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– Keith Arnold, IT Manager, Dairy Goat Co-operative

# Dairy Goat Co-operative safeguards precious kids

When it comes to babies the quality and safety of everything they play with, wear and ingest becomes a matter of critical concern to parents.

Dairy Goat Co-operative Ltd (“DGC”) developed the first ever infant formula based on goat milk in the late 1980’s as well as building the world’s first factory designed specifically to manufacture goat milk nutritional products.

As the world’s leading manufacturer of goat milk nutritional powder products DGC’s leadership position has been supported through a ceaseless attention to quality control.

The quality controls within DGC are paramount. From on-farm practices through to product manufacture and packaging, all processes are subject to Risk Management Programmes, audited by the New Zealand Food Safety Authority.

The systems to support quality control are crucial to DGC’s business, and in turn to their customers, so ensuring the system’s stability as well as minimising risk became an ever more pressing issue as the company went from strength to strength.

Recent developments in the company included plans to build their own canning plant and the acquisition of a 50% holding in Dairy Blenders Limited.

## A high risk legacy

DGC ran their company with a selection of disparate legacy systems, the most crucial being Filemaker Pro which handled amongst other functions that of product grading – an operational kingpin. The customisation work done to Filemaker Pro to match DGC’s requirements was done by a local developer, with no supporting documentation or knowledge transfer. Although the system was relatively stable the substantial risk to the company arising from being totally reliant on a single person became even more apparent when the developer was attending an overseas conference.

Keith Arnold, IT Manager for DGC explained: “About three years ago, when we were turning over \$50 or 60 million and teetering on the edge thinking what if something did happen to him, we actually did have a problem. One of our new staff

Industry: Dairy Produce/Wholesale/Distribution  
Project Type: ERP

### Quick Facts:

<p><b>Website:</b> www.dgc.co.nz</p>	<p><b>Workstations:</b> 15 users</p>	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Integrated quality control</li> <li>• Stability with low risk solution and strong local support</li> <li>• Ease of use with quick adoption by users</li> <li>• Planning – delivering lower inventory, better customer service, lower costs in the supply chain processes</li> <li>• Grading - improved QM throughout the supply chain</li> <li>• Improved inventory accuracy</li> <li>• Improved documentation</li> <li>• Capacity to support substantial growth plans</li> </ul>
<p><b>Customer Size:</b> Medium</p>	<p><b>Year:</b> 2007</p>	
<p><b>Solutions:</b>            Microsoft® Dynamics AX V4 SP2            Microsoft® Windows Server 2003 R2            Microsoft® SQL Server 2005            Microsoft® SQL Reporting Services            Microsoft® SQL Analysis Services            Microsoft® Dynamics FRx Reporter 6.7 SP10            Atlas XL - Globe Software            Ingredients Management System -            Automation &amp; Dispensing Solutions - CTEK</p>	<p><b>Functional areas:</b>            Financials, Fixed Assets, Trade, Logistics, Master Planning, Production and Business Analysis</p> <p><b>Scenario:</b>            Enterprise Resource Planning, Financial reporting, Forecasting &amp; planning            Product grading, Export documentation</p>	

deleted the whole database. The developer was in Houston and we had no local support. Luckily we got him on the phone and he was able to log in and restore a back up for us. We were definitely vulnerable though, and this really highlighted just how much so.”

As well as Filemaker Pro, the company utilised Exonet for its financials and IMS (a proprietary Ingredients Management System) to control the precision addition of micro-ingredients to the products. There was also a considerable reliance on some extremely lengthy and complex spreadsheets for reporting and planning.

“The combination of systems meant we were hugely vulnerable,” commented Arnold. “The Filemaker Pro database was a good programme but we were just finding some little instabilities in it. And with spreadsheets you’re totally at the mercy of staff changing data in the spreadsheet based systems without understanding the complex and lengthy formulas we had. It’s very scary. One little thing can go wrong and totally blow the whole planning system away. When we had very few staff it wasn’t so bad to manage because everybody knew what their piece in the puzzle was. But then we started getting more staff it became more difficult and that is what happened with the database thing.

One new staff member didn’t know what that button did - and she hit it - and all the data disappeared. So just going forward as we become a bigger company we had to have a more stable, reliable platform for the company.”

Renzo Vettori, General Manager – Corporate, echoed these sentiments. “I think the big problem for DGC was that it wasn’t integrated and we were reliant on too many spreadsheet functions for some of our planning requirements. The original system did what we needed for the structure of the company when we had half a dozen people here and a lot of the work was being done offsite, but once we became a single site with the manufacturing unit and processing plant it became harder to rely on spreadsheets. We needed a system we could be reliant on, not just one person.”

## The move forward

The lack of integration between the systems presented DGC with a range of issues. With low stock level and costing accuracy, as well as difficulty in producing management reports, the ongoing growth of the company demanded the move to a single stable and highly functional solution. As well as replacing Exonet and Filemaker Pro and a new solution was required to integrate with and control IMS.

“Our situation at the end of 2007 was that our sales were being managed in one

of the databases and then the financial reporting was being done in the Exonet database, and then the planning for those was done in a spreadsheet,” commented Arnold. “So you had no direct linkage for what theoretically is the same transaction and we were effectively double keying things a lot of the time too. Moving data from one system to the next just didn’t make sense.

“We could see with the growth in the company that was due to come on in early 2008 that the planning and procurement side was going to stretch our spreadsheet based systems, so the time had definitely come to move to a totally integrated solution,” said Arnold.

## Longevity and stability

DGC proactively evaluated several ERP/MRP options; including one they were already very familiar with and had originally felt would be an ideal solution. However the final decision came down to the solution’s longevity, stability and flexibility to adapt to their business, along with strong local support. Microsoft Dynamics AX along with Microsoft New Zealand’s leading Dynamics AX implementation partner, Koorb Consulting, was selected.

Vettori commented on the selection. “I think Microsoft has strong reporting functions, especially on the financial side of things, it has a long term roadmap, and AX certainly won hands down for user friendliness.”

## Winning developments

Koorb was a natural choice for DGC as their partner in view of their number of local implementations and an understanding of the dairy industry. “We chose Koorb from a selection of Dynamics AX partners available in New Zealand as we felt that their range of experience was probably wider,” said Arnold.

“We saw Koorb had a good fit and ongoing support as well, and felt if they were doing more installations than anyone else they would have more support. We’ve got to be realistic here; the longevity of the company is going to be more viable if they’re doing more installations.”

The requirement for product grading as part of the new integrated system (previously handled by Filemaster Pro), was a crucial one, and Koorb developed this as a specific module within Dynamics AX.

The existing product grading function was used as a model for the new Dynamics AX module. Arnold was pleased with the results. “With the new module that Koorb built within AX we’ve addressed that stability issue, and I feel more confident with our grading system being handled in the same database. Filemaker Pro, although it functioned well, is just an open



database and you can write it any way you like - whereas AX has more processes and boundaries that you've got to work within. So long term, I believe that AX is actually going to protect us more."

The Dynamics AX grading solution that Koorb developed offers enhanced performance, primarily due to its integration to AX inventory and quarantine management systems. Products are quarantined directly off the production line until grading is completed. It facilitates "hot shipping" where product can be early released prior to final grade being issued, so the supply chain demands can be fulfilled. Once final quality result are received, the early released product is graded and can be traced through AX inventory and production processes. The new grading system was re-designed to meet the requirements of different operations such as the canning process where quality samples are based on time rather than lot samples.

The development of functionality to generate export documentation within Dynamics AX was also well received. The documentation is clean, clear and consistent, providing both quality information and a professional image. "Now we've got this documentation package that Koorb developed which is just brilliant," commented Arnold. "It's another feather in their cap and I can see it becoming something they can offer to other companies as an off-the-shelf AX enhancement."

Microsoft's Dynamics AX underlying best business practise was easily aligned with DGC's own processes. With only minor changes in the way things were done, according to Arnold, the implementation was a relatively fast and easy process and user uptake and acceptance has been rapid.

## Planning to succeed

Planning has always been a difficult issue for DGC as they deal with a fresh milk product in its raw state, with a seasonal peak. The peak has to be levelled to cover 12 months supply so good forecasting is critical, especially realising that DGC's own customers don't always forecast well themselves. Dynamics AX provides the company with better tools to effectively manage forecasting and even out the peaks.

For Arnold the planning coming in to the inventory system is a highlight of the Dynamics AX solution. "Previously there was all this double keying, backwards and forwards between taking database information and putting it into the spreadsheet to be able to do planning. There would always be questions as to whether the inventory was right. With AX we don't have those concerns."

## Aiming for quality

Other quality orientated projects in progress are the provision of both an RF warehousing solution and a suppliers payments system.

While the RF solution provides the obvious benefit of accuracy in inventory management, a driving factor for the solution is about quality management. It will ensure that products being issued to the production line are both the correct product and the correct grade. The automation systems will scan products at the exact time its issued to the line and interfaces this information back to Dynamics AX. If a potential issue is identified, DGC are able to isolate the products affected for further quality testing.

The supplier payments system is being developed to meet specific and unique payment models which support farmer shareholder co-operative structure as standard dairy industry business practice. Further to being a solution for paying the farmers for supplying their milk, it is also a quality system. It informs the farmer of issue in quality of milk supplied in the most efficient manner, so corrective actions can be taken immediately on farms. This will be achieved through the enterprise portal, email, fax and even SMS messages to the farmer. This is a significant benefit for the farmer and dairy company, and is all about quality, with higher quality reflecting better returns.

## A very certain future

For Vettori, Dynamics AX is part of their future. "We had looked ahead, at our new canning plant and our part ownership of Dairy Blenders, and what we had simply wasn't sophisticated enough to take us forward. Our plan is to incorporate them onto the Dynamics AX system down the track and get full transparency across the whole business. AX can, and will, help us achieve this."

Arnold is also more than comfortable with the partnering of DGC and Dynamics AX, happily concluding: "I think the capabilities of the system will see us right for a very long time to be honest."



## About Koorb Consulting

Koorb is a 100% NZ owned company - privately owned and operated by the Directors, Nicholas Birch and Paul McDowell-Hook. Both Directors work in the company. The company was established over 12 years ago and has offices in Auckland, Wellington, Christchurch and Dunedin.

The main focus of our business is implementing and supporting Microsoft Dynamics AX and Dynamics CRM. Our 30+ certified consultants together comprise the largest Microsoft Dynamics AX and CRM practice in New Zealand. All are certified and have extensive and wide ranging industry experience.

We have implemented and are supporting close to 60% of all Dynamics AX sites in New Zealand. This is a direct reflection of our strong leadership, highly experienced people and proven methodology.

In both 2007 and 2010 we won the Microsoft Partner Award for the Dynamics ERP Solution of the Year.



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