

## SAP Customer Success Story Mill Products – Packaging Products



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Johan Vanhee, Chief Supply Chain Officer, VPK Packaging Group

### AT A GLANCE

#### Summary

VPK Packaging Group produces a variety of packaging products for customers across Europe through its operations in the Benelux countries, France, the United Kingdom, and Germany. With SAP® software, VPK managed to link the shop floor with the rest of the company and gained an integrated view of the business.

#### Web Site

[www.vpk.be](http://www.vpk.be)

#### Key Challenges

- Disparate systems and processes across business units
- Limited visibility into operations and inventory
- Nonintegrated manufacturing processes

#### Project Objectives

- Increase speed and efficiency in manufacturing and supply chain, while cutting costs
- Foster consistent finance and sales and distribution processes
- Support shift to service-oriented strategy

#### Solutions and Services

- SAP R/3® software, functionality now available in the mySAP™ ERP solution
- mySAP Supply Chain Management solution

#### Why SAP Solution

- Provided comprehensive support for processes across business units
- Enabled high degree of integration between manufacturing and supply chain processes
- Eliminated the need for costly interfaces

#### Implementation Highlight

Integrated mySAP Supply Chain Management with trim optimization software from SAP partner

#### Key Benefits

- Reduced total cost of ownership for IT
- Gained a consolidated view of finance processes across business units, enabling company to better manage costs
- Reduced stock rotation periods from 8 weeks to 2 weeks
- Improved production planning
- Increased productivity, reduced waste, and enabled closer collaboration with customers
- Improved delivery accuracy from 70% to 98%, thanks to greater visibility into operations and inventory
- Decreased need for working capital by 30%

#### Implementation Partner

Deloitte Consulting (now Delaware Consulting)

#### Existing Environment

Heterogeneous non-SAP software

#### Database

Oracle 9

#### Hardware

HP Itanium

#### Operating System

Microsoft Windows 2000

## VPK PACKAGING GROUP

### Staying in Step with Customers Using Software from the SAP® for Mill Products Solution Portfolio

“We needed to support our five business units’ various requirements and handle a large amount of intracompany transactions,” says Johan Vanhee, chief supply chain officer at VPK Packaging Group, which manufactures a variety of packaging products for customers across Europe through its operations in the Benelux countries, France, the United Kingdom, and Germany. “SAP software simplified the handling of those transactions, while providing the range of tools needed by the different units. There aren’t many solutions other than SAP software that can handle all of that.”

#### The Road Leading to SAP® Software

A few years ago, the €533 million company adjusted its strategy to encompass not only the production of packaging, but also a range of value-added services around those materials. “We wanted to move from just providing commodity products to focusing more on the service we provide to customers,” says Vanhee. “That meant not only producing paper, for example, but also delivering that paper at the right moment, in the right amounts, based on the customer’s needs.”

To support that strategy, VPK needed to cut costs and increase speed and accuracy in its operations. But doing so wasn’t easy. VPK as a whole had grown over the years through some 30 acquisitions, leaving it with a wide variety of software spread across its various units; this made it difficult to get an integrated view of the business. What’s more, supply chain processes in its paper division – which manufactures products for use in VPK’s other divisions and for sale on the open market – were fragmented, driving up costs and delays.

### Creating Consistency and Connections

To support a more integrated approach, VPK implemented SAP® R/3® software (functionality now available in the mySAP™ ERP solution) throughout all its business units, enabling it to establish consistent finance, customer relationship management, and sales and distribution processes across the company.

In the paper division, VPK also implemented the mySAP Supply Chain Management (mySAP SCM) solution to support warehouse and quality-control processes, and enhance production planning and order promising. The SCM solution is closely integrated with paper-machine management software – two applications from Greycon, an SAP partner. The Greycon systems handle detailed planning and manufacturing execution in the factory, and instantly share information with mySAP SCM and the SAP solution for enterprise resource planning (ERP), keeping the shop floor closely linked with the rest of the business.

**“With the SAP solution, we have a vehicle for executing our key business strategies.”**

Johan Vanhee, Chief Supply Chain Officer, VPK Packaging Group

With SAP software working across the company, VPK does not have to worry about numerous interfaces between disparate systems. “I always say that we’re in the business of making paper and packaging, rather than managing interfaces,” Vanhee says. “To us, interfaces mean trouble and hidden costs. So this integration is key.”

### Better Service with Lower Costs

With the ERP solution from SAP in place, VPK has a consolidated view of its finance processes across the company, enabling it to better manage its costs. In the paper division, mySAP SCM has enabled VPK to improve production planning, increase productivity, and improve visibility into operations and inventory – which in turn has helped reduce waste while enabling closer collaboration with customers.

Meanwhile, the combination of Greycon and SAP software lets VPK ensure that manufacturing is in synch with customer needs, and gives the company a single repository for vital business information such as customer order status, stock position, stock valuation, and works in progress. That means that VPK has an accurate, consistent picture of production at all times.

Overall, the paper division has seen delivery accuracy jump from 70% to 98%; stock rotation periods have gone from more than eight weeks to just two weeks; and working capital requirements have dropped 30%. “We are getting higher service levels while maintaining less stock,” says Vanhee. And VPK has been able to do it all relatively inexpensively. Before implementing SAP software, says Vanhee, “the total cost of ownership of our IT department was 0.9% of our revenue, which is fairly good for our industry. Now, it is 0.6%.”

SAP software continues to play a vital role in helping VPK shift its focus to service and making sure that its manufacturing and supply chain processes stay in step with customer needs. “With the SAP solution,” says Vanhee, “we have a vehicle for executing our key business strategies.”