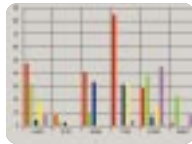




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SANDERSON

Manufacturing and Print | November 2002

Working in partnership

Significant management developments announced today underpin Sanderson's commitment to meeting changing customer needs more effectively.

To drive these changes, the company is pleased to announce the appointment of Steve Shakespeare as Managing Director of our Manufacturing & Print business.



Steve Shakespeare, new Managing Director of Manufacturing & Print

Reporting to David O'Byrne, Managing Director of Sanderson Ltd, Steve joins the business from Sanderson Group company Civica, where he held the role of Managing Director of IT Services. This crucial appointment has been made to bring new thinking and direction to the way in which Sanderson works to provide best-of-breed solutions and quality support services to its customers.

This business will now be managed as four clear units each headed by an experienced Director and General Manager. Dave Worsman heads the Unity North team and Peter Beer heads up the Unity Print team. Joining the business to head up the Unity

South team is Caroline Davies who moves from her previous role as Senior Manager in our Process Industries business. Finally, Graham Depledge continues to head up the team responsible for our Guda and Unity 3/4 users.

This change will enable us to focus on smaller groups of customers in each unit and will enable the general managers to develop closer more holistic business relationships and lead to a greater understanding of customers' needs.

This new organisation champions:

- A stronger focus on each customer
- Bringing senior Sanderson managers closer to customers and the front line
- Business partnerships, where senior managers are afforded a more holistic view of the our customers' businesses
- An increased emphasis on helping the customers manage and achieve their own objectives

Sanderson recognises that the current business environment is challenging. IT budgets are constrained, and today's best practice is to build and develop improved solutions on existing IT systems. In this context, our investment in Unity holds great importance for our customers. The upgrade to Unity, which is developed from our proven PICS ERP solution, provides bottom line benefits by: improving efficiency; reducing costs; saving time and enhancing communications. Sanderson is continuing to invest development effort into Unity, and this month is previewing two new modules – Customer Contact Management and Human Resources.

A commitment to support

Sanderson views continued business development and support with the same importance as the software solutions it develops and implements. The launch of a 2nd generation support website (see page 4) demonstrates the company's commitment to helping customers develop and implement their business objectives in the best possible way. With the industry-wide focus on real business benefits, Sanderson is clearly aware that it not only needs to provide effective IT solutions, but also ensure that these systems are enhanced and developed in a way that delivers demonstrable return on IT investment.

Sanderson prides itself on its understanding of business issues and constantly strives to provide consistency in the quality of advice, support and software it delivers. We believe that this is evident in Sanderson's ability to maintain and grow excellent customer relationships year on year, with many of more than 10 years standing. This will also provide an excellent foundation for the company to win new business in the next 10 years.



Caroline Davies, newly appointed Director of the Unity South team

Unity - the next generation solution



Paul Bywater, Technical Director and architect of the Unity software solution

Four years of development and a multi-million pound investment came to fruition in June when we launched Unity, our enterprise-wide collaborative commerce solution. The system is built on our well-proven PICS ERP solution, tailored for mid-sized manufacturing and distribution businesses.

Leveraging our 20 years of experience as a trusted supplier of MRP and ERP solutions, we developed Unity to meet changing customer requirements. Research conducted among some 1,000 UK-based customers highlighted a requirement for a seamless exchange of information and data between customers, suppliers and partners in light of the rapid increase in the use of the Internet as a communications channel. Unity does just this.

Unity has in-built event management capabilities and incorporates an automated rules-based system, which enhances efficient collaboration with alerts and prioritised activity lists. The software is very flexible, removing unproductive time from processes and facilitating a lean manufacturing environment. The Unity suite has 40 fully integrated or standalone modules to choose from, including:

- sales management
- supply chain management
- stock management
- capacity management
- financial management
- human resource management
- management information

"The investment in developing Unity will re-confirm Sanderson's leadership position in the enterprise manufacturing market," comments Paul Bywater, Technical Director and architect of the new solution.

Paul continues, "Sanderson is well-placed to expand its customer base as forward-looking companies move towards a new customer-centric business model. Unity facilitates this, enabling companies to share information easily and build closer working relationships with customers, partners and suppliers."

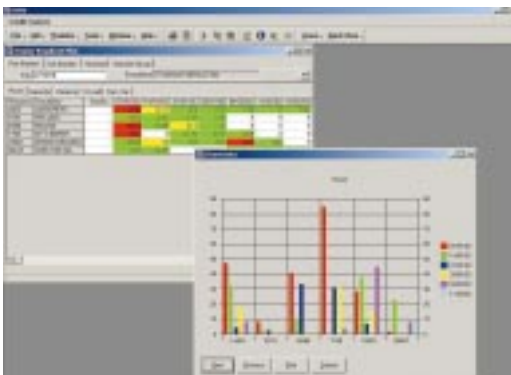
While we would like to assure all our PICS customers that we will continue to fully support the solution, those who decide to

upgrade to Unity should be able to realise significant cost savings through enhanced operating efficiencies. Unity can also help companies to retain existing customers and win new business, using technologies such as Biztalk Server and XML document interchange to improve efficiency and communications.

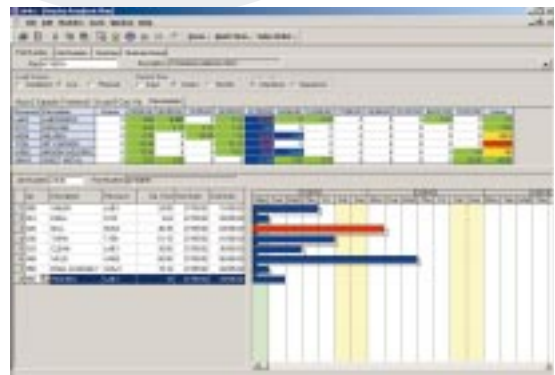
Unity is backward compatible with previous versions of PICS and 10 customers are already using the upgraded software. Configuration time for the new system is now shorter and the process easier. We can also deal with bespoke environments so that Manufacturing & Print customers can realise tangible RoI through the best fit and implementation of Unity for their business.

As with previous Sanderson solutions, you are not buying just software, but a complete supported solution. Throughout Unity projects, Sanderson takes responsibility for every aspect of the development, including hardware, software, systems integration, project management and on-going support.

Unity operates within an open system environment and is available on Microsoft Windows NT, Windows 2000 and Windows XP platforms, either locally or across Wide Area Networks. Unity is typically delivered on a Microsoft platform optimised for manufacturing, using terminal services to create a resilient, fault-tolerant environment and a standard Windows interface for ease of use.



The Unity environment is versatile and easy to use



Unity promotes visibility of information enterprise-wide

Online support is just a click away

Championing our own software, the Sanderson support website has been re-engineered using a new Unity module that manages website content. The online offering provides customers with improved self-help facilities in terms of data, answers to frequently asked questions (FAQs) and supplementary documentation. These can be accessed and searched more easily and our aim now is to build up these areas into an extensive library that is available 24x7.

We are confident that our 2nd generation offering is in line with our quality pledge to customers. Improvements in call progression and the ability to attach and manage documents to assist in call resolution are key enhancements.

The new Unity online content management module separates the stylistic elements of the website from the management of content and navigation, allowing users to create, modify, reorganise, or remove pages quickly and easily. Although the software gives the website manager total control to change the look and feel of the website, minimal training is necessary and no knowledge of HTML is required. Content can be imported directly from MS Word and will integrate with other technologies such as automatic SMS messaging.

The new support site is scheduled to go live in November.



Support is just a click away

Collaborative commerce at work

Ultimately, all business improvement is down to more effective collaboration. Sharing information with suppliers and giving all staff access to the same up-to-date information improves communication and reduces the risk of error and inefficiency.



The benefits a successful collaborative commerce strategy can deliver, include:

- reduced lead times
- shorter inventory turns
- reduced raw material costs
- measurable cost savings
- improved efficiencies
- satisfied customers, leading to improved profitability

Effective collaboration must start within the business itself and with its business processes. Improved access to information facilitates decision-making and evidently

improves efficiency. The role of IT is to make this collaboration easy by providing real-time reports, updates and information in the most convenient format, be that via email, web browser or handheld PDA.

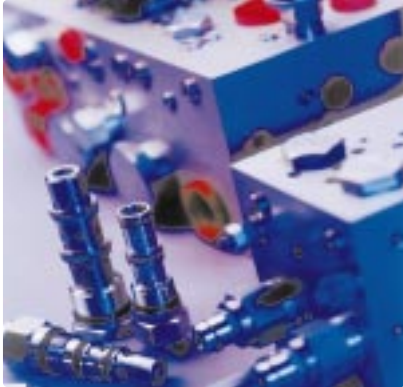
A business with robust internal collaborative processes is well placed to extend these processes to customers. The IT system again has a key role to play in keeping all parties informed, resulting in reduced need for progress chasing and costly customer support services. The collaborative process can be matched to the business requirement, delivering regular updates by email, text message, fax or post.

In many cases, the greatest benefits of collaborative commerce lie in effective supply chain management. Working in close partnership with suppliers helps keep the manufacturing process as lean and efficient as possible. Here, as elsewhere in the enterprise, new business processes may have to be adopted. Today these are frequently underpinned by the use of the Internet so information can be exchanged electronically as XML documents or email.

More manufacturing businesses are seeing the value of investing in collaborative commerce and are ensuring they have an IT partner with the right technology solutions, which they can collaborate with to ensure business success.

The term "collaborative commerce" is often shrouded with mystique and means different things to different people. Quite simply it is the ability to harness technology to enable a business to work more effectively and closely with its customers, suppliers and partners.

Sanderson makes lean manufacturing a reality at Sterling Hydraulics



Like much of manufacturing, Sterling Hydraulics, a world leader in the design and manufacture of hydraulic cartridge valves, was coping reasonably well with the recession that had bitten throughout the industry. However, since the events of 11 September last year in New York, the company has found the going tough.

In order to strengthen its position for the future, Sterling has adopted a total commitment to lean manufacturing, the phenomenon of the nineties, which aimed to eliminate stock and work-in-progress (WIP) and replace techniques such as just-in-time (JIT).

Sterling Hydraulics has made substantial investments in lean manufacturing over recent years, as it shifted its operations from batch manufacture to build-to-order. An enterprise-

wide solution from Sanderson has been central to this, enabling Sterling Hydraulics to react rapidly to customer demands and to manage change more efficiently and effectively.

Information Systems Manager, Bob Wild, commented: "With lean manufacturing you have to be able to predict what your orders are going to be and gear your whole factory up to meet that demand. If the customer wants a lead time of a day, that's what you give him."

"In order to cope with these significant changes, it is essential for Sterling Hydraulics to have a management information system flexible enough to handle the situation. Sanderson's Enterprise Suite fits the bill."

Sterling Hydraulics first started using the Sanderson system, the early incarnation of Unity, in 1990 and has remained loyal to the software ever since, mainly because of its versatility and ease of use. "When we first purchased the software, it was the best thing since sliced bread as far as we were concerned. But after you've been using a package like this for five years or so, you start to look around. However, we soon realised that while the version we had might not have looked as sexy as the newer packages, the engine behind it was just as good if not a great deal better."

Mr Wild adds: "The system is very flexible and always has been. If something needs to be changed, we are able to change it within the Sanderson system that week and often do

most of the changes there and then. With more rigid systems it is not possible. You would have to phone up the software vendor and ask if you can make the change. Their response would be either a flat "no" or would incur a significant time delay and rack up fees of thousands for bespoke development work. Too often companies are forced to stick with a method of operation which does not truly meet their requirements."

As well as supplying its software, over the years Sanderson has worked with Sterling Hydraulics to keep its infrastructure and hardware up-to-date. Sanderson's project management team helped Sterling to upgrade to Windows NT, which has resulted in significant speed improvements.

Sterling Hydraulics is currently in the process of implementing the latest Sanderson software version, which, of course, utilises the same underlying engine.

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Sanderson Group developments

Two years ago, the Sanderson Group comprised of 21 different businesses. Today it is structured into three distinct businesses focused on designing and developing market-specific, global business solutions:

 SANDERSON

 CIVICA

 Talgentra

Sanderson – which delivers enterprise-wide collaborative commerce solutions for mid-sized organisations in manufacturing and distribution. Sanderson has over 1,000 customers in this area.

Civica – which delivers managed software solutions to the public sector. Civica is one of the UK's largest specialist software and services suppliers to the public sector.

Talgentra – which provides customer billing and revenue collection systems, primarily for the utilities, public sector, finance and communications markets.

The Group employs around 1,000 people across 17 locations and has a turnover in excess of £110 million.



David O'Byrne, Managing Director of Sanderson Ltd