

Performance Made Simple: Global Packaging Company Unifies Operations with QAD Upgrade

The Company: Leading the Packaging Industry through Innovation

Australia's Amcor Limited (Amcor) is one of the world's largest packaging companies, offering its customers the highest standards in innovative packaging solutions. Amcor also produces corrugated boxes, cartons, aluminium and steel cans, and closures such as screw-caps and sports bottle lids. Its customers are mainly producers of consumer products.

The company opened its doors in the 1860s, as Australian Paper Manufacturers. Today Amcor has 217 manufacturing sites and runs packaging businesses in Australasia, Europe, North America and Latin America. Headquartered in Melbourne, Australia, Amcor has over 24,000 employees working in 34 countries. With AU \$11 billion in annual sales, the company derives around 80 percent of its income from outside Australasia.

The Challenge: Software Customizations Fuel Support and Training Costs

In Australia and New Zealand, Amcor deploys QAD applications in its glass division and throughout its rigids business, which produces beverage cans, aerosols, food cans and closures.

The last major systems upgrade in these divisions took place in the lead-up to Y2K. At that time, QAD was chosen as the standard and most legacy systems were eliminated. But Y2K deadlines left no time for business process change analyses, leaving inconsistencies across divisions. Fast-forward to present time. Running a highly modified, ten-year-old version of QAD MFG/PRO, Amcor was feeling the sting of escalating costs. Upgrading to a standardised system would eliminate modifications and reduce support costs, while making future upgrades simpler and less expensive.

"When you're running unsupported / non-standard applications what you end up doing is paying higher maintenance, because it's modified," explains Amcor divisional IT manager Sandy Antonuccio. Because different divisions ran uniquely customized versions of

the core software, staff moving between divisions had to be retrained each time they changed location. Plus, the disparity in customizations and processes between divisions hampered data integrity and visibility.

Amcor started evaluating the upgrade project in 2005, comparing the cost of QAD and SAP. "We decided QAD was a strategic vendor for us, and had supported us well in the past," says Antonuccio.

The Solution: One, Current Version of QAD—No Modifications

Amcor is now in the process of rolling out QAD MFG/PRO eB2.1 in 23 Australian and New Zealand manufacturing sites. While the corporate strategy in the Australasian region is SAP, Amcor group general manager Rob Pyne says decision makers realised major benefits could be gained in the glass and rigids divisions without such a major investment. "It would have cost us half as much again to roll out SAP," he explains.

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Sandy Antonuccio, Divisional IT Manager, Amcor

During the design phase, Amcor assessed the needs of individual business units. We established true business requirements and we mapped that to the software," says Antonuccio, "Nine times out of ten the fit was there." He says Amcor and QAD Consulting collaborated to bridge the few gaps in functionality, leaving the core software unmodified. And, says Antonuccio, "We've made it a policy that we're not modifying any QAD source code."

Amcor is implementing all of the QAD MFG/PRO eB2.1 manufacturing modules, plus the purchasing and sales modules. The company is also rolling out QAD Warehousing, an advanced inventory management system, giving the company much better control of order entry and MRP.

Pyne says Amcor is leveraging QAD demand planning and forecasting functionality to get “ahead of the game in terms of responding to customer needs.” Pyne wants to honour guarantees on the increasingly short delivery times and turnarounds demanded by its diverse and sophisticated customer base. “It is one of the goals of the project to improve our supply chain management,” he says.

Early experience with the new system are promising. “The feedback is that implementation was smooth, with no disruption to production or deliveries, and no down time,” says Antonuccio.

Benefits: Simplicity Clarifies Data and Promotes Agile Operations

There are already signs of improvement in inventory and processing capability management, and enhanced ability to get information out of the system. Antonuccio notes that customer demand management is more reliable, generating corresponding improvements in planning and inventory. Amcor expects annual savings on support costs in the range of AU \$.5 million. Because employees now use one standardised, unmodified version of QAD MFG/PRO wherever they go in the organization, the company will also realize savings on training.

Capturing more information online has eliminated manual processes and improved data accuracy and visibility. Says Antonuccio, “We are now putting things that used to be kept on spreadsheets into the system, and we can now make better business decisions.”

Customer demand forecasts are now online as well: “Our planning is now on-system rather than off-system,” says Antonuccio. Amcor expects continuous improvements in costs and efficiency, particularly in stock control and inventory. And, Amcor will continue to leverage QAD QXtend to interface to its legacy financial system, supporting its coexistence strategy with SAP at the corporate level.

The Future: Amcor Sees Long-term Benefits of Relationship with QAD

Amcor is continuing its roll-out of QAD MFG/PRO eB2.1, with its beverages division due to go live in March 2007. The remaining sites involved in the project will roll out QAD over the course of 2007. The company is also considering adopting QAD Lean Manufacturing.

Antonuccio is confident that business benefits will accrue quickly, expecting returns on investment to meet or exceed projections. He expects to spend less than

Highlights

Company

Company Name	Amcor Limited
Industry	Container Manufacturing and Distribution
Products	Corrugated boxes, cartons, folding cartons; steel and aluminium cans for foods, beverages and household products; flexible packaging; PET plastic jars and bottles; plastic and metal closures; glass wine bottles; multiwall sacks, paper, cartonboard and paper recycling.

Solutions

QAD Enterprise Applications	QAD MFG/PRO eB2.1, QAD QXtend, QAD Warehousing
Number of Sites	65 sites in Australia and New Zealand, 217 worldwide
Implementation time	August 2006 – late 2007
Platform	HP 9000 server
Environment	Microsoft Windows on desktop, HP Unix servers

Results

- Successful upgrade from previous QAD MFG/PRO version
- Improvements to supply chain efficiency
- Simplification of input systems—number of screens down from nine to two
- Improved data capture, integrity and accuracy with online system
- Tighter integration with legacy financial systems
- Standardized system with minimal modifications
- Coexistence with corporate standard of SAP

half the current upgrade budget next time around. “Our upgrade path becomes simpler because we haven’t modified,” he says.