Varun Beverages: Capping Fleet Management Costs with SAP® ERP

Competition in the Indian beverage market is heating up as companies shore up their logistics to ensure timely product availability and improve market penetration. Varun Beverages Limited is beating the heat with a fleet management solution it implemented in just five months. The SAP® software is significantly **reducing fleet operating costs** and improving fleet performance.

Executive overview

Company
Varun Beverages Limited

Headquarters
Gurgaon, India

Industry
Consumer products – beverages

Products and Services
Carbonated soft drinks, juice, bottled water

Employees
Over 2,000

Web Site
www.rjcorp.in

Partner
Wipro Limited and in-house team

BUSINESS TRANSFORMATION

The company's top objectives:
- Reduce cost of fleet operations and maintenance
- Improve visibility of fleet operations
- Make fleet decisions based on reliable data and metrics

The resolution:
- Integrate the standard plant maintenance and transportation functionality of the SAP® ERP application with GPS devices on trucks
- Team up in-house software and supply chain experts with implementation partner
- Create comprehensive fleet reports including trip sheet, mileage, tire life, critical parts status, and per vehicle operating cost

The key benefits:
- Completion in five months and on budget
- Accurate fuel consumption monitoring
- Reduced cost of freight and vehicle repair
- Improved fleet performance
- Centralized monitoring of fleet

Read more

"Transportation is a big part of our costs. With SAP software, we not only cut those costs, but we can keep them down by finally knowing which trucks are just too expensive to maintain."

Chris White, Chief Executive Officer, Varun Beverages Limited

TOP BENEFITS ACHIEVED

12%
Lower fuel costs

15%
Expected reduction in maintenance costs

5%
Lower truck tire costs

See more metrics

Click here or scan the QR code to watch the customer video

Executive overview

Company objectives

Resolution

Business transformation

Future plans

The Pepsi bottler that launched a thousand trucks

Since PepsiCo Inc. entered the Indian beverage market over two decades ago, Varun Beverages Limited (a subsidiary of RJ Corp Limited) has partnered with the global consumer products company every step of the way to help make it a market leader.

Today, Varun Beverages is India's largest Pepsi bottler, with additional international operations in Nepal, Sri Lanka, and Africa. To make sure Pepsi's beverage brands stay on top, the bottler relies on a fleet of over 1,000 trucks to get its beverages to market. Keeping such a high number of trucks on the road is a costly, complex operation. Varun Beverages recognized that tremendous cost savings could be gained by managing its fleet operations more productively.

To achieve these savings, the bottler wanted to constantly monitor trucks as they run delivery routes and better coordinate deliveries with customers. It wanted to know precise details about each truck's operation, including distances traveled, fuel consumed, and brake usage. Varun Beverages also wanted better insight into fleet maintenance, which was largely outsourced to local vendors with a manual process of analyzing and validating the work performed.

To make it all possible, Varun Beverages needed an enterprise software provider whose solutions incorporate the very best practices around business processes like fleet management. That's why the bottler turned to SAP software.

> "We wanted a better understanding of our fleet maintenance costs, especially knowing exactly what it costs us to keep each vehicle on the road."
>
> Chris White, Chief Executive Officer, Varun Beverages Limited

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A diverse project team finds answers on the road

Varun Beverages assembled a diverse project team to determine and implement the most effective fleet management solution. The team included consultants from implementation partner Wipro Limited, along with internal supply chain experts and functional consultants of the in-house group that manages the bottler's deployed SAP ERP application. The team determined that the best solution was to integrate the plant maintenance and transportation functionality of SAP ERP with GPS-enabled devices installed on each truck. The GPS devices would then transmit critical vehicle data to SAP ERP for analysis.

This approach could fully corroborate actual truck mileage versus mileage reported to Varun Beverages by contract drivers. It could also automate the highly manual process of truck maintenance billing by outside vendors to improve accuracy and better track work performed and parts used. Equally important, the solution could help fleet managers establish a complete and up-to-date maintenance history of each truck, so they could better understand each vehicle's current and projected cost effectiveness.

The project team's close collaboration paid off with the successful on-budget deployment of the solution in just five months..

> "We already run SAP ERP, so we understand the pivotal role SAP software can play in allowing us to make the right decisions that will steadily improve our fleet performance."
>
> Kamal Karnatak, Senior VP and Group CIO, RJ Corp Limited

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Total vehicle insight – from the driver's seat to the tires

Today, real-time vehicle data made available through SAP software is helping Varun Beverages find more ways to save money in its fleet operations. For the first time, the supply chain team knows the exact distances traveled by each truck's delivery run, which has eliminated the overpaying of contract drivers. And by monitoring key vehicle parameters like tire life, critical parts, and per-vehicle maintenance costs, Varun Beverages is reining in excess repair spending.

The fleet management solution also gives the bottler the reliable and timely reporting that fleet managers need to make the right decisions about reducing costs. For example, they know which trucks should be retired and when to acquire new ones.

So far, the solution has helped Varun Beverages reduce fuel costs by 12% and tire costs by 5%. And Varun Beverages expects a 15% reduction in maintenance costs compared to the year before the implementation of SAP software.

KEY BENEFITS

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Lower fuel costs

15%
Expected reduction in maintenance costs

5%
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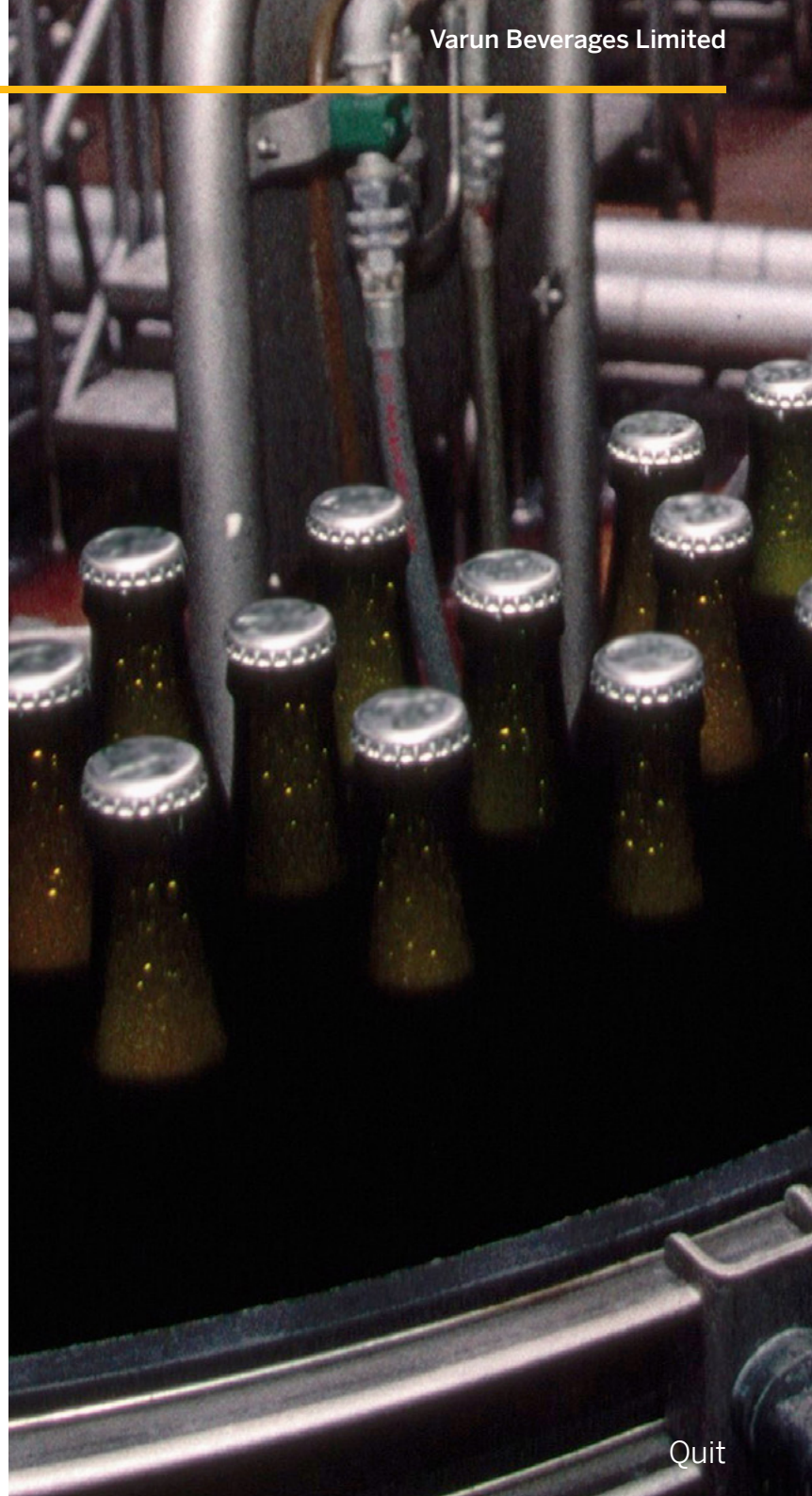
Benefits that are far from fleeting

Varun Beverages expects to realize even greater cost savings when it expands the deployment of its fleet management solution to its secondary distribution network that services its retail customers.

But the Pepsi bottler is not stopping there. In fact, it wants to provide its employees across the organization with self-service access to reliable and timely business insight. This is why the company plans to deploy SAP BusinessObjects™ business intelligence solutions. The solutions will leverage data in its deployed SAP and non-SAP software to give business teams across Varun Beverages the same solid decision-making capability that is already benefitting fleet management.



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