SAP BusinessObjects™

FONTERRA CO-OPERATIVE GROUP LTD

STREAMLINED, EXCEPTION-BASED EXPORT DOCUMENT PROCESSING

QUICK FACTS

Industry
Consumer products – food

Revenue
US$11.6 billion

Employees
15,600

Headquarters
Auckland, New Zealand

Web Site
www.fonterra.com

SAP® Solutions and Services
Automating the preparation of export documents with the SAP® BusinessObjects™ Global Trade Services application

Implementation Partner
SAP Consulting

As the world's leading exporter of dairy products, Fonterra Co-operative Group Ltd faces massive challenges with export documents. To streamline export processes, Fonterra implemented the SAP® BusinessObjects™ Global Trade Services application. With its help, Fonterra has standardized and automated these processes internationally, increased export documentation officer productivity, reduced compliance risks, and improved accuracy and timeliness.

Key Challenges

- Improve export documentation officer efficiency
- Automate preparation of simple exports documents while standardizing and centralizing preparation of complex documents such as letters of credit
- Reduce risk of noncompliance with government and commercial regulations
- Improve document timeliness and accuracy
- Simplify document processing for customers, thereby building market share

Why SAP Was Selected

- Capacity to support global operations with 1 standardized process automation solution
- Differentiation of simple and complex tasks
- Multifaceted trade compliance tools
- Integration with SAP® software that runs the business
- Ease of integration with external systems

Implementation Best Practices

- Engaged close business user participation
- Performed extensive organizational change management, resulting in widespread acceptance
- Progressively rolled out solution across exporting and receiving countries
- Focused on streamlining upstream processes

Low Total Cost of Ownership

- Retired legacy system
- Held operational costs constant for 1st year despite growth in export volume and complexity
- On track to reduce operational costs substantially in following years

Financial and Strategic Benefits

- Implemented uniform standards and processes globally
- Centralized processing of complex document sets
- Allowed export documentation officers more time to apply their expertise where needed
- Mitigated risks of noncompliance with government regulations and sanctions
- Reduced commercial and financial risks
- Satisfied customer desires for electronic documentation, heightening satisfaction and loyalty

Operational Benefits

Key Performance Indicator	Impact
Throughput per documentation officer	+25% in year 1, on track for +100% by year 4
Fully automated document sets after year 1	69% simple, 39% complex – up from the past and with much more to come
Partially automated document sets after year 1	28% simple, 29% complex
Documentation officer headcount	-10%
Documentation officer onboarding time	-50%
On-schedule delivery of document sets	99.8% – ahead of target and up from the past
Accuracy of document sets	99.9% – ahead of target and up from the past

Fonterra
Dairy for life

"SAP BusinessObjects Global Trade Services is a critical part of all six strategies taking us to 2020: productivity, customer service, e-trade data, global trade platform, processes, and up-skilling."

Clyde Fletcher, Global Documentation Manager, Fonterra Co-operative Group Ltd

www.sap.com/contactsap

Fonterra Co-operative Group Ltd, a co-op owned by 11,000 New Zealand farmers, is among the world's top ten dairy product producers and its number one exporter, with more than 30% of the international dairy product trade and an annual volume of 2.1 million metric tons. Fonterra manages exports from New Zealand and many other nations to over 120 countries.

Focusing on Export Processes

With most of its business dependent on exporting, Fonterra pays close attention to optimizing the processes entailed. The challenges are many. Extensive paperwork is required for compliance with government regulations and commercial requirements in all the countries the company serves. Commercial risk management often requires Fonterra to obtain letters of credit from banks. International sanctions must be monitored closely. Many flavors of international commerce terms have to be supported. Because the product is food, special regulatory bodies impose their own restrictions. Fonterra's customers, many of them suppliers of household-name products, demand use of technologies such as electronic messaging to boost their own productivity. Fonterra cannot take undue time adhering to all these demands because timeliness and accuracy are paramount in achieving on-time shipping.

To support its export processes, Fonterra has long relied on software technology specifically designed for the purpose. The system of the past, however, fell short in many respects. It was not integrated with the SAP® ERP application that runs the firm's business, and it required too many manual operations. "We needed to free our documentation officers to spend their time on exceptions, not routine paperwork," explains Clyde Fletcher, global documentation manager for Fonterra.

Tuning for Optimized Automation

In the SAP BusinessObjects™ Global Trade Services application, Fonterra found the functionality it was seeking for export documentation, compliance management, customs management, and risk management. "Besides all this, the software comes with tight integration with SAP ERP and with implementation assistance available locally from the company that knows it best, SAP," explains Fletcher. "It's the complete package."

SAP consultants installed SAP BusinessObjects Global Trade Services and interfaced it with several government and third-party systems using SAP NetWeaver® Process Integration technology. They also implemented support for several country-specific processes, augmenting those inherent in the software, as well as enhancements for compliance with food-specific regulations. SAP has since incorporated many of these developments into the standard product.

Moving Forward from Today's Successes

The countries that comprise 80% of Fonterra's export volume – New Zealand, Australia, and the United States – have been in production for over a year with excellent results. The vast majority of straightforward export tasks are completely automated, as are many of the more complex tasks that involve multiple parties. When human involvement is required, it is provided by a center of expertise made possible by global standardization. Already, through attrition, the firm has reduced its documentation officer headcount by 10%.

"We have already boosted throughput by 25%," reports Fletcher. "We have many plans to improve it further by tuning the software and our processes, by extending the application's reach to the rest of the world, and by bringing several outsourced functions in-house where we can now perform them much less expensively. By the end of year four we fully expect to be 100% more productive in exporting, and we haven't even touched importing yet, which likely offers all the same benefits."

50 102 437 (10/11)

©2010 SAP AG. All rights reserved.

SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP BusinessObjects Explorer, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects Software Ltd. in the United States and in other countries.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

THE BEST-RUN BUSINESSES RUN SAP™