



G  **CS**

// SUCCESS STORY

VALIO

ROBUST ERP FOR A FINNISH FOOD LEADER



70+
users



BACKGROUND

Valio Russia is the Russian division of Valio, the leading producer of dairy products in Finland.

To support its dairy business expansion in Russia, Valio decided to implement an integrated enterprise management information system based on Microsoft Dynamics AX.

RESULTS

- Increased efficiency of enterprise management for key business processes: manufacturing, finance, supply chain and warehouse management.
- Improved quality of customer service due to precise order execution.
- Improved internal controls.
- The scale and complexity of the project made it one of the largest Microsoft Dynamics AX implementations in the areas of food processing, distribution and logistics.

GMCS continues to provide services and support to Valio on an on-going basis.

HISTORY

Valio Russia is the sole importer for Finnish dairy group – Valio. It was established in 1994. Valio dairy products have been sold on the Russian market for over 100 years. The first deliveries began in 1908 and continued during the USSR era.

The company later established its headquarter in St. Petersburg. In 2003, Valio Russia opened a branch in Moscow to support the sales and promotion of products across its distribution channels. Valio Russia is currently also developing a new industrial site; it has a production site in the Moscow region, the Ershovo branch, that includes a logistics and distribution center with its own warehouse and production line of Viola cream cheese. The production line was ISO certified in 2003.

EASTWARD EXPANSION

The integrated management information system project was an important part of Valio's strategic expansion plans in Russia. The need for such a system stemmed from sales and market share growth in the Russian market as well as the new business processes associated with the Ershovo's cheese production and packaging factory and logistics terminal. The new system needed to support key processes such as distribution management, finance, production and warehouse management, and improve the company's competitiveness and customer service quality.

The partner chosen for the project was GMCS based on the following stringent criteria for solution selection:

- Ability to integrate all business processes in a single system.
- Flexibility to adapt to the rapid growth of the company.

// QUOTE //



**MIKA KOSKINEN,
CEO, VALIO RUSSIA AND CIS:**

“Although Valio in Russia recently celebrated its 100th year milestone, we continue to work on development plans to improve the business. The complex business processes had required us to revise our existing management system and search for solutions that ensure reliable support for the business, both today and in the long term”.

- Reliability and global availability
- Proven use in the food industry.
- Compliance with Valio's IT standards.
- Optimum cost.

In addition, Valio adopted the following criteria for partner selection:

- Experience with large scale Microsoft Dynamics AX implementations.
- Stability and reputation.
- Availability of comprehensive technical support services and expert resources.

The project began in 2007 and was carried out in accordance to the methodology set and adopted by the Group. To implement the project, a steering committee was formed that comprised of top Valio managers from general management, finance, IT, logistics and production, as well as key system users.

There was also a control group consisting of IT experts from Valio. This vigorous methodology ensured clear allocation of responsibilities for the GMCS implementation team. This contributed to improvements of decision making quality that ultimately presented quick initial project results.

FROM SUPPLY TO SALES

The primary task was to optimize distribution management processes including order production, delivery and sales. Given Valio's complex distribution processes involving both plants and terminals in Finland and other countries, GMCS implemented an automated supply chain management system including order management and delivery/shipment tracking.

The Microsoft Dynamics AX solution was set up to manage customer orders before they are transferred to Finland and in turn manage



// QUOTE //



ANNA VILO,
PROJECT MANAGER, VALIO:

“In order not to delay the launch of the system, we stuck to a rigid policy regarding the adoption of new modifications. As a result, the launch of the information system was carried out according to the approved schedule

and budget. I believe that an important success factor was the thorough and systematic testing of all functionalities and additional modifications by our key users”.

ordering of needed supplies. The new system also has the ability to take orders using several methods: by electronic worksheets, from corporate portals and manually. When configuring orders, the system’s pricelist functionality is used that takes into account discounts and promotions offered by Valio. In addition, the system can create client and product directories as well as work with any deviations from any terms stipulated in contracts. The system was first implemented in the finance department. Today, the ERP system manages key financial transactions such as accounting and tax accounting, fixed assets, actual expenditures, cash transactions, etc. The integration of Microsoft Dynamics AX with internet banking has improved the accuracy of the calculations for clients, contractors and staff.

ALL-IN-ONE PRODUCTION @ LOGISTICS PLATFORM

The Valio warehouse is organized by storage address and uses modern shelving and pallets. During the implementation phase, the system clearly defined and assigned responsibilities to warehouse employees not only for physical operations, but also for data entry into the system. Today the Microsoft Dynamics AX solution handles operational planning, scheduling and recording. Valio now has better visibility on its logistics center.

By integrating Microsoft Dynamics AX with specialized transport software the system can now automatically generate all accompanying documents. For the Ershovo plant that is producing and packaging cheese, GMCS’s extensive experience in the food processing industry enable it to provide operational accounting information on direct costs per batch and per unit produced using the Microsoft Dynamics AX platform. Valio was also able to keep more accurate spare parts and equipment repair costs and production records through the system’s interface with MRO system.

LARGE-SCALE FOOD INDUSTRY IMPLEMENTATION

Valio Russia was able to achieve a single information system for its head office in St. Petersburg, branch in Ershovo and distributed network of warehouses. At launch time, the system had more than 70 users. Ultimately, the new installed system helped Valio reduce the number of product returns and improve customer service quality thanks to more precise order execution. In addition, Valio was able to increase management efficiency, improve internal controls and ability to adapt to changing market conditions through access to more relevant and accurate information on Valio's core business activities. Ultimately, the system allowed Valio's top management to make better business decisions.

CONTINUED COOPERATION

Based on the results of the main project, the partnership between Valio and GMCS continues with the following initiatives:

- Introduction of EDI (Electronic Data Interchange) technology.
- Improvement to the pricing and discounts system.
- Development of a new system interface for Valio's planning group in order to consolidate data on supplies to Russia.
- Integration with Microsoft Dynamics AX's WMS custody system.
- Improvement to overall reporting system.

// QUOTE //

ANNA VILO,
PROJECT MANAGER, VALIO:

“The new system met all of our requirements. It allowed proper attribution of responsibilities within the company and improved internal controls, as each operation is now administered by the team that operates and monitors the relevant business processes. The distribution chain, from order to delivery, now reflects actual commodity and cash flows. It is important that the implemented solution has potential for further development and, if necessary, be integrated with other components of the IT infrastructure and Valio Group's operations as a whole”.



GENERAL INFORMATION

GMCS – a leader in business applications implementation, software development and application management.

GMCS helps customers accelerate their digital transformation using technologies and solutions from leading suppliers, as well as the company's proprietary solutions

The company is headquartered in Moscow, branches - in St. Petersburg, Penza, Perm and Kazan.

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