



Microsoft Dynamics Customer Solution Case Study



Overview

Country or Region: Poland
Industry: Food processing

Customer Profile

Südzucker Polska is the sugar industry leader in Poland and Europe. The company employs 1,400 staff, and, in 2007, revenues reached €300 million (U.S.\$398 million).

Business Situation

When Südzucker Polska formed one large organisation out of 18 separate companies, it faced the challenge of preserving the independence of each company while operating as one.

Solution

Working with business management software consultants Response, Südzucker Polska implemented Microsoft Dynamics AX to cover all key aspects of the organisation's operations.

Benefits

- Improved tracking
- Easy access to data
- Better planning
- More efficient customer service
- Optimised costs

Business Enterprise Solution Helps 18 Separate Manufacturers Consolidate into One

“With Microsoft Dynamics AX, each factory can maintain independent buying and manufacturing operations, while allowing analyses and comparisons, from any location, on a group-wide basis.”

Piotr Chrobot, Member of the Board for Finance, Südzucker Polska

In 2003, Südzucker Group merged 18 independent sugar manufacturers into one company to create Südzucker Polska. After consolidation, it needed to find a way to merge vital information from all the separate entities while still allowing each factory the autonomy to satisfy legal requirements and conduct business with local farmers and customers. But first it needed to bring the business systems of each entity up-to-date. The company worked with Response—a Microsoft Dynamics® AX Partner—to implement business management software Microsoft Dynamics AX and automate processes. Now, data from all manufacturing plants is easily accessible from one central location, streamlining planning and implementation.



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Krzysztof Stęplewski, Project Manager, Response

Situation

Südzucker Polska is one of the largest producers of sugar in Poland. The company's main product is granulated sugar, sold to wholesalers and retailers under the Cukier Królewski (Royal Sugar) brand. Like most food processing companies, Südzucker Polska follows seasonal cycles. Sugar beets must be processed quickly after harvesting, so during sugar beet season—October to January—plants operate round-the-clock. The company spends the rest of the year overhauling its infrastructure and investing in upgrades that allow it to operate efficiently during the months of intensive sugar production.

In 2003, the company was created by consolidating 18 regional sugar companies, employing 1,400 staff. The factories of these 18 companies needed to retain some independence for legal reasons, but also to deal locally with almost 13,000 sugar beet growers. Getting remote access to data and transforming it into one format was a challenge. Gathering data from each factory took a couple of weeks and included hundreds of faxes, telephone calls, and hours of labour.

From the beginning of the consolidation process it was obvious to administrators that companies joining Royal Sugar needed to improve and standardise their information management processes. None of the factories had an IT infrastructure. The few plants that had any type of electronic record-keeping used Microsoft® Office Excel® spreadsheet software to track purchases and sales but had no way to share this information. Fifty warehouses used a manual inventory system, so there was no control over stock.

Marek Witkowski, IT Director at Südzucker Polska, says: “It was clear we needed a system but we didn't want to implement any

technology until we were sure it was right for us. We wanted a complete environment that would allow the company to develop solutions to fit our unique organisational needs.”

Solution

After some initial research, administrators at Südzucker Polska decided that business management solution Microsoft Dynamics® AX would best fit their needs. The simple-to-use interface allows each manufacturing plant to keep its own records yet also gives administrators the ability to consolidate data on the company as a whole. Südzucker Polska enlisted Response, a Microsoft Dynamics AX Partner, to design and implement a solution. Krzysztof Stęplewski, Project Manager at Response, says: “The assignment looked ambitious, but we knew we could tackle it because of the flexibility of the Microsoft Dynamics AX environment.”

In 2004, Response worked with Südzucker Polska to deploy Microsoft Dynamics AX 2.5 in three factories. Implementation went smoothly so Response progressed to the next stage, extending Microsoft Dynamics AX 3.0 to all factories in the group. This was completed in June 2006.

Combining many individual sugar companies into a common system required standardisation of everything—charts of accounts, material codes, inventory records, and supplier and buyer information. Tomasz Kokoszka, Finance and Consolidation Manager at Südzucker Polska, says: “We had to streamline all these areas in a single system but keep formal data separation as long as the companies were legally separate business entities. At the same time, there were areas we could not standardise, such as document numbering series. All this required meticulous planning and imagination.”

Response set up two Internet portals for Südzucker Polska. The first is used by

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Magdalena Łabuz, Customer Service Manager, Südzucker Polska

warehouse employees at production plants to track orders approved for release. The second serves the transportation companies collaborating with Südzucker Polska. Transporters use the portal to enter drivers' names, vehicle identifications, and other information needed for each order, allowing all parties to be sure that the data is correct, and speeding up the entire process. The whole system will be upgraded to Microsoft Dynamics AX 4.0 by the end of 2009, allowing better collaboration with Microsoft Office SharePoint® Server 2007 and further enhancing communication and collaboration between sites.

Benefits

In 2007, revenues at Südzucker Polska reached €300 million (U.S.\$398 million). According to administrators, Microsoft Dynamics AX has been an important part of managing such a large enterprise. Piotr Chrobot, Member of the Board for Finance at Südzucker Polska, says: “We like the way the system maintains individual general ledger, inventory, and human resources (HR) records for each separate processing plant. With Microsoft Dynamics AX, each factory can maintain independent buying and manufacturing operations, while allowing analyses and comparisons, from any location, on a group-wide basis.”

Inventory System Improves Tracking

Warehouse employees scan bar codes directly into the system, giving precise, up-to-date inventory reports. This helps to track inventory and comply with government regulations governing sugar quotas. It also gives Südzucker Polska the ability to track specific product batches, an important requirement of food production.

The Microsoft Dynamics AX system is connected to the electronic commercial document interchange system (EDI), software widely used in the industry to exchange

business information online and conduct sales. Marek Witkowski, Project Manager at Südzucker Polska, says: “Microsoft Dynamics AX supports many EDI communications protocols. We can exchange electronic orders and invoices with any trading partner, which improves cash flow and helps us organise transport more efficiently. We get about 20 to 30 per cent of customer orders this way.”

When purchase orders reach the Customer Support Department they're automatically validated and confirmed in warehouses and passed on for processing by the Logistics Department. Magdalena Łabuz, Customer Service Manager at the Südzucker Polska Sales Office in Kraków, says: “The portals allowed us to cut down the average lead time roughly by a third.”

Easy Access to Data Improves Productivity

During sugar beet season, when all processing takes place, manufacturing plants operate 24 hours a day, seven days a week. Inventory and resources change rapidly. Large-scale optimisation improves productivity with easy access to detailed reports of all production plants. Employees can act quickly when inventory runs low or equipment breaks down and needs to be repaired.

Automation of Business Processes Streamlines Planning

Employees have a limited amount of time during off-season to plan and reconcile investment and overhaul activities. This planning stage must allow enough time for upgrades to be completed before sugar beet season begins.

Marek Balamut, Controlling Manager at Südzucker Polska, says: “Project managers need to be able to see the vital information—such as purchase orders for materials or services—immediately. This allows them to plan their work more effectively. At the same

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For more information about Südzucker Polska products and services, call (48) 71 79 88 900 or visit the Web site at:

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www.response.pl

time, senior managers have an up-to-date view of progress and trends in individual projects, improving cash flow management.”

Coordination Improves Customer Service

With easy access to orders and logistical information across all locations, Südzucker Polska can better serve its customers nationwide. “Microsoft Dynamics AX has eliminated the biggest obstacle to efficient customer service—coordination of the order processing workflow. Instead of enquiring, checking, and confirming by telephone, our customer service employees can see all information in the system, allowing them to take appropriate actions or make informed decisions,” says Łabuz.

The food processing solution developed by Response for Südzucker Polska covers all the important areas of the company’s operations—from strategic planning to delivery of the product. “With a company of this size, even small optimisations make good business sense, therefore the solution is undergoing perpetual improvement and expansion,” says Łabuz.

Tracking Mechanisms Optimise Costs

The solution based on Microsoft Dynamics AX helped Südzucker Polska improve logistics and track costs. Each project manager has an itemised budget that defines the funds for material investments, external and internal services as well as HR costs. Now managers can reconcile investments, including the accurate capture of HR costs and their allocation to specific projects.

Managers can also access detailed information tracking all material and services purchases. Overhaul and investment planning is performed locally, but purchases of materials and services are approved centrally. This information can be accessed immediately, from any location, streamlining projects and helping to control costs.

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what’s most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

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