

An SAP WM Data Capture Success Story

Arla Foods UK plc & Gesix Services Limited



INTRODUCTION

Arla Foods was already in the process of implementing SAP R/3 across all areas of the business covering all core modules and was looking to extend this by utilising the WM functionality provided within SAP.

Arla Foods wanted to streamline the processes in the warehouse by implementing a Radio Frequency Bar-Code system, directly connecting Mobile Data Capture devices to SAP R/3, fully utilising the features of SAP WM.

In December 2004 Gesix Services Limited, based in Camberley, Surrey, UK, was selected by Arla Foods UK plc to be its Technology Partner for the implementation of a Bar-Code Data Capture system for its National Distribution Centre (NDC) in Leeds.

Arla Foods UK plc is the UK's leading dairy company processing approximately 2.2 billion litres of milk a year and employing more than 3,500 people.

With a turnover of £1.4 billion, it has some of the UK's most popular dairy brands including **Lurpak**, **Anchor** and **Cravendale Purifilte®** within its product portfolio.

www.arlafoodsuk.com

Shares in Arla Foods UK plc are 51% owned by Arla Foods amba, a co-operative owned by approximately 11,600 Swedish and Danish milk producers. Other shareholders own the remaining 49%.

Arla Foods amba is the largest dairy group in Europe by milk volume processed.

Gesix Services Limited specialises in Mobile Data Capture for the SAP customer base, offering direct connect Radio Frequency systems which include Bar-Coding, RFID and Voice Picking.

In operation since 1995 Gesix Services Limited has been providing Mobile Data Capture solutions to the SAP customer base since 1997, with many household names as clients.

www.gesix.com

WHY SAP WM?

Having previously run the NDC on a standalone WMS, linked to SAP R/2, it was felt that a fully integrated solution was required to meet Arla's stringent requirement for accurate delivery of upwards of one million case picks per week to the major retailers.

Arla was already successfully implementing SAP R/3 across all areas of the business covering all manufacturing, distribution and head office functions, Having identified that SAP WM had the functionality to cope with the demands of the NDC, Arla decided to include full Warehouse Management as part of its fully integrated ERP solution.

As part of this implementation a requirement for full Radio Frequency Picking and Stock Movements was identified.

ANTICIPATED BENEFITS

With this implementation Arla expected to achieve benefits in certain areas, which included, but aren't limited to:

- Labour efficiencies
- Productivity improvements
- Improved returns process/ Customer claims
- Improved stock accuracy
- Total stock operation on one system
- Improved service levels

WHY GESIX SERVICES LIMITED?

Jeanette Malkinson, Business Process Manager – Warehouse & Despatch, said: "When looking for a Technical Implementation Partner for the RF WM we needed someone who understood the impact of the business processes on the operational environment.

"Having investigated the options available in the marketplace Gesix were chosen because of their understanding of the processes required, they came highly recommended and were able to provide multiple successful reference sites for us to visit.



Above - Stourton NDC

"We also felt they would help us 'future proof' our implementation because of their expertise in other forms of SAP data capture, such as RFID and Voice Picking."

WHAT GESIX BROUGHT TO THE TABLE

Gesix Services Limited has been implementing Direct Connect Data Capture solutions for SAP longer than any other company in the UK & Europe, firstly with a product named UMDC and subsequently with SAPConsole and WebSAPConsole.

Over years of many successful implementations Gesix has gathered a vast amount of expertise to ensure the SAP customer gets the best out of its investment, by providing skills in the following areas:

- SAP process definition for Warehousing, Production, Retail and Mobile Workforce
- ABAP development
- SAPConsole/WebSAPConsole Configuration & Implementation
- RF Site Surveys
- RF Hardware Procurement
- RF Installation Services
- RF Hardware Configuration Services
- Training
- Support
- RFID
- SAP Voice Picking
- Dimensioning for SAP

Gesix personnel worked closely with the ettArla team (Arla's SAP Implementation team) to ensure a robust and simplified Data Capture system was implemented on time for the June go-live target.

As part of the implementation a full change management programme was undertaken by Arla to fully utilise the

power of the totally integrated SAP R/3 system. This included establishing site representation in solution development and delivery, full and continuous risk analysis, a reporting network into a steering group for guidance and sign off, broad communication strategy and ongoing stakeholder involvement throughout and a committed training approach that secured a high level of knowledge to support go live.

ONE YEAR ON

Expectations have been exceeded in the following areas:

- Immediate impact on all areas of concern
- 20%+ improvement in pick rate
- Verification of inbound product
- Improvement in stock accuracy has significantly reduced wastage (very important for short shelf life products).
- Reduction in transport costs

Jeanette summed up the system saying: "The implementation at the NDC is the cornerstone of what we see as an evolving system. We expect to drive similar benefits in other areas of the business by the introduction of smart technologies and processes over the coming years.

"The SAP ERP system delivers very powerful processes and maximising these has to be our priority, to ensure we consistently deliver the best service to our customers and optimise profits for our shareholders."



Above - Arla on the road