups and had an impact on our decision. There were 11 scripted scenarios that we developed and SAP did the best job in addressing them."

Mr. Sorensen went even further in his praise. He felt that the company selected SAP on the strength of its demo and its well thought-out presentation.

SAP Sales Personnel Evaluation

Mr. Myers stated he was very satisfied with SAP representative Mr. Sam Julian in particular. He believed that Mr. Julian's "presence," responsiveness and knowledge were outstanding and saved the sale for SAP. Mr. Myers was not as satisfied with interactions with internal SAP individuals during contract negotiations. He also commented on the general perception of his staff that SAP was not as responsive as they could or should have been. A similar sentiment was expressed by Mr. Sorensen. He stated that he personally has been pleased and satisfied with the people he has dealt with, but added, "Some of my folks are not. They feel the response from SAP has been slow."

Partners

Consultants were used on a limited basis. BearingPoint and PA Consultants provided some direction early in the evaluation process. Mr. Myers stated, "We did the selection process internally with some information or guidance from them when needed." Additionally, BearingPoint has been selected to manage the implementation, primarily due to its existing relationship with the company and the cost of the implementation.

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Pricing

Pricing was described as "always important but was not the top priority," according to Mr. Myers. "We believe SAP was the better choice for us." Mr. Sorensen indicated the licensing discussions went very well, with the account manager pushing hard on putting the licensing agreement together, adding, "But we both did and that was to be expected. A big part of the discussion centered on the maintenance costs. We finally accepted 17 percent of the net price, not list."

Return On Investment/Total Cost of Ownership

A Return on Investment analysis was performed internally. SAP provided the best ROI.

Implementation

Mr. Sorensen stated, "BearingPoint will assist us with the implementation, which starts 4/1/02. We did not select SAP for the implementation, because there seemed to be some miscommunication with SAP regarding the implementation. In their initial proposal, their quoted cost was $120 million, whereas internally we estimated it closer to $50 million. There seemed to be a huge disconnect and miscommunication that they could not bring it more in line with what we wanted. We were disappointed and, at the end of the day, decided we couldn't trust them."

References

Air Products was provided as a reference. Mr. Myers stated it was helpful. In addition, he said that much of their reference contact was informal. York knew a lot of local companies that used SAP. Mr. Sorensen stated that they have talked about being a reference and it is in the contract. He added, "But of course only when we have a successful implementation."

ents and Trade Shows

Mr. Myers has not attended any industry or SAP-sponsored events. He could not comment on Mr. Sorensen's participation.

Final Decision and Interviewees' Roles

According to Mr. Myers, "We formed a team that may have consisted of as many as 50 individuals. The team developed scripts and demo requirements and was involved in the evaluation of the software packages. We narrowed it to the short list and then looked at value and costs. SAP was the choice and I presented the recommendation to the Steering Committee for approval. The decision process was seven or eight months, but that was due to our decision on whether we wanted to go forward with the project, not whether we wanted SAP. That was already decided on."

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Contact List

Contact:	Mr. Karsten Sorensen	**Type:**	DECM
Title:	Chief Information Officer	**Level:**	1
Address:	631 S. Richmond Avenue York, PA 17403	**Interviewed:**	Yes
Telephone:	717-771-6645	**Interview Date:**	2/25/03

Contact:	Mr. Dave Myers	**Type:**	DECM
Title:	Chief Financial Officer	**Level:**	1
Address:	631 S. Richmond Avenue York, PA 17403	**Interviewed:**	Yes
Telephone:	717-771-7436	**Interview Date:**	2/25/03

Contact:	Mr. Dave Heck	**Type:**	DECM
tle:	Controller	**Level:**	2
Address:	631 S. Richmond Avenue York, PA 17403	**Interviewed:**	No
Telephone:	717-771-6000		

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