



Microsoft Dynamics Customer Solution Case Study



Dairy Giant Improves Controls and Addresses Regulatory Compliances

Expects 5-7 Percent Profit After Tax (PAT)

Overview

Country or region: India

Industry: Manufacturing, Wholesale and Distribution

Customer Profile

Dodla Dairy, one of the leading dairy companies in South India, manufactures and markets a wide range of daily products including milk, butter, ghee, cheese, cream etc.

Business Situation

Dodla Dairy was using an in-house developed, standalone ERP application. As a result, manual efforts in consolidating data, time-consuming processes and training requirements added the costs to the products.

Solution

With the help of ABS, Dodla Dairy deployed Microsoft Dynamics™ AX 2009 to meet the changing business requirements, increased volumes and capacity. The solution integrated all the sites and agents on a common platform and improved governance.

Benefits

- Reduces cost of supply chain
- Improves operational efficiency
- Fair payment ensures vendor loyalty
- Better planning and control
- Return on investment within 2-3 years
- Enhances financial visibility

“We deal with 8,000 villagers and 3,000 retailers every morning and evening. In such complexity, Microsoft Dynamics AX makes the processes simpler. More importantly, it moves us from fragmented, silos to a cohesive, unified organization.”

D. Sunil Reddy, Managing Director, Dodla Dairy Ltd.

Dodla Dairy, a leading dairy and dairy products company, managed its business on a bespoke ERP solution. However, with time, the limitations of a standalone application posed a threat to growth. It also risked non-compliance with government regulations. The company decided to integrate its operations on a common platform. Dodla Dairy partnered with Affordable Business Solutions (ABS) to implement Microsoft Dynamics™ AX 4.0, later upgraded to Dynamics 2009. The solution improved the internal controls of the company by automating business and functional processes. Integrated operations, real time collection-distribution information from multiple sites, and improved communication assist in sales planning. It directly increases sales and hence revenues. Most importantly, Dodla witnesses financial transparency and is able to meet all regulatory compliance requirements. All these factors put together greatly improve the overall efficiency and growth plans.



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Situation

Established in 1995 in Nellore, Andhra Pradesh, Dodla Dairy is an exporter and wholesaler of milk and dairy products. It procures, processes and sells milk and milk products across India. Headquartered in Hyderabad, Dodla has operations in 60 locations across South India and employs over 700 people. It is an ISO 22000 certified company. The annual revenues approximate U.S.\$ 99.75 million (INR 500 crore) in 2010-11.

It owns multiple state-of-art technology processing plants, chilling and collection centers, and sales and marketing branches across India. With a network of more than 3,000 dealers, its products are available at more than 4,000 outlets across South India.

Dodla Dairy was using an in-house developed Enterprise Resource Planning (ERP) solution, D-Soft. This was developed a decade ago when the communication network in remote areas was erratic and undependable. Due to lack of connectivity, D-Soft was designed as a standalone application.

It was deployed manually at each location. Periodically, data was put on CDs and taken to the head office. Here it was consolidated manually. “Existing transport vehicles were leveraged to collect data from every site on a weekly basis initially, with improvement in communication it was then reduced to 1 day. Data was consolidated at the head office,” recalls D. Sunil Reddy, Managing Director, Dodla Dairy. Therefore, it was not conducive to a centralized organizational structure.

While the application had modules for all the aspects of supply chain, from procuring milk to inventory, quality, financials and supply of co-products such as butter and ghee (Clarified butter). But, it didn't have a

production module. Therefore, all production processes were manual.

To complicate the matter, the government regulates milk pricing based on fat and solid-non-fat (SNF) variables. “We are expected to immediately deploy the new government policies in tax specific compliances. However, it was time-intensive process to design, develop and integrate new requirements in D-Soft. Also, it had to be manually deployed at each location. This resulted in time lag and compliance delays,” continues Sunil.

With multi-fold growth during the past decade, Dodla identified the limitations in the existing system. The solution could not scale and handle the exponential growth in its plans. “To create a competitive advantage over the other market players, we not only need to deliver the highest quality products but also upgrade our IT systems to latest technology,” says Sunil.

Solution

Dodla Dairy settled on Microsoft Dynamics AX after evaluating several ERP solutions available in the market. “We considered SAP but we found it to be very expensive as the margins in the dairy business are small. Whereas, Microsoft Dynamics AX was the best fit to address the long-term business and IT needs. It was also the most cost effective solution,” says D. Sunil Reddy, Managing Director, Dodla Dairy. “At the same time, it is user-friendly and easy to learn and use.”

Dodla Dairy hired Microsoft Business Solution Partner, Affordable Business Solutions (ABS) to deploy the same. ABS leveraged its technical and domain expertise to map a best-fit solution based on the dairy industry. It deployed Microsoft Dynamics AX 4.0 in April 2010, which was later upgraded to Dynamics AX 2009 in April 2011. The solution is

presently deployed for 76 concurrent users in a single phase at its head office in Hyderabad. About 50 sites were connected via internet.

Modules deployed included General Ledger, Accounts Receivable, Accounts Payable, Milk Procurement, Inventory, Production (Process), Fixed Assets, Milk Distribution, Product Distribution and Production and transfer.

ABS customized Dynamics AX to include the processes specific to Dodla Dairy. For example, Milk Procurement module is designed to include offline integration with an electronic weighing bowl. This module records milk procured from different vendors at the collection centers. Milk analyzers check quality to capture fat content (FAT) and solid-non-fat (SNF) of each vendor. This ensures that payments are based on the quality of milk, paid on the rates set by the market.

Asset and fund transfers between sites are posted to finance. A specific customization enables site wise balance sheet.

Dynamics manages all aspects of the business such as transportation and procurement costs, incentives, additions or deductions based on advance payments or partial payments. Employees create Goods Received Notes (GRNs). Based on these, purchase orders are raised.

Agents at point-of-sales use handheld devices to capture the day's collection and demands (indents) for next day. This information is uploaded directly from the handheld device to the application. Production planning is based on real time information and synchronizes supply with demand. Integration with handheld devices hence controls production, avoids spoilage and hence saves cost.

Sunil explains, "Our agents know what to deliver and what to pick up from our sites. We pass order information to them and in return, they feed back information on collection and delivery using handheld devices. The confirmation from the agents allows us to manage stock and improve invoice accuracy."

The new Production and Transfer module tracks the output of multiple co-products such as ghee and butter. With automated processes, transportation cost from chilling centers to packing units is tracked. Dodla dairy thus manages to produce high volumes of dairy products, with relatively low margins.

Integration with Microsoft SQL Server Reporting Services allows quick data analysis via crucial reports based on Cubes. Data from Dynamics AX is synchronized to allow analysis of financial data by product, time-period, location, type of revenue and cost; and by comparing actual data against a budget. "The solution motivates the team to utilize its latent capacity for reporting enabling more efficient production, inventory and distribution and move towards deploying Business Intelligence tools," states Sunil.

Likewise, just-in-time inventory management is initiated by collecting information from all milk collection centers, processing plants, distribution centers, depots, warehouse, retail and delivery vehicles.

"Though, these two workflows are still under testing but are clearly our best value and return on investment (ROI)," he adds.

Integration with programmable logic controls (PLC) for better process control, scalability of decision support system (DSS) for decision making activities are some of the functionalities that will become available soon. In addition, the solution will integrate its retail business and will integrate a module on livestock. The livestock module will track

purchase and sale of livestock, breeding information, medication and all other aspects of managing livestock.

Benefits

"Microsoft Dynamics AX gives macro level benefits by addressing micro level problems," says R. Ramanathan, Advisor, Dodla Dairy. It ensures optimal utilization of human and financial resources to produce high-quality products at a lower cost.

Reduces Cost of Supply Chain

Integrated supply chain at Dodla Dairy now addresses issues of both material flow and information flow. It captures all the complexities of multi-product perishables. "We are very pleased to acknowledge that our supply chain network includes collection, production, quality check, inventory and transportation plans," says D. Sunil Reddy, Managing Director, Dodla Dairy. "Automated processes have minimized costs associated with collection, production and distribution."

Improves Operational Efficiency

The ubiquitous information flow has also improved data integrity and significantly reduced duplication and effort. It has cut down the information processing time for quality check and distribution.

Fair Payment Ensures Vendor Loyalty

Streamlined processes enable faster and more accurate payments to vendors. The solution brings transparency, which minimizes manual involvement, reducing the likelihood of mistakes or fraud. The vendors are thus confident about receiving fair and transparent compensation for their product. Immediate, system-generated payments, are very popular with the vendors; and have earned their loyalty.

Better Planning and Control

The integrated system improves internal business processes, collection procedures

and sales planning as well as management reporting. "We see our collections, orders, demands and inventory. Based on this information, we plan for next day in collaboration with sales, procurement and distribution teams," says Sunil. "By providing accurate, comprehensive and on time information, we have improved our decision-making abilities significantly. We respond quickly to changing market conditions." At the same time, management is assured of greater transparency and better governance and compliances.

Return over Investment within 2-3 Years

With improved budgeting and costing, Dodla Dairy expects better returns and higher profits. After deploying Dynamics AX, the company expects 5 to 7 percent profit after tax (PAT) and hopes to recover cost within next 2-3 years.

Enhances Financial Visibility

The new ERP solution has deployed fully integrated enterprise-wide financial controls. Efficient tracking of day-to-day billing (invoices), receivables, and sales allow complete financial visibility required for business decision. For instance, financial entries at the point of shifting material, capturing funds transfer from one location to other, balance sheets at each site ensure transparency and eliminate the chances of errors or thefts or pilferages. "The overall transparency coupled with visibility of accounts allows control over the margins on products, which enables us to maintain our profitability," explains Sunil.

"We deal with 8,000 villagers and 3,000 retailers every morning and evening. With such complexity, Microsoft Dynamics AX makes the processes simpler. More importantly, it moves us from fragmented, silos to a cohesive, unified organization," sums up D. Sunil Reddy, Managing Director, Dodla Dairy.

For More Information

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For more information about Dodla Dairy, call (91) (040) (45467777) or visit the website at: www.dodladairy.com

For more information about Affordable Business Solutions products and services, call (91) (080) (42457457) or visit the website at: www.abs.in

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics

Affordable Business Solutions (ABS) is a consulting organization that addresses the small and medium business enterprises in India and offers them business transformation consultancy services. The services include ERP readiness consulting services, rapid usage methodology for implementation and change management and effective end-user education leveraging Affordable Business Solutions' Center for functional excellence. It specializes in business process evaluation, functional skill up-gradation and technology solutions leveraging world-class packaged applications on a software-as-a-service model.

Software and Services

- Microsoft Dynamics
 - Microsoft Dynamics AX 2009
- Microsoft SQL Server 2008

Hardware

- Dell R710 – 2 No's with 2*6 Core Processors, 64 GB RAM & 2*146 GB Hard Disk
- Dell Equal Logic PS 4000 with 8*600 GB SAS Storage

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