



DAIRY INDUSTRIES JAMAICA LTD.

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Consumer products
Revenue	J\$1.6 billion for 2005 (US\$23.5 million)
Employees	70
Location	Kingston, Jamaica
Web Site	www.gracekennedy.com
SAP® Solutions & Services	SAP Business Suite family of business applications
Implementation Partner	IDS Scheer North America

Dairy Industries Jamaica Ltd. (DIJL), located in Kingston, Jamaica, is one of the region's largest producers of processed cheese and other dairy products. Via distributors, DIJL supplies its goods to supermarkets and wholesalers in Jamaica and exports its products throughout the Caribbean, the United States, and Canada. DIJL is a joint venture partnership between GraceKennedy Ltd. and Fonterra Co-operative Group Ltd., formed in 1964. DIJL employs approximately 70 people.

Key Challenges

- Achieve operational efficiencies to compete well against global companies in DIJL's marketplace
- Integrate business processes to cope with rising manufacturing costs and increasing business complexity
- Eliminate disparate application platforms throughout the organization
- Fulfill parent company's reporting requirements

Why SAP Was Selected

- Met DIJL's industry-specific functional requirements
- Is known for long-term viability as a vendor
- Offers cost-effective solutions with best business practices integrated
- Met DIJL's reporting requirements

Implementation Best Practices

- Strong executive support
- Use of preconfigured templates to lower risk and accelerate time to value
- Train-the-trainer approach for swift adoption
- Use of governance process to prevent "scope creep"
- Limited customization due to best practices configuration

Low Total Cost of Ownership

- Leveraged existing database
- Reduced number of third-party solutions
- Avoided additional costs by completing implementation on time

Financial and Strategic Benefits

- Improved inventory control and materials management
- Increased accuracy and visibility of information
- Better data access, resulting in more efficient decision making
- Increased productivity from functionality found in the SAP NetWeaver® Business Intelligence component
- Reduced staff for finance and accounting tasks

Operational Benefits

Key Performance Indicator	Impact
Financial period-end close time	-71% (from 7 days to less than 2 days)
Inventory cycle count time	-75% (from 3 days to less than 1 day)
Finance and accounting staff	-45% (5 fewer staff required)
Inventory stock variances	Reduced from ~4.0% to ~0.3%



“With SAP software, we are better able to manage inventory while keeping low stocks and preventing stock outs.”

Wayne Williams, Information Systems Manager, Dairy Industries Jamaica Ltd.

“Before introducing the SAP solution, the sales and distribution functions operated independently and would only feed information to manufacturing by way of purchase orders. With SAP software, these functions are tightly integrated.”

Andrew Ho, General Manager, Dairy Industries Jamaica Ltd.

The Right Choice

Dairy Industries Jamaica Ltd. (DIJL), an associated company and part of the GraceKennedy group of companies, enjoys a long-standing reputation for producing quality dairy products. Along with many other companies in the late 1990s, DIJL faced technology and business challenges as the year 2000 approached. The company had significant concerns that their computer systems would fail the cutover to the year 2000 (commonly known as the Y2K problem), and it required new software to support its strategy to improve performance. In addition, DIJL was finding it hard to compete against an international conglomerate that moved into its marketplace.

DIJL needed a long-term, robust business solution that met the functional requirements of the dairy business. The ideal solution would be cost-effective, incorporate industry best practices, and allow swift and easy implementation to meet DIJL's year 2000 deadline.

After careful consideration, DIJL determined that it needed an SAP® solution. In 1997, acknowledging the need for a speedy implementation to cope with intense competition, it chose ARIS SmartPath from solution provider IDS Scheer AG. Based on the SAP ERP application plus the SAP Best Practices for Consumer Products offering, and coupled with expert consulting services, the Scheer solution enabled DIJL to ramp up fast.

Streamlined Processes

As DIJL experienced benefits using the solution, it became clear that unrelated business processes within GraceKennedy's Food Trading Division (FTD), of which DIJL is a part, were hampering business. After a reorganization within the GraceKennedy Group, and aware of the significant advantages the SAP software implementation had meant for DIJL, FTD successfully rolled out the SAP solution throughout the division. DIJL upgraded

to versions of ARIS SmartPath, providing functionality found in SAP ERP and the SAP Business Suite family of business applications. At the same time, the GraceKennedy Group adopted SAP solutions for its business operations worldwide.

After the upgrade to SAP Business Suite in 2005, DIJL realized benefits almost immediately. Today, DIJL operates as a fully integrated business within the GraceKennedy Group. Company-wide transactions are processed with greater ease, while DIJL responds to the rapidly changing conditions in the domestic and export markets. Productivity is up, with employees spending more time running the business than on administrative tasks, and fewer people are needed to handle a greater workload, particularly for data entry, warehousing, and accounting tasks. A wider user base and support structure are in place, information is more accurate, reporting is transparent, and the inventory control process is more efficient.

Improved Financial Practices

DIJL has improved its financial processes significantly as a result of the SAP software implementation. One example: before the GraceKennedy Group standardized its applications with SAP Business Suite, the month-end intercompany reconciliation of receivable accounts at DIJL took up to three weeks to complete. Now the process is finished in just one week or less.

DIJL is confident of improving customer service as well. The integrated suite of applications has enabled DIJL to align its entire supply chain and inventory operations with the production requirements driven by its customers. To achieve additional cost savings and operational efficiencies, GraceKennedy intends to leverage a shared services model for its finance and purchasing operations.