

Premium Foods Manufacturer Chooses QAD MFG/PRO Solutions to Streamline IT Systems, Reduce Costs and Provide for Future Growth

The Company

SPC Ardmona Limited is a leading Australian processor and marketer of premium quality food products for both domestic and international markets. The company's retail brands—including SPC, Goulburn Valley, Ardmona—are household names in Australia.

Two fruit processing operations were amalgamated in January 2002 to create SPC Ardmona Limited. This new entity creates a solid platform for the company's expansion into new products and markets.

Post merger, SPC Ardmona's largest food sector continues to be packaged deciduous fruit; however it also produces and markets a range of packaged vegetable and pasta products. The company is also a leading producer of fruit and tomato-based products for the Food Service Industry, supplying to restaurateurs, caterers and food manufacturers in Australia and to key international markets, including New Zealand, Canada, USA, UK, Japan, South East Asia and Scandinavia.

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David Frizzell, IT manager, SPC Ardmona

Since the merger, SPC Ardmona has expanded production facilities in both its Australian locations and its joint-venture facility in Thailand.

With a view to increasing its sales into Europe and capitalizing on the success of its Thailand operation, in mid-2004 the company announced its intention to

establish a second joint-venture production facility in Spain, inside the European Union.

Reinforcing its commitment to the local market, in 2004 the company also acquired the Henry Jones IXL business from American interests. As well as adding third production facility, the acquisition further expanded SPC Ardmona's product range to include well-known IXL brands (Jams, Sauces and Fruit Snacks).

In all, SPC Ardmona today operates three manufacturing facilities, two warehouses and two offshore joint ventures using QAD enterprise applications. Looking ahead, the amalgamation of the SPC and Ardmona businesses, along with SPC Ardmona's ongoing program of strategic expansion, has created a sound base for continued growth and improvement into the future.

QAD is delivering on its vision of improving supply chain efficiencies and lowering transaction costs, which is consistent with where SPC Ardmona wants to lead its business.

The Challenge

While the amalgamation of SPC Limited and Ardmona Foods Limited in 2002 offered considerable benefits to the newly merged entity and secured the company's long-term future, it also provided its share of challenges.

“While SPC and Ardmona systems were both mainframe based, the two companies were using different operating platforms,” said SPC Ardmona's IT Manager, David Frizzell. “SPC's Shepparton site was running QAD MFG/PRO, while the Ardmona site at Mooroopna was using Prism on the AS400.” This provided a major challenge: which software platform would best support the difficult and complex demands of the merging entity, while providing the capacity and functionality needed to support the company's plans for expansion into the future?

“We needed a scalable platform for our sales, manufacturing and EDI functions that would help us fulfill our customers' and suppliers' needs while, at the same time, reduce our overall costs by enabling us to move into electronic commerce,” said Frizzell.

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The Solution

After a thorough evaluation of enterprise solutions, SPC Ardmona ultimately chose to go with QAD. According to Frizzell, “SPC had been using QAD software for over ten years. QAD also had a strong local support base, which meant that they would be able to assist us with our system integration and upgrade. Another important consideration was that QAD was delivering on its vision of improving supply chain efficiencies and lowering transaction costs, which is consistent with where we want to take the SPC Ardmona business.”

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David Frizzell, IT manager, SPC Ardmona

SPC Ardmona and QAD Australia worked collaboratively to develop a two-phased approach to integrate the two operating systems (Phase 1) and upgrade to the latest MFG/PRO eB2 software (Phase 2)—all while continuing to meet the day-to-day needs of the business.

For SPC Ardmona, it was important that QAD consultants be involved during the process. This would help to ensure that the system integration was handled in a way that would facilitate a smooth transition to MFG/PRO eB2, maximizing system functionality and ensuring that the company’s systems were fully compatible with future releases of MFG/PRO. Phase 1 commenced in April 2002. With the company’s peak season due to start in December, timing was tight.

The original SPC site was running MFG/PRO v7.3, so the initial phase involved converting and loading the Ardmona site’s legacy system data onto MFG/PRO. This included an adaptation of Ardmona warehouse processes to the SPC custom built pallet tracking system and the re-introduction of full MRP planning into the Shepparton site.

With both sites now running MFG/PRO, QAD and SPC Ardmona commenced an evaluation of processes across the two sites, before adopting those that were deemed to

best suit the needs of the business going forward. Original system modifications were also evaluated to identify those that could now be handled with the standard functionality of MFG/PRO. Seven months later, the integration was complete, ready for SPC Ardmona’s peak season to commence. Phase 2 commenced in March 2003 and involved upgrading to MFG/PRO eB2; QAD’s flexible, scalable and easy-to-install manufacturing software. Both phases of the project were completed on time and on budget. According to David Frizzell, “QAD’s local MFG/PRO support base had been a real advantage in successfully completing both the system integration and software upgrade on time and according to the budget.”

The Benefits

For SPC Ardmona, MFG/PRO eB2’s increased functionality and low cost of ownership has led to total IT cost savings of 10 percent for the company. Much of this benefit can be attributed to the fact that, with MFG/PRO eB2, there is less maintenance required to run and maintain the system.

“The EDI functionality provided by MFG/PRO eB2 was a step in the right direction for us. Previously, we had to write a program to transfer information from our PC system into MFG/PRO, now the EDI module could do it for us,” says Frizzell.

Other benefits to the business, while tangible, are harder to quantify.

“Upgrading to QAD MFG/PRO eB2 has enabled us to react more dynamically to the changing needs of our business,” states Frizzell. “For example, if a customer

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wants to do EDI trading with us, we’re now in a better position to be able to meet that need with the stock standard system. Similarly, if we want to introduce suppliers to vendor managed inventories, we can do it

much more easily now than before. In both cases, it is going to cost us less than if we hadn't upgraded to MFG/PRO eB2."

With assistance from QAD, SPC Ardmona's IT team has achieved much over the past two years. They have integrated two reasonably large businesses, completed a software upgrade and, with the recent acquisition

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of Henry Jones IXL, are in the process of integrating another business into the Group. Added Frizzell, "The CIM load tool that works with eB2 is a real time saver when integrating data from other systems."

The Future

Since the merger, SPC Ardmona's expansion program—including acquiring the Henry Jones IXL business—has created new IT challenges for the company. However, the increased scalability provided by MFG/PRO eB2 has ensured that SPC Ardmona's systems are well placed to be able to quickly adapt to, and accommodate, this growth.

"We also want to tap into the benefits that this platform gives us in terms of reducing our business administration costs," Frizzell says. "For example, by leveraging the new capabilities of our MFG/PRO eB2 upgrade, we plan to significantly reduce our procurement and supply chain costs by replacing paper-based transactions with electronic transactions."

In the longer-term, MFG/PRO eB2 has provided SPC Ardmona with a platform from which to launch into QAD Desktop 2 or next generation graphical Web-based solutions—a move that will facilitate and improve information sharing with suppliers and inter-managed inventory processes.

Prepared by QAD in cooperation with SPC Ardmona.

Highlights

Company

Company Name	SPC Ardmona Limited
Industry	Food and Beverage
Products	Food products, including canned and packaged fruit, vegetables, baked beans and spaghetti, jams and sauces, industrial juices and pastes.

Solution

QAD Solutions	MFG/PRO eB2 for order entry, manufacturing and EDI
Sites	3 company-owned manufacturing facilities, including 2 warehouses and 2 offshore joint-venture manufacturing facilities. All plants and offices networked via WAN
Implementation Time	Phase 1—7 months Phase 2—6 months
Platform	HP9000 series
Environment	Progress database

Results

- **Integrated two operating systems into one**
- **Upgraded to QAD MFG/PRO eB2 software**
- **Two-phased project completed on time and on budget**
- **Overall 10 percent plus reduction in IT costs**
- **Lower procurement and supply chain costs**
- **Increased scalability to better accommodate dynamic business growth**



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