ERP Solutions for the Indian Cooperative Dairy Industry
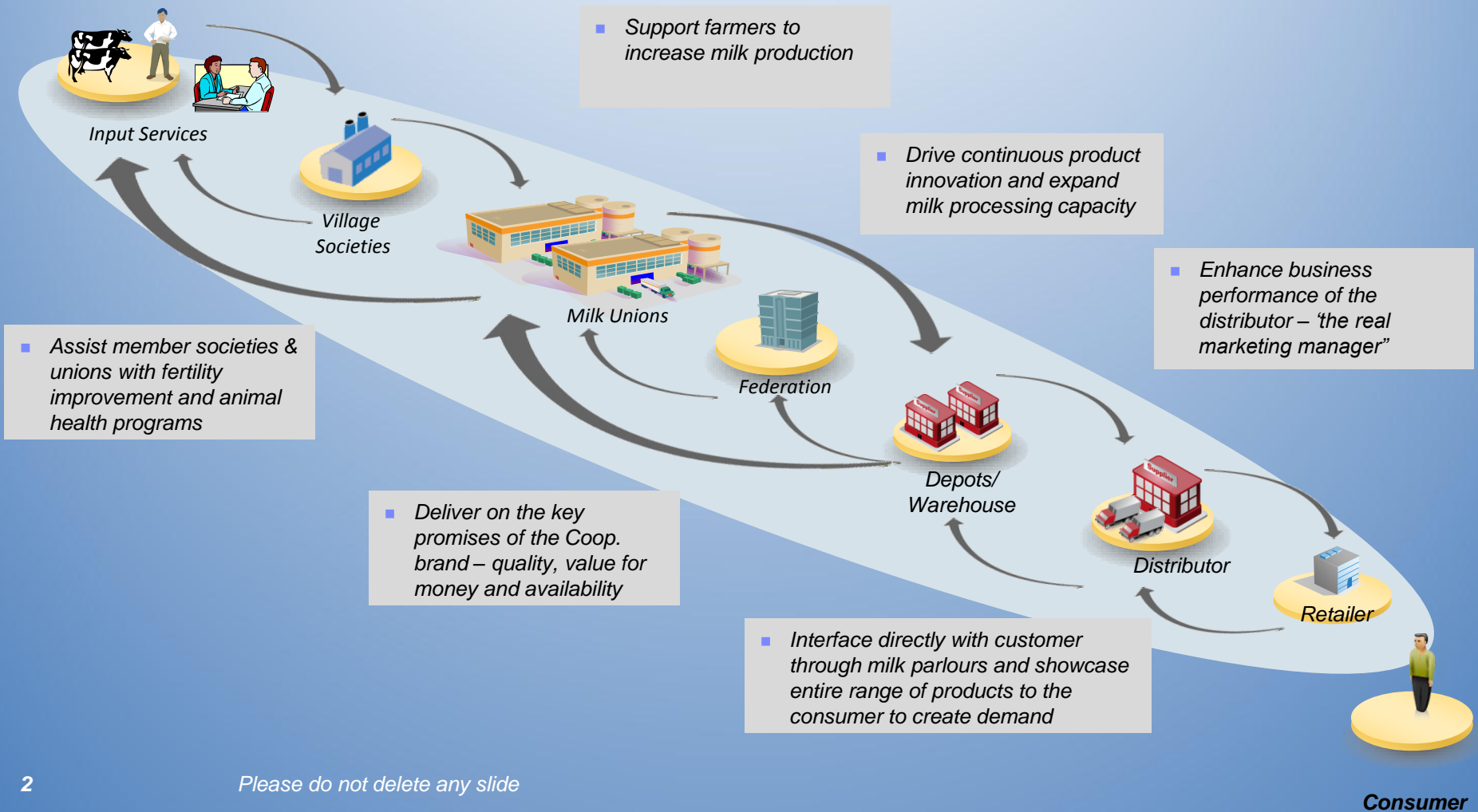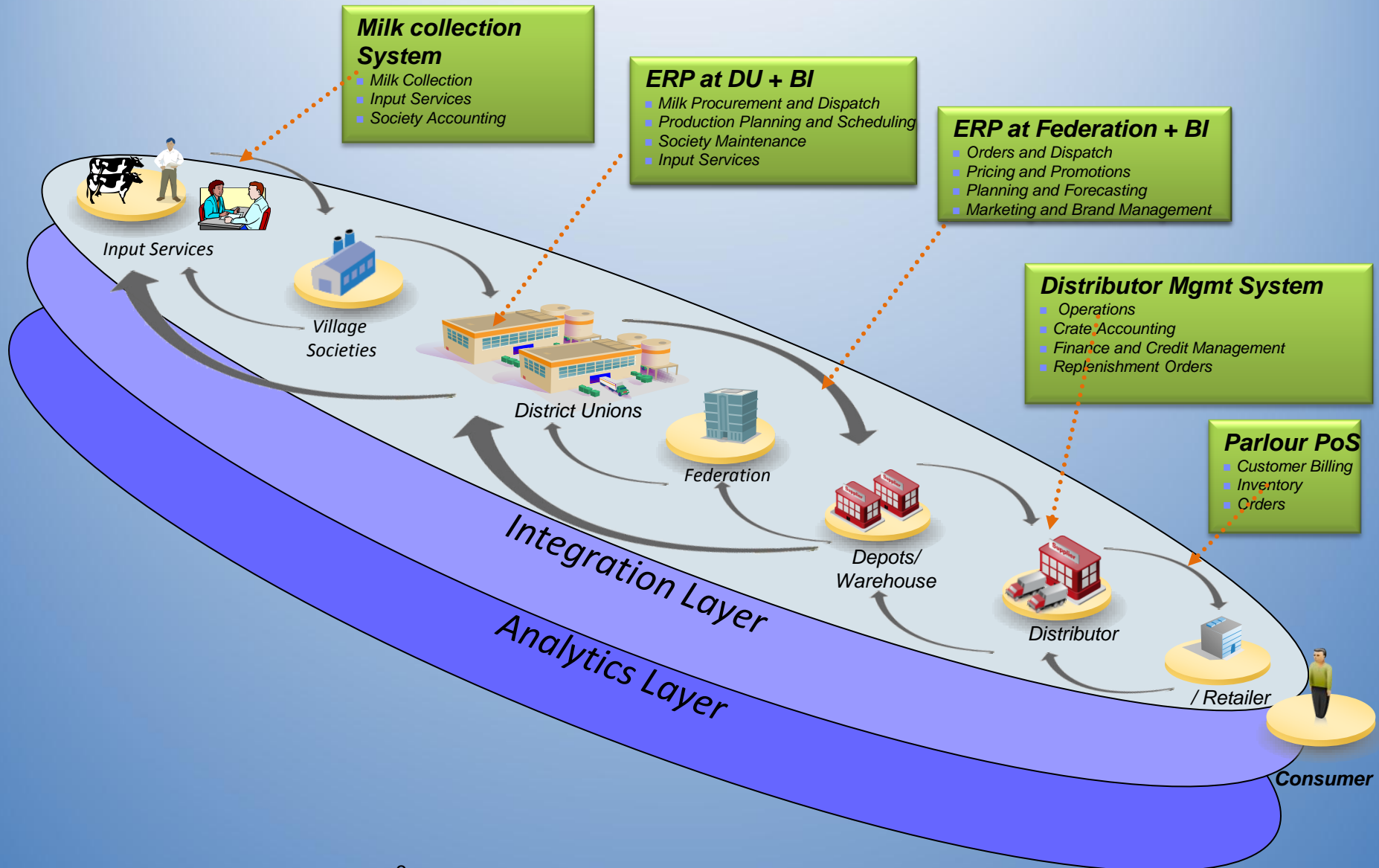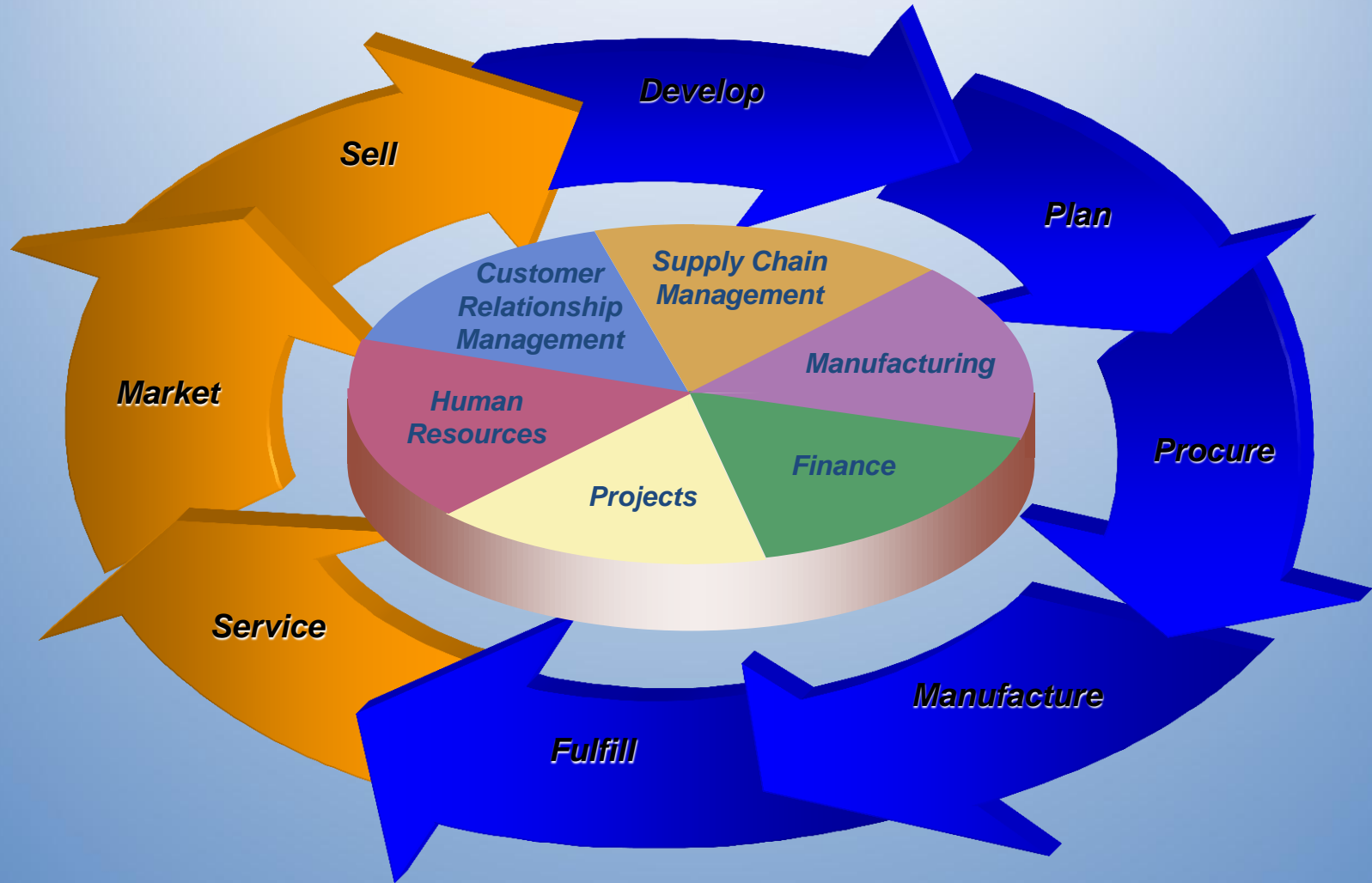
Cooperatives' Mission: Give farmer 'the best price' for his milk and consumer 'value for money' for the product

- Support farmers to increase milk production

- Drive continuous product innovation and expand milk processing capacity

- Enhance business performance of the distributor – 'the real marketing manager"

- Assist member societies & unions with fertility improvement and animal health programs

- Deliver on the key promises of the Coop. brand – quality, value for money and availability

- Interface directly with customer through milk parlours and showcase entire range of products to the consumer to create demand

Input Services

Village Societies

Milk Unions

Federation

Depots/ Warehouse

Distributor

Retailer

Consumer

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IT enables the "Cow-To-Consumer" value chain to improve end to end operational efficiencies that can drive business benefits..

Milk collection System
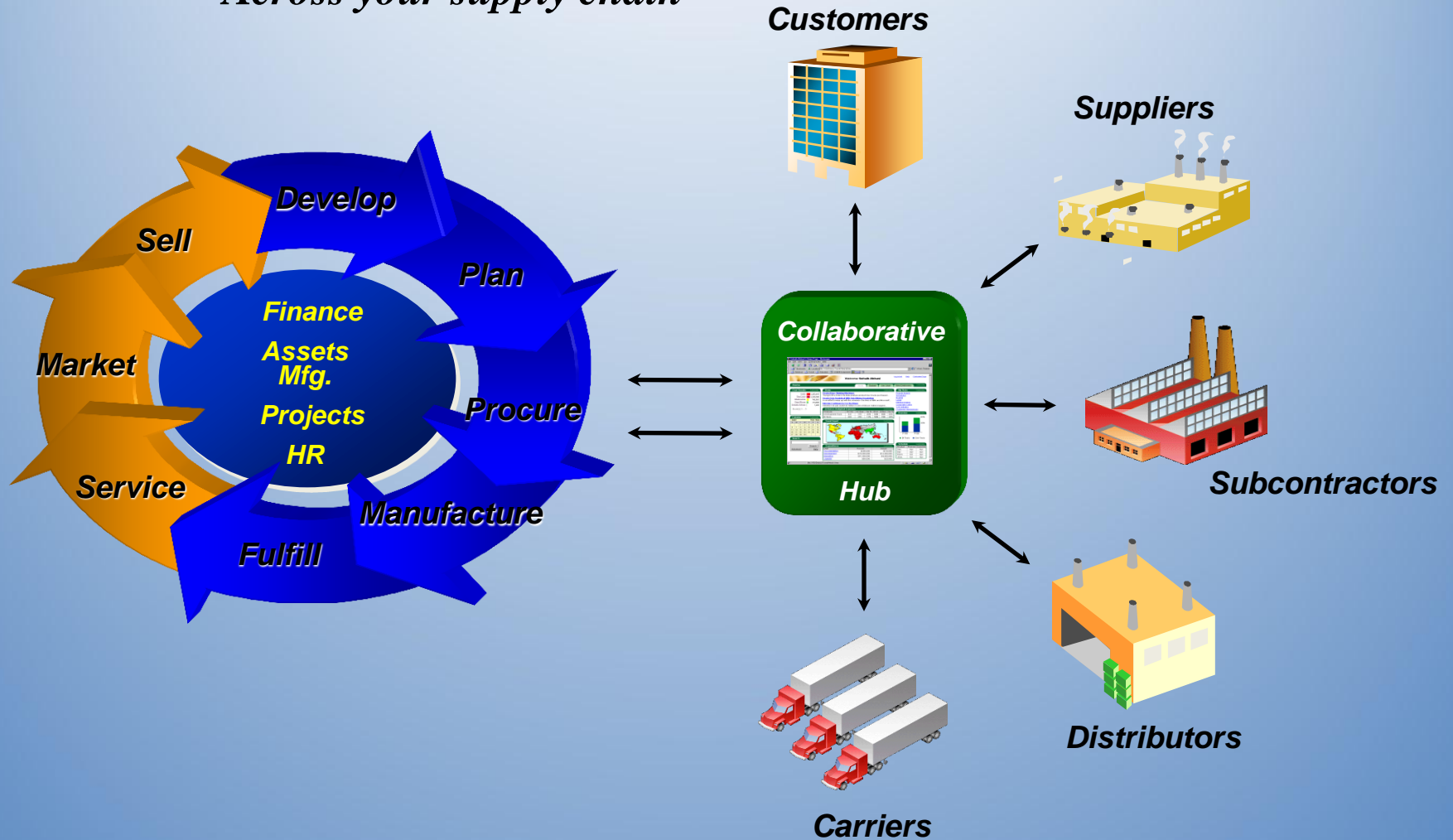- Milk Collection
- Input Services
- Society Accounting

ERP at DU + BI
- Milk Procurement and Dispatch
- Production Planning and Scheduling
- Society Maintenance
- Input Services

ERP at Federation + BI
- Orders and Dispatch
- Pricing and Promotions
- Planning and Forecasting
- Marketing and Brand Management

Distributor Mgmt System
- Operations
- Crate Accounting
- Finance and Credit Management
- Replenishment Orders

Parlour PoS
- Customer Billing
- Inventory
- Orders

Input Services

Village Societies

District Unions

Federation

Depots/ Warehouse

Distributor

/ Retailer

Consumer

Integration Layer

Analytics Layer
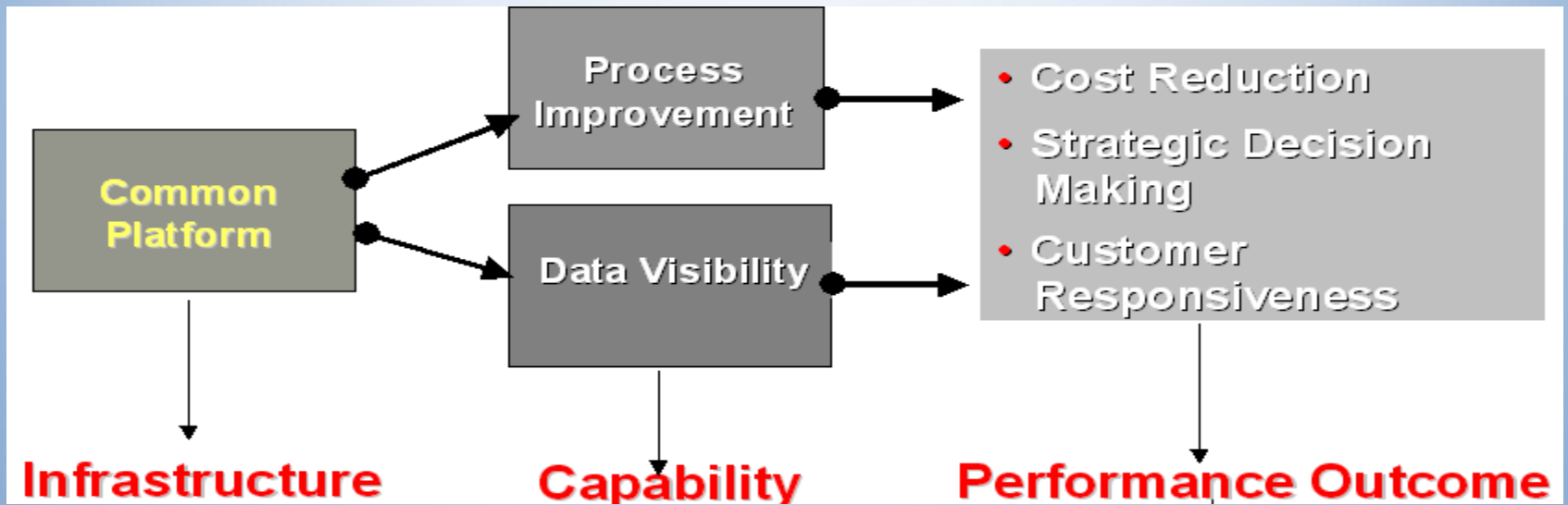
ERP Automates the Internal Functions

… And Extend The Automation

Across your supply chain

Key Benefits

Infrastructure
- Scalable Robust Flexible Technology Platform
- Optimize on IT management costs
- Standards based technology
- Improved IT productivity

Capability
- Standardized and Integrated Process
- Reduced Planning Cycle time and response time.
- Better visibility into supply chain
- Credit/policies enforcement

Performance Outcome
- Better Decision Support due to Real time data availability
- Enables faster growth of business
- Protection of Stakeholders   interest

Potential Improvement

Milk Processing	Improvement Range
Increased Manufacturing Execution Efficiency	5 - 7 %
Reduced Maintenance and Spare Parts Inventory Levels	10 - 15 %
Improved Manufacturing Control Through Enhanced Traceability	10 - 15 %
Reduced Production Loss Due to elimination of packaging and Cattle Feed Raw Material Stock-out Occurrences	8 - 10 %

Procurement	Improvement Range
Reduce purchase cost on packaging materials and federation purchases	3 - 5 %
Reduced procurement spend on cattle feed procurement through better sourcing practices enabled by E-sourcing – E-auctions	2 - 3 %

Supply Chain	Improvement Range
Optimize Transportation & Logistics spend	1 - 2 %
Reduce Loss Sales	30 - 40 %
Reduced warehouse/cold storage maintenance costs and improved operations management efficiency	15 - 20 %
Reduced Depot Level Finished Goods Inventory Levels (One Time)	3 - 5 %

Finance, Reporting and Compliance	Improvement Range
Improved Financial Management Efficiency	25 - 35 %
Improved Profitability Due to Integrated Business Planning and Reduced Time on Report Generation	2 - 3 %

Functional Requirements

Cattle Feed Plant	Chilling Centers	Maintenance & Utilities Functions	Milk Procurement and Billing	Production Operations
Projects	Semen Station Management	Subcontracting Operations	Transportation	Veterinary Services

Budgetary Control	Business Intelligence Reporting	Cooperative Services	Finance and Accounts	Human Resource Management	Insurance & Treasury
Payroll	Production Planning and Control	Purchase	Quality Assurance	Sales and Sales Accounting	Asset Management

Advertising & Promotion	Dispatch Planning	Distribution and Network Planning	Market Planning	Product Complaint

Requirements to Implement Traditional ERP solution

Top Management Vision & Support

- Resources
- Change Management

IT Infrastructure

- Server
- Data Center
- Storage
- Desktops

IT Application

- OS / Databases
- Application Licenses
- Implementation

IT Infrastructure Support

- IT Service Desk
- Desk Side Service
- Network Services
- Data Center Services

Application Support

- Application Management
- Master Data Management

Alternatives

- Traditional On-Premise Application based implementation.

- Cloud Service Based SaaS based Model.

- Adopting an Open Source ERP for our set of Requirements.

High-Level Evaluation of ERP Implementation Options

Criteria	Relative Comparison		
	Traditional ERP	Cloud Based SaaS	Open Source ERP
Solution Complexity	L ← ★ H (high)	L ← ★ H (high)	L ★ → H (low)
Ability to Support Faster Deployments	L ★ → H (low)	L ← ★ → H (mid)	L ← ★ → H (mid-high)
Overall Cost	L ← ★ → H (mid-high)	L ← ★ → H (mid)	L ← ★ → H (low-mid)
Implementation Timelines	L ← ★ → H (mid-high)	L ★ → H (low)	L ← ★ → H (mid-high)
Support Complexity	L ← ★ → H (mid-high)	L ← ★ → H (low-mid)	L ← ★ → H (mid)
Ability to leverage leading practices from industry and each other	L ★ → H (low-mid)	L ← ★ → H (mid)	L ★ → H (low)
Time to Full Benefit Realization	L ← ★ → H (mid)	L ← ★ → H (low-mid)	L ★ → H (low)

"Design Once Implement Many" Approach enabled by Template based ERP Implementation will ensure Rapid Time to Value

`Template Development & Validation

Develop a Template for clusters of Federation and District Unions based on standard and common business processes across the clusters

Evaluation & Analysis → **Global Business Blueprint** → **Global Template finalization**
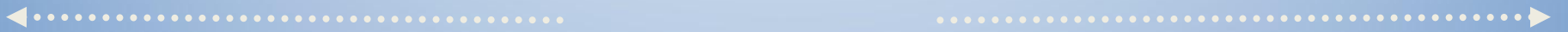
- *Understand the operating model at Federation level and District Union level for all business entities in scope*
- *Identify clusters of Federations and District Unions based on common processes*

- *Define the Master set of all common processes for each cluster of Federation and District Unions*

- *Develop the Template that covers common processes for each cluster of Federations and District Unions*

A Template defines the common processes, data structures and standards for a cluster of Federations and District Unions

The Template and Local Requirements combine to form the process blueprint for each business entity

The Federation/District Union Global Template

Local Requirements

Global Template Design and Development

- Define common processes
- Define data standards and data structures
- Define common interfaces and reports
- Define local variations for process, data, interfaces and reports
- Perform fit/gap analysis for template decision
- Design and develop template on the ERP of choice

Workflows

Legal/Statuary Requirements

Local WRICEF

Global WRICEF

Master data Definitions

Unique Local Processes

Common Processes/Reports

Foundation &Hierarchy Elements

Global & integrated Processes
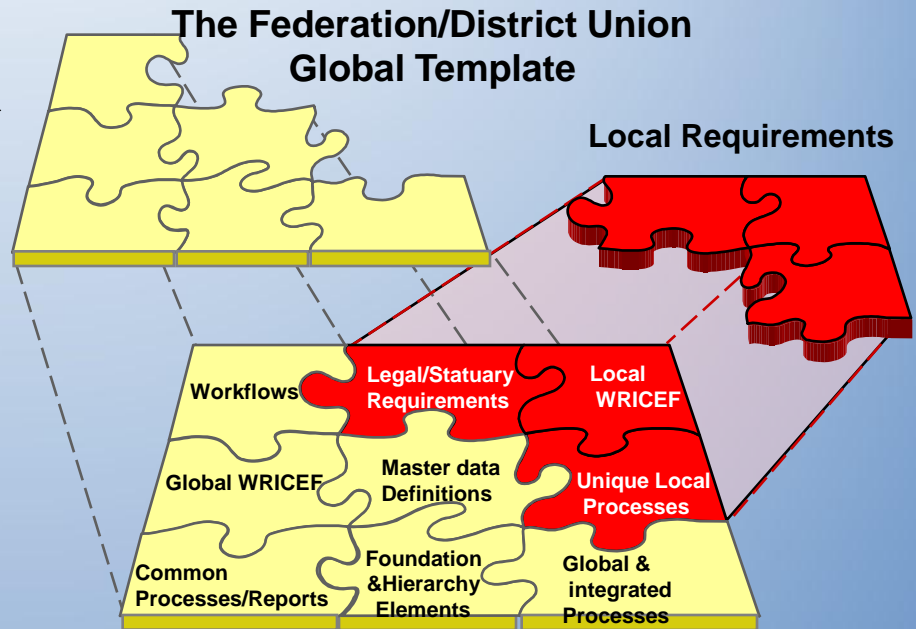
Local variations to be allowed for
- Legal requirements
- Tax & Statutory requirements
- Market specific customizations
- Local Interface requirements

Implementation of the Cluster template at Federation and District Unions

Template Localization and Rollout

Localize the Template developed for the cluster of Federation / District Union as per the local requirements and rollout to the respective Federation or District Union in the cluster

Planning & Initiation	Solution Preparation	Fit/Gap Analysis	Build & Test	Final Preparation	Go Live	Hypercare

Initiation and planning for local rollout approach at the Federation / District Union	*Select the list of processes relevant for the Federation / District Union based on the Business needs*	*Add additional processes / changes due to local regulatory and market Requirements*	*Design the localizations into the template As required for the District Union / Federation & build and test the solution*	*Prepare for the deployment in terms of data, training, etc*	*Phased Go-Live* ★	*Monitoring Phase before transition to sustain phase*

Implementation timelines will vary based on the size and complexity of the Federation and the District Union

Template based approach helps speed up the overall implementation timelines

Large Program Governance Mechanism Requires Centralized Direction, Local Empowerment and Core Team for Effective and Efficient Execution

Executive Steering Committee

Core Team

Strategy & Planning	Solution Architecture
Manage Change and Communication	Central Program Management

Change Control Board

Federation / District Unions

Local Teams (per business entity)

Local Change Management	Local Project Management

Local Implementation Team
(*From the Implementation Factory*)

ERP Center of Excellence

Implementation Team

Functional
(Process, Configuration)

Application Development
(Application, Report, Interfaces)

Training
(Training Plan, Training Content)

Data Management
(Data Mapping, Creation, Conversion)

Change Management
(Training, Communication, Value Realization)

Central Support Team

Configuration & Application Support

Central Infrastructure Team

Infrastructure and Operations Support

Participation from Federations and District Unions

Participation from Systems Integration Partner

Thank You