



Nature One Dairy
nurtures organic
growth with SAP

CUSTOMER
Nature One Dairy

LOCATION
Carrum Downs, Victoria, Australia

INDUSTRY
Consumer Industries & Retail



Challenge

- Expand infant formula sales to China, Indonesia, Singapore and other regional markets
- Digitise and automate time-consuming and error-prone manual stock-control processes
- Integrate inventory, production and accounting systems for more efficient product tracking and billing



Solution

- End-to-end solution integrating SAP SMB Solutions with warehouse and package code management systems
- Tablets for live feeds and direct data entry into the SAP Business One version for HANA database
- Handheld scanners for tracking raw materials and finished products



Results

- Streamlined, integrated and transparent business processes, with consolidated warehouse, production and accounting systems
- More accurate inventory and quality control, with traceability from raw materials to finished product
- Higher efficiency, less production downtime, significant staff time savings, and the ability to better meet customers' requirements and delivery dates
- Adopted common business processes across the enterprise



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Nature One Dairy is an Australian-owned blending and canning manufacturer dedicated to producing high-quality, specialty powdered milk products from grass-fed Australian cows. After experiencing rapid growth in its own country, the company decided to market to nearby Asia, where safe, affordable infant formula is in high demand but difficult to find.

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— **Nick Dimopoulos**
Chief executive officer,
Nature One Dairy

As it expanded its business, Nature One Dairy realised the time had come to modernise to more automated, integrated and efficient processes. The company was still relying on a combination of traditional quality assurance practices, separate accounting and production systems, and considerable manual effort.

The most pressing issue was improving the ease and accuracy of stock control to trace the raw materials used in the powdered milk products, since in addition to the base powder, the finished product contains vitamins and other ingredients from a variety of suppliers.

The tracking challenge

Manually tracking the goods as they moved around the plant was time consuming and prone to human error. As materials arrived in the warehouse from suppliers, workers logged the information on paper and later input it into an Excel database. Allocating goods into production and then reconciling them with the finished products was also arduous. In addition, workers had to constantly check the stock to make sure its actual location and quantity matched the database.

“As we became busier, we started integrating a lot more products and customers,” explains Nature One Dairy CEO Nick Dimopoulos. “We found it was much more difficult to be able to use partially integrated systems.”



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The ideal solution would coordinate the interaction of as many as 15 suppliers and integrate the four essential parts of the business: raw materials, accounting, production and final product count.

A new approach

Nature One Dairy spent about 6 months exploring various warehousing, accounting and other options before deciding that an end-to-end SAP SMB solution, based on SAP Business One for HANA, would best meet its requirements.

The company chose DXC Technology to deliver and customise the solution because of its considerable experience as well as its office in nearby Melbourne.

DXC helped integrate SAP Business One with Nature One Dairy’s warehouse management system. The team also performed some development work to integrate the solution with their package code management system for printing, production, counting and labelling.

The team automated processes so that once raw materials arrive, employees can scan goods into a receipt purchase order in the SAP Business One for HANA system using a handheld scanner. They can now also take pictures of the product and upload them for automatic attachment to the receipt. Then, as they put the stock away in the warehouse, they use the scanner to record its location.

Workers prepare orders for allocation and then release goods to production using a tablet that connects to SAP. Those tablets are also used to enter production information to the system while workers walk around the production floor.

When a product is finished, workers use a scanner to pick and pack it. The system automatically sends production figures to SAP as a receipt and generates an invoice. Nature One Dairy knows exactly what goods from the finished product have been allocated to which customer and whether the customer’s financial standing has been approved. When the system releases the order, workers scan the products as they are loaded onto trucks for distribution.

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Benefits

The new system repurposed Android tablets to record the many production import points and provide live feeds and direct data entry into the SAP database. They've been a hit with employees.

“The tablets allow us to move around and to control and maintain our production records and the quality side of it, especially traceability,” says Khishaan Karan, Nature One Dairy's quality assurance (QA) officer, responsible for internal and external audits and standards compliance. “The team enjoys the tablets because of the time we save trying to find data. Everything is in one location, and we don't have to search through folders and files.”

As an added QA benefit, if there are issues with materials, the SAP system can keep the product on lock, and it won't leave the warehouse until the QA team has released it.

On the accounting side, back-office processing and invoicing functions are incorporated into SAP, so DXC was able to correlate the release of finished goods with the receipt of funds.

“We're able to check that a customer has actually paid deposits or the balance of payments before the warehouse releases goods from the system. We can actually hold goods in the system, which previously was not the case,” explains Dimopoulos.

He says the ability to handle raw materials electronically rather than manually has resulted in streamlined processes, tight inventory control and rapid production response times. The company now has a transparency it didn't have before, with known lead times for raw materials and production.

“DXC surpassed our expectations,” Dimopoulos says. “They were able to act very fluidly and quickly to be able to incorporate our requirements into SAP.”

Production and quality team members in any part of the world, including Shanghai and Singapore, can enter the system on any given day and see what raw materials are first in and first out, what's been used, what's on hand and the quantity of finished goods.



“SAP definitely helps with the growth of the company because, as our markets grow, the complexity of finished products and raw materials continues to increase,” Dimopoulos says. “We’ve been able to combine four different parts of the business — raw materials receiving/scanning, accounting, warehousing and production recording — into one system so they work together to give us a final product and a final count, which we couldn’t do

previously. We have very, very small downtimes, and efficiency is very high, so we’re able to meet customers’ requirements with delivery dates and finished product. The system makes our job a lot easier.”

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