KION Group lowers costs and improves scalability with applications on Microsoft Azure cloud

CUSTOMER
KION Group

LOCATION
Frankfurt am Main, Germany

INDUSTRY
Manufacturing

Challenge

- Reduce operating costs through improved efficiency and faster systems
- Increase the ability to scale quickly and offer customers advanced logistics solutions
- Migrate IT environments, including SAP, from disparate data centers to the public cloud

Solution

- IT modernization, IT outsourcing, modern workplace and application services and migration of environments, including SAP, to Microsoft Azure
- DXC Platform as a Service for SAP
- Operational resilience services and collaboration tools for remote workforce

Results

- Cut IT infrastructure costs by 25% and passed on savings to customers
- Reduced delivery time of fleet management systems from 8 weeks to 1 day
- Scaled infrastructure faster, with CPU core upgrade taking 12 hours instead of 6 to 12 weeks

KION Group lowers costs and improves scalability with applications on Microsoft Azure cloud

A global leader in warehouse automation, Germany-based KION Group has more than 6,000 warehousing systems installed in locations across more than 100 countries. Also, building on its core business as the world's second-largest forklift manufacturer, KION Group offers comprehensive supply chain and logistics solutions and services.

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>
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> Vice president of Global IT Infrastructure Services, KION Group

Move to cloud for more efficient operations

Successfully competing in the fast-paced world of logistics, warehousing and manufacturing requires highly efficient and scalable systems. KION Group wanted to integrate and modernize its IT infrastructure to reduce operating costs, increase competitiveness and quickly scale up services. The best path was through the public cloud.

At KION Group, individual parts of the company were operating in disparate data centers, which was hindering automation and IT modernization initiatives. To build a solid foundation for more efficient operations, the company decided to migrate its environments, including SAP, from its data centers to Microsoft Azure.

"Forklifts and warehouses have to be regularly maintained and serviced, and that is KION's basic business model," says Hansjörg Heinrich, vice president of global IT infrastructure services at KION Group.

"The move from the traditional data center world to the Microsoft Azure world, which is now larger and a bit more modern, was simply to gain the speed advantages that we need in our business today."

In making the move to cloud, KION relied on DXC Technology to lead the migration. DXC had a long history at KION Group, having provided IT support and services for more than 12 years, including the development of an advanced fleet management system.

Heinrich says preliminary planning was enormously important for the success of the company's digital transformation. Technology professionals from KION Group, DXC and Microsoft spent 6 months assessing the company's IT infrastructure and applications to determine the best approach for migration, compute power, storage and security.

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On time and on budget

Using a lift-and-shift approach, DXC successfully migrated application workloads, including SAP, at the rate of approximately 25 servers per week. DXC Platform as a Service for SAP on Azure simplifies SAP operational processes with automation and enterprise-grade reliability. KION is also leveraging the capabilities of DXC Managed Services for Microsoft Azure, which provides design, delivery and 24x7 support and monitoring of compute, storage and virtual network infrastructure. Underlying the infrastructure, DXC provides backup solutions to support operational resilience.

In addition to managing the migration, DXC supported a successful Microsoft licensing strategy for KION Group. DXC's Workplace Asset Management team determined the right program fit and reduced licensing complexities. DXC's licensing experts supported a timely and successful rollout of the solution through contract advice and amendment setup, partner registration and vendor relationship management, and they facilitate an ongoing, seamless billing service for Azure consumption.

Although many IT modernization efforts faced major challenges from work-from-home mandates in 2020, the KION Group migration was delivered on time and on budget. Heinrich says that DXC's experience at KION played a significant role.

"The main advantage is that when you have a partner who has been on board for a long time and you make a change like this, there is reliability and, above all, real in-depth know-how of our company," Heinrich says. "It's almost impossible to make such a changeover if we bring in a stranger."

Cranking up the volume

Using a programmed cybernetic cluster, the entire fleet management landscapes can be built overnight. "No more hardware is needed. Everything is built virtually, like with a Lego construction kit."

— **Hansjörg Heinrich**
Vice president of
Global IT Infrastructure
Services,
KION Group

A decisive factor in why KION chose the Microsoft Azure cloud was its potential to deliver increased speed and scalability, and Heinrich says those goals are being met.

"If scaling in the form of a triple CPU count is needed tomorrow, it can be done within 12 hours," he says. "In the past, it would typically take up to 12 weeks to procure, deliver, install and commission the hardware. Today, it's like flipping a switch."

That newly achieved speed enabled KION to complete a Microsoft Office 365 and Microsoft Teams rollout in a very short time during the health crisis, giving 22,000 employees the opportunity to work from home.

"We were able to just crank up the volume overnight and, in the end, everything worked," Heinrich says.

Thanks to DXC's consumption-based pricing for Platform as a Service for SAP, KION not only achieves a speed advantage that it can pass on to its direct customers, but also a cost advantage This is because the customer solutions that are needed only during the day — such as a 12-hour shift from 6:00 a.m. to 6:00 p.m. — can be shut down during the night to avoid incurring unnecessary costs.

"We can simply shut down the unused resources and thus improve our business model by passing on our cost savings to our customers as price advantages," says Heinrich, who estimates the reduction in IT infrastructure costs to be about 25%.

In addition, scripting built into the Azure cloud reduces the delivery of KION Group's fleet management system from eight weeks to less than one day.

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"This includes everything: the virtual build of the hardware in the cloud and the configuration of the fleet management system," Heinrich says. Using a programmed cybernetic cluster, the entire fleet management landscapes can be built overnight. "No more hardware is needed. Everything is built virtually, like with a Lego construction kit."

KION Group understands that true transformation never ends, and the company is already working with DXC and leveraging the Enterprise Technology Stack to take its services to a new level, including a new analytics platform that collects forklift data in a data lake.

"We are just taking the first steps, and the cloud, with its ready-made toolboxes, is taking us a step further," Heinrich says.

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