



The Donaghys Group

Microsoft® Business Solutions - Axapta Improves Efficiencies, Transparency and Profitability at Donaghys

With a complicated Australasian multi-company structure, Donaghys needed an Enterprise Resource Planning (ERP) solution that would deliver timely and accurate cross-company information.

It sought a solution that was at the beginning of its lifecycle; a solution that would support the company's growth into the future.

Partnering with Adaptable Solutions, Donaghys has implemented its ERP solution of choice, Microsoft Business Solutions - Axapta.

Axapta's manufacturing capabilities and ease of deployment and use, have provided immediate efficiencies and greater transparency to group wide information. This has allowed the company to better manage capacity planning, manufacturing, scheduling and stock levels across all divisions, significantly improving their ability to deliver goods to customers on time.

Donaghys is confident it has invested in a future-proofed infrastructure to support its business for years to come.

Improving Profitability Across a Group of Companies

The Donaghys Group is a company that knows how to move with the times. Since its conception in 1876, the company structure and product divisions have expanded and been finetuned, keeping up-to-date with its market.

The company, which started as a small rope making plant in Dunedin, is now a multinational company that exports its products all around the world. The Donaghys range has expanded from just rope to include an entire leisure marine, aquaculture and cordage range, along with the Agriculture Products division that supplies products such as baling and horticulture twines, crop packaging, and stock markers.

Currently, Donaghys has 120 staff based between its Head Office in Christchurch and manufacturing sites in Melbourne and Dunedin, with a further seven territory sales managers in New Zealand, and four in Australia. Outside of its key New Zealand and Australian markets, it exports to North America and Europe.

At the end of 2002, Donaghys started to look for a new ERP system that could operate across its three manufacturing sites and manage its four business units of Textiles, Industrial, Agriculture, and Rope and Cordage.

Solution Overview

"Overall, we feel we have invested in an infrastructure that won't need further significant expenditure and will adapt as we adapt and grow. We believe Axapta has longevity and that investing in Axapta and Microsoft Business Solutions has been a good move for the company and our bottom-line."

**David Beattie,
GM Finance and IT
Donaghys Group**

Customer Profile

Donaghys is a manufacturer and distributor of high quality products for the agricultural, marine, horticultural, industrial and consumer markets. Its products include items such as, yacht and abseiling braid, rope, twine, cordage, crop packaging and mussel rope.

Web Site

www.donaghys.co.nz

Industry

Manufacturing / Agriculture

Scenario

Business intelligence
End-user productivity
Enterprise resource planning
Scalability

Customer Size

Medium

Business Situation

To improve the company bottom-line, the company wanted to improve profit, inventory holdings and product delivery mechanisms. This required seamless integration between its multiple companies by an ERP solution that had longevity.

Each business unit had a different method of selling its products, depending on the distribution channel, with all orders being placed through centralised customer call centres through to the relevant manufacturing or distribution unit.

David Beattie, Donaghys' Finance and IT General Manager says the company's complicated Australasian structure required a sophisticated ERP solution.

"We have two companies registered in Australia and three in New Zealand, so we needed an ERP system that could handle this multi-company environment from an inventory management, forecasting, accounting and taxation point of view," says Beattie.

"We wanted seamless integration between all our business entities, so we could easily analyse a group wide view of sales forecasts and activity, inventory holdings, stock replenishment and manufacturing demand."

Donaghys' management was also tasked with improving the group's financial performance for shareholders, meaning a focus on growing the business' bottom line.

"To improve our bottom line we wanted to improve profitability, inventory holdings, and product delivery mechanisms," says Beattie. "All this culminates in being able to marry sales projections, production, planning and purchasing."

To cater for its North American and European export markets Donaghys' ERP solution needed to handle different currencies as well as the lead time requirements and corresponding warehouse replenishment for the different markets. To maintain a competitive advantage, the timely delivery of goods to its global customers was extremely important.

Donaghys was a mature, educated ERP user, having used its incumbent solution for over a decade. But, in 2002, the company recognised that its current ERP solution couldn't handle the multi-company environment, and there was concern over future support and development.

"Our existing system was clearly reaching the end of its life," says Beattie. "Our business model had changed since the system had been implemented and essentially we were looking for a springboard; a solid information technology platform, from which to go into our next growth phase."

Microsoft Axapta Delivers Short & Long Term Benefits

When Donaghys went to the ERP market, it ideally wanted an off-the-shelf package that had a manufacturing focus. After a formal review of the strengths and weaknesses of four short-listed ERP packages, Donaghys identified Microsoft Axapta as the ERP solution with the best fit for its business.

Axapta is a multi-company, multi-currency ERP solution with core strengths in manufacturing and e-business and strong functionality for the wholesale and services industries.

With Axapta on board, Donaghys knew it could access up-to-the-minute information such as customer purchasing patterns and supplier inventory, and identify any weak spots in its supply chain, so it could make any necessary changes to address them. Axapta's analysis tools would also help the company better understand many more aspects of its business, immediately.

"Microsoft's Axapta, with its manufacturing capabilities was clearly a good fit for us," says Andrew Horsbrugh, G.M. Operations, Donaghys.

Solution Summary

- Microsoft Business Solutions Axapta was implemented across all Donaghys' business units.

Value to Business

- Increased productivity
- Quick and easy access to cross-company information
- Financial report production time reduced from five days to one-and-a-half days
- Ability to manage capacity planning, manufacturing, scheduling and stock levels
- Integration of market forecasting with production scheduling

Value to IT

- High ROI over time
- Ease of integrated implementation
- Limited staff training required

Microsoft Technology

- Microsoft® Business Solutions Axapta
- Microsoft® Office System - 2003

Partner Details

Adaptable Solutions

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For more information about Microsoft products and services, please call the Microsoft Sales Information Centre on (09) 3575576. To access information over the World Wide Web, go to:
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“Also, Microsoft had clearly invested in Axapta. The solution was at the start of its lifecycle rather than at the end”.

“Microsoft has a reputation of being involved in something that is going to be a success, and the company is continually investing in the further development of its products. This was important to us because ERP packages and how they are implemented means they must have a long lifecycle. We wanted to ensure that the financial investment in development was going to match its lifecycle.”

Horsbrugh explains that technology partner, Adaptable Solutions, was chosen because of its strong Axapta credentials, and the company’s manufacturing experience.

“I already had a knowledge of Adaptable Solutions’ capabilities, and during the scoping exercise, which included reference site visits, it was clear that they understood our business and the issues we faced. They also had great confidence that Microsoft Axapta would deliver what we were looking for.”

Fast Implementation

Microsoft Axapta went live on 1 August 2003, four months after Donaghys signed on Adaptable Solutions. Andrew Horsbrugh says the implementation process went very well, especially considering the tight timeframe.

“Our goal was to implement Axapta within four months, so it was a big ask of the team, but we did it,” says Horsbrugh. “Adaptable Solutions needs to take a lot of credit for the implementation’s success. They provided full access to a dedicated resource, and their knowledge of Axapta helped greatly, especially in overcoming any issues.”

Donaghys also brought in a third party Project Manager to ensure the project ran to time, and had a small core project team, with a steering committee sitting over the top to provide a sensibility check.

“One of the key implementation success factors was having senior management representatives as part of the core team,” says Horsbrugh. “This meant decisions could be made on the fly. Everything could just happen.”

Using the IT expertise at Donaghys and Adaptable Solutions, a month before ‘go live’, the master data was extracted and manipulated in Microsoft Excel and imported into Microsoft Axapta. This allowed Donaghys to undertake a thorough testing period before holding a trial implementation two weeks before full implementation, to prove the process.

“The process of extracting our master data did take time, but it enabled us to clean the data and prepare the master fields for loading well ahead of the go live date,” says Beattie. “It also meant our test environment was completely accurate as it used real data.”

“Within the four month timeframe all our core business systems were up and running, and then other less urgent processes were implemented within 30-60 days after that. It was a great success.”

To ensure an easy transition for staff, a key user group with representatives from each business area was set up. Adaptable Solutions trained the key users, working with them on how they would use Axapta, and this group had the authority to re-engineer business process, and develop process manuals for each business area. These experienced users then had the responsibility for merging the current business practices and procedures with the power of Axapta to help train other end users within the business.

Quicker, Easier, Deeper Business Analysis

David Beattie believes Axapta has helped Donaghys make significant efficiency gains, particularly in the finance and administration areas, and the reduction in working capital requirements.

"There has been a significant reduction in the time taken to prepare reports and accounts, such as monthly financial accounts," he says.

"As our old system required a separate database for each legal entity, staff had to log on and off, and had to manually integrate the different models, which meant an unnecessary amount of staff resource was needed.

"With Axapta, all our company data is fully integrated on one database, making it quicker for staff to pull reports. For example, the time it takes to do our inventory reconciliations has dropped from five days to one-and-a-half days each month.

"Its integration with the Microsoft Office Suite is another benefit, as we can extract data across into an Excel spreadsheet or Word document, saving a lot of administration time. The ability to dive down through the data makes it easier to reconcile information or track any movements."

Beattie explains that trans-Tasman trading is now simpler than it used to be.

"With Axapta, our company information is completely linked up, giving us a great vehicle to touch every part of our Australasian business," he says. "We can better manage our capacity planning, manufacturing, scheduling and stock levels of all business divisions.

"Our Australian staff who use Axapta just love it," he says. "The system is instant, accurate and gives us better visibility in terms of stock than our previous system. It ensures that there is the appropriate replenishment of stocking points."

"Overall, we feel we have invested in an infrastructure that will adapt with the business as we continue to grow and develop our business. We believe Axapta has longevity, already seen through the recent upgrades. Investing in Axapta has been a good move for the company and our bottom-line," Beattie concludes.

A Team Approach

Duncan Cox, Managing Director of Adaptable Solutions, believes the involvement of Donaghys' senior management and the total commitment shown by key users were two major factors in the success of the project.

"Implementing a new ERP system requires a major commitment from everybody involved, especially where tight timeframes are involved, as was the case here," he says.

"We all recognised that we were embarking on an ambitious project, but there were commercial reasons for the tight timeframes, and after some pretty heavy project planning we decided it was feasible.

"I think the involvement of an external Project Manager was important," Cox says. "Having somebody in the project team with an independent view meant both companies could focus on the go live date, knowing that risks were being formally managed.

"Overall, our consultants really enjoyed the challenge, as did the Donaghys team. It was one of the most satisfying ERP implementations I personally have ever been involved in," Cox concludes.