

The background of the entire page is a photograph of a modern DeLaval milking parlor. The scene is circular, with several cows positioned in stalls. The machinery is predominantly blue and white, with yellow safety bollards. A large blue overhead structure features the DeLaval logo. The lighting is bright and even.

DeLaval: Greater Supply Chain Transparency with SAP® Event Management

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Company

DeLaval GmbH

Industry

Industrial machinery and components

Products and Services

Milking technology and services

Web Site

www.delaval.com

SAP® Solutions

SAP® Event Management application

Partner

SAP Consulting



As the world's leading full-service supplier to dairy farmers, the Swedish company DeLaval GmbH has a global presence in more than 100 markets. The transparency of the company's complex supply chains is crucial in delivering **a high level of service**. To significantly improve the global coordination of its plant delivery operations, DeLaval chose the SAP® Event Management application. With support from the SAP Consulting organization, the application was rolled out in just four months.

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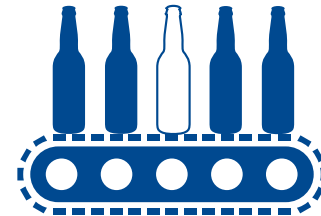
Future plans

Innovative milking solutions

DeLaval, a company of the Tetra Laval Group, is a market leader in the manufacture and distribution of milking products and systems. With a workforce of approximately 4,100 and 13 regional sales offices, DeLaval operates in more than 100 markets worldwide, supplying around half of all milking systems. The Swedish company's headquarters are located in Tumba, near Stockholm.

The company markets around 50,000 milking products – everything from a milking stool to a robot-controlled milking carousel. Since the company was founded over 125 years ago, DeLaval has been offering its expertise in innovative milking solutions

to help its customers obtain sustainable, profitable milk yields; ensure high-quality milk and food production; and improve the conditions for animals and milkers alike.



50,000

Milking products



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The heart of the solution: Transparent order tracking

The on-time-in-full (OTIF) metric is an important service level indicator for DeLaval, not just for its plant operations, but also for shipments of spare parts or consumables. On-time, full delivery to the end customer is a key element that defines an important part of supply chain performance. Following a process analysis in 2008, DeLaval decided it needed a new software solution to support order and supply processes for plant projects, and thus improve its OTIF metric.

Given DeLaval's complex supply chains, that posed a real challenge, as Christian Wreth, project manager of supply chain development, points out. "External suppliers, our own factories, various freight forwarders, our own order management, the sales offices, and, of course, our customers are all involved in our fairly complex project business. Since our systems tend to be customized, the components are brought together from several countries using a mix of transport flows to various consolidation points and then shipped to the customers."

The desired solution needed to be compatible with the current and future application landscape, and it had to be capable of being implemented quickly at an acceptable cost. Wreth adds: "We wanted to move away from conventional track and trace to processes that were as standardized as possible worldwide. And we needed a single application that would notify us proactively about defined events at specific times."



1 million

Dairy farmers have chosen DeLaval as their systems partner

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Wanted: A globally applicable standard process

The project goal was clearly defined: roll out a standardized system for order management to ensure transparent order tracking right through to delivery to the customer. To identify noncompliance with supply chain planning early on, suppliers as well as external logistics service providers needed to be integrated as well.

The in-house steering group opted for the SAP Event Management application. The standard configuration met all of DeLaval's requirements, and the application earned its crucial extra points when it came to the issue of cost. SAP Event Management provides the information required on deliveries, consignments, and staging areas transparently, so defined events in the logistics processes can be monitored and measured.

Several other factors also swayed the decision in favor of the SAP application:

- Proactive notifications enable the company to improve OTIF performance.
- The Internet-based tool allows internal and external partners to access process information simultaneously.
- Direct deliveries by suppliers to customers can be monitored and measured in a timely manner.
- Suppliers' packaging information facilitates better, simpler monitoring of freight costs.
- Several orders from one customer can be coordinated at project level.

Implementation partner SAP Consulting also provided a compelling rollout concept: DeLaval's in-house enterprise resource planning (ERP) data needed to be transferred simply and completely automatically to SAP Event Management. At the same time, data from external partners, such as freight forwarders and suppliers, would be recorded in SAP Event Management via a Web interface.



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Project completed in record time

The project for implementing SAP Event Management was launched in January 2009. The team under project manager Christian Wreth had set itself an ambitious target to go live in just four months. The pilot project was conducted with the German sales office and the Glinde distribution center. SAP Consulting was responsible for development and implementation – and was fully committed to the success of the project. The integrated approach allowed the software and specific process improvements to be implemented.

The change management process was carried out at an early stage so that all the training on SAP Event

Management was completed as of March 2010. This proactive planning helped ensure high acceptance among users worldwide.

Andreas Kästner, project manager for IT at DeLaval, sums up the project results in glowing terms. “In addition to the excellent collaboration with SAP Consulting during the project, the on-time completion was a highlight. We were able to present the functionality of SAP Event Management live to our management with answers in real time and over the Internet.”

“Rolling out optimized processes along with SAP Event Management means we are now reaping the benefits across the board. We managed to immediately support the improved process steps and to substantially improve our OTIF deliveries.”

Christian Wreth, Project Manager of Supply Chain Development, DeLaval GmbH



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Using SAP Event Management to monitor the supply chain

Efficient management of the supply chain requires complete transparency. Based on the SAP Supply Chain Management application, SAP Event Management can map the key stages of a logistics process. It monitors all supply chain activities and highlights problems such as delays early on.

The application came just in time for DeLaval's complex project business. For the SAP Event Management rollout, the order and delivery processes at DeLaval had to be analyzed and described precisely. The individual events mark the processing stages and are defined using rules. The application detects when these rules are broken and triggers notifications, which are e-mailed immediately to those responsible.

A globally standardized set of rules is stored at DeLaval for the generic primary order management process. The information for the defined events is either sent automatically from the SAP ERP application or entered manually by the supply chain partner.

Wreth explains the process with a practical example. "By integrating our suppliers into the order tracking process, certain milestones are mapped. For instance, order confirmations are monitored not just in terms of receipt, but also whether they are correct. The supplier sends this confirmation to SAP ERP, which, in turn, communicates with SAP Event Management. If an anomaly occurs, SAP Event Management sends an alert to the supplier and order management so they can clarify the situation."



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More transparency, better supply chain performance

Implementation of SAP Event Management at DeLaval delivered some excellent results:

- Greater transparency in the order management and supply processes
- Lower costs thanks to better coordination of customer projects
- Improved data quality and support for continuous monitoring using direct interfaces between SAP ERP, the SAP NetWeaver® Business Warehouse component, and SAP Event Management
- Faster response times in the event of disruptions in the supply chain thanks to automatic alerts
- Mapping of processes in the standard system
- High acceptance among users

Overall, the logistics/supply chain department and the IT department at DeLaval are very happy when they look back on the project. The final assessment of Stefan Schultz, manager of order fulfillment, was also very positive. “By connecting suppliers and forwarders via the Web to our solution, we gained greater transparency. That, plus real-time information, helps us monitor and control our inventory for our project sales in a more efficient way.”

“SAP Event Management helped us improve our OTIF performance significantly.”

Stefan Schultz, Manager of Order Fulfillment, DeLaval GmbH



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Supporting more markets and partners

DeLaval's next goals include rolling out SAP Event Management in China and Russia, once implementation is complete in North America, New Zealand, and the European Union. With additional rollouts, the company's objective is to support its plant business in these markets and improve OTIF performance there, too.

Another project involves giving suppliers that deliver directly to DeLaval's customers the ability to generate shipping documentation from the application. The company continues to work step-by-step on improving its service levels through transparent order and delivery processes and on reducing costs through better coordination within the supply chain.



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