DXC TECHNOLOGY

New business applications future-proof Frucor operations

CUSTOMER
Frucor Suntory

LOCATION
Auckland, New Zealand

INDUSTRY
Manufacturing

Challenge

- Shift from a 'make to stock' to a 'make to order' manufacturing process
- Eliminate container hand stacking and repacking
- Introduce raw materials handling to track receipt and consumption of materials

Solution

- Implement major changes to SAP manufacturing applications
- Redesign the way orders were fulfilled and ensure logistics were streamlined
- Replaced its paper-based production control system with a modern business intelligence system

Results

- Stock palletised on the line ensuring product gets to market much faster
- Reduction in health and safety risks and significant reduction in damaged goods
- Complete visibility over all export stock and improved inventory control

The successful completion of two complex, highly strategic SAP projects at leading Australasian beverage manufacturer Frucor Suntory is a lesson in the value of a customer and its systems integrator forging a strong strategic partnership.

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— Richard Raj
Group IT solutions manager, Frucor

Since its beginnings in the early 1960s, Frucor has evolved from a small New Zealand juice business to a leading Australasian beverage company, and the market leader in energy drinks in Australia and New Zealand. In recent years IT has become an increasingly important enabler for Frucor to grow its operations, streamline its processes and simplify its manufacturing and logistics — enabling it to get products out the factory door faster.

DXC has helped the leading beverage company, Frucor, implement world-class direct containerisation project and an ambitious warehouse management refit to replace manual processes with SAP technology.

Richard Raj, Group IT solutions manager at Frucor, says the effective fruition of the two projects has seen DXC move from the position of IT supplier to strategic partner.

'The relationship has matured as the two projects materialised," says Raj. "DXC has an in-depth knowledge of our business and the way we operate, which means I don't have to second guess too much. I know they are putting the best options on the table, and I know they back us 100 percent.'

Raj says whenever problems arise — as they tend to when dealing with interlinked, multifaceted projects — everything is out in the open and all options are discussed. 'I can pick up the phone and talk frankly with the team to quickly find the most effective solution to the problem.'

Raj says he can rely on DXC to give him an honest appraisal about what is best for the organisation.

'I value DXC as a sounding board. I rely on them for the SAP perspective on an issue, and they keep me informed about what's coming down the track in terms of new SAP functionality. Armed with this, I can then make sensible decisions about the best business applications for Frucor and the future-proofing of our operations.'

Manufacturing transformation improves efficiency

When Frucor's direct containerisation project went live, it was the successful culmination of an IT project, physical site works and change management program. It turned the old manufacturing philosophy of 'make to stock' on its head as Frucor endeavoured to improve efficiency with a transformation to "make to order." The project simplified the business-critical process of shipping products from New Zealand to Australia by eliminating container hand-stacking and repacking. It was a change that sounded simple but required major SAP system changes and a massive effort from teams in both countries. Adding to the risk, another major manufacturing change, Project Fusion, was due to go live at the same time.

'It was very complex,' says Raj. "As well as creating the new production line, we had to continue with the "make to stock" process for our New Zealand supply of beverages. We had to redesign the way we fulfilled the orders and ensure we had the logistics streamlined to enable us to produce, pack and ship the goods in containers, in one seamless operation."

Raj says that while the concept was well understood, the depth of complexity in the transformation was enormous. 'It was a major shift in the way the factory worked, compounded by the inward goods and labelling changes that were occurring with Project Fusion. There was a high degree of interdependency between the two projects.'

Direct containerisation has removed eight steps from the old "make to stock" process, and the payback has been quick to materialise, says Raj.

"What was a two-week operation has come down to a few hours, and we can now get product to market a lot faster. Before, we had team members taking product from warehouses, then manually stacking it onto Australian pallets and into Australian containers. Now Australian product is palletised on the line and packed directly into containers.'

Raj says a number of factory innovations introduced with direct containerisation, including automated palletising, have minimised health and safety risks and saved money thanks to a significant reduction in damaged goods.

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Frucor now has complete visibility over all export stock, and inventory accuracy is outstanding. At the Australian end, loading and unloading of stock has improved dramatically. 'All they have to do is unload, scan and put away — there is no assembly needed.'

One of the most satisfying aspects of the direct containerisation project has been the overwhelmingly positive response from the Frucor leadership team.

IT transformation enables business growth

As Frucor's business grows, Raj says it is important that the systems and processes are in place to ensure projects happen according to plan. 'We can no longer simply will changes or projects into existence; we need the systems, management and external support in place to execute these types of projects.'

Raj says demand from the business for IT transformation is growing. 'We are expanding our IT service footprint across the entire business, and as a result we are getting better synergies between suppliers."

He says internal stakeholders are much more informed about what they want from IT. 'IT is expected to lead business change, and to achieve that, you need to have a partner with product and business domain expertise to ensure the technology investment pays off. DXC has supplied us with that and is now a key part of supporting our core SAP environment.'

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Frucor's IT department tackled more projects than ever before — and completed them all on time and on budget. Says Raj: 'We have doubled the number of projects we have undertaken over the last few years, and we are now receiving more funding because each of them has had a good business result.'

New applications provide real-time business insight

Project Fusion was born out of a desire for Frucor to have a better way of operating. The name reflected a fusion of SAP and factory automation, and the project involved the commissioning of new factory equipment as well as a system implementation. Phase 1 replaced old applications with SAP to provide accurate, near-real-time information on factory activity.

A key component of Phase 1 was the introduction of raw materials handling to track the receipt and consumption of raw materials against factory orders. It included the introduction of the PIKI application.

Raj says the PIKI device allows Frucor to record and monitor movements of inventory and other items as they happen, rather than later. 'With PIKI, storemen use wireless touchscreen Windows 8 tablets mounted on forklifts to record where materials are allocated in the factory.'

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The system uses a graphical interface for SAP that was custom developed by DXC and Frucor. The interface replaces SAP's complex menus and screens.

Before Project Fusion, Frucor had only two SAP stock locations — onsite and offsite. 'People often had to manually check where stock was, and on a large site, that was very difficult and time consuming,' says Raj. They use PIKI to move material in and out on SAP as they are actually moving it and to issue stock to factory work orders. 'We now have all the goods recorded on the system and can track their whereabouts.'

A key part of Project Fusion was the introduction by DXC of handling unit labelling, which linked factory orders to finished goods at the time pallets are produced to streamline management of finished goods. 'This improved the tracking and traceability of goods and ensured they had one identifier in SAP on both sides of the Tasman.'

Another improvement was in the production control system (PCS), says Raj. Frucor replaced its paper-based PCS with a modern business intelligence system. The new PCS automatically gathers data from production as it happens, so production team leaders can track performance against targets. 'Thanks to the new system, managers get up-to-the-minute feedback and insight into how downtime occurs,' Raj says.

DXC continues to provide Frucor with on-the-ground support and strategic planning.

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