Streamline dairy management from production and processing to distribution

SAP

Smarter processes and increased transparency

Running accurately and efficiently is critical for your dairy business. The best way to accomplish this is by digitalizing supply chain processes. With a comprehensive solution designed to meet the needs of the dairy industry, you can **simplify processes, increase efficiency, and enable intelligent supply chain operations** while continuing to deliver high-quality products.

Dairy processors and producers provide dietary staples for consumers around the world, and while industry growth is strong, companies face tight margins and trends of globalization, consolidation, and specialization – along with other unique challenges. The quantity and quality of raw materials fluctuate, and milk and commodities are subject to price controls and other complex regulations. Manufacturing is high speed, and ingredients and finished products have limited shelf lives. Moreover, milk processors, cheese producers, and other dairy businesses often have heterogeneous IT landscapes with data and process disconnects.

With a unified, industry-specific solution, dairy companies can better manage processes, from milk receiving and materials usage to cross-plant coordination and surplus-deficit balancing. You can monitor the availability and distribution of materials, make and receive timely deliveries, and speed processes across your organization.

Enabling the digital dairy supply chain

The SAP® Dairy Management application by msg for SAP S/4HANA® covers the unique requirements of your industry, connecting enterprise activities for raw material planning; yield, gain, and loss management; and activity-based costing, and cheese maturation (affinage). The application improves labor and activity efficiency and helps you meet the industry's high-quality standards and traceability requirements. With it, you can automate processes, access real-time insights, and streamline your supply chain.

SAP Dairy Management drives profitability gains and enhances visibility into raw materials and ingredients utilization and losses.

The scalable and customizable application meets SAP product standards and integrates natively with your SAP solutions, with a harmonized look and feel and an intuitive interface.

Comprehensive, dairy-specific functionality lets you make the most of valuable raw materials. The application helps you manage milk ingredients such as fat, protein, and lactose along the supply chain and allows you to balance planned and used milk components. You can make sure the right ingredients are on hand when and where they are needed to produce your goods. And you are able to capture and adjust costs from raw materials to finished products.

Raw material planning

SAP Dairy Management simplifies complexity with powerful planning functionalities for raw materials, including cross-plant raw materials delivery planning, raw materials and component balancing, and surplus planning. The application increases transparency for business units across the enterprise. With it, you can optimize raw materials and plant utilization by directing raw material deliveries across production locations to maximize yield and minimize waste.

SAP Dairy Management enables raw material quantity planning for suppliers, haulers, and vehicles. With the application, you can coordinate raw material quantities and delivery times across plants to reduce the need for short-term transports and optimize pipe utilization. You can identify excesses or shortages of raw materials or components for production early in the process and adjust by redirecting activities among production locations, offering goods through sales, or taking other measures.

Simplify and enable the balance of raw materials and ingredients to plan more accurately and make your **supply chain more intelligent**.

Yield, gain, and loss, and labor and activity efficiency

SAP Dairy Management enhances yield, gain, and loss visibility and control for accurate milk tracking throughout production. The application supports pooling in two dimensions, for milk (and equivalents) and subcomponents. It also facilitates subcomponent valuation and process tracking. Dynamic reporting provides visibility into mass balancing, locations of raw material usage, and target-versus-actual comparisons. With the application, you can find and address gaps in material flows and identify and analyze raw material losses.

The application supports activity-based consumption of direct and indirect production processes. It also enables accurate allocation of activities, detailed analysis of major and minor optimization factors, and improvement of labor and activity efficiency. Flexible reporting helps identify and analyze process flow issues or recurring downtimes and enables continuous improvement across the enterprise.

Increase **operations transparency** by analyzing raw material gains and losses and by providing insights into overall equipment efficiency.

Cheese maturation

Cheese aging presents unique challenges that require careful tracking of weight changes and process costs over time. The following features support effective management during the maturation process:

1 Reduction of the weight in stock during the aging process (dehydration) based on target values.

2 Consideration of additional process costs, which accrue during the aging process, e.g., lubrication and maintenance processes.

3 Updating batch valuation accordingly.

4 Reporting to identify the aging loss by weight unit and percentage.

> The affinage functionality combines several SAP standard functionalities to cover the special requirements of cheese aging in stock.

Cheese maturation (cont.)

Easy and efficient handling of cheese aging with the Maturity Cockpit

Get a comprehensive view of cheese maturation with stock data shown in two units of measure.

Quickly assess:
- All relevant aging batches and their current stock levels
- Both base and parallel units of measure—all in one place

This simplifies tracking and decision-making for complex aging processes.

Efficient control of the aging process

Make informed decisions throughout the cheese maturation lifecycle.

Benefits:
- Streamlined and efficient management of maturing materials
- Realistic stock quantity and valuation
- Improved planning accuracy
- Real-time insight into current values during aging
- Aging process optimization based on accurate, timely data

Activity-based costing analysis and reporting

With SAP Dairy Management, you can enable activity-based costing analysis and reporting. The application allows you to execute holistic quantity calculations for accurate plan and actual costing. You can improve efficiency and cost-effectiveness by adhering to plan and actual specifications, perform dairy-specific variance analysis, and optimize planning to improve raw materials and plant utilization.

Dairy-specific, activity-based costing allows you to compare plan and actual data and promote accurate ingredient usage. Detailed process costing lets you account for cost centers, internal orders, cost elements, and subprocesses.

Cost-object analysis provides visibility into proportional, day- or batch-dependent, and fixed costs for both base (volume) and parallel (weight) units of measure.

Through native integration with SAP S/4HANA, the application streamlines enterprise processes while reducing IT maintenance expenses. With it, you can gain visibility into real ingredient utilization by quantity and cost, better understand how small batches affect costs, and optimize your product portfolio. You can simulate plan costings and investigate the effects on overall results. Detailed production process modeling allows you to support margin and profitability analysis with accurate data.

Greater efficiency, transparency, and increased margins

SAP Dairy Management helps you increase efficiency and reduce material losses through more accurate planning. With improved visibility into costs and potential results, you can gain revealing insights that improve awareness and drive process optimization and enterprise efficiency. With the application, you can identify process and production issues and disruptions more quickly and implement corrective measures.

The application allows you to smooth the production processes by controlling peaks and rush orders and reducing setup and cleaning efforts. By optimizing planning, you help cut losses caused by production startups, switching, and shutdowns. You can maximize material usage and limit waste, find the right mix and distribution of raw materials across production locations, and reduce cross-plant transportation expenses by optimizing inbound deliveries for raw milk.

The application complements your existing SAP investments and is aligned with **future SAP strategy and road maps**.

Summary

The SAP® Dairy Management application by msg for SAP S/4HANA® streamlines and optimizes processes, from raw milk reception to processing finished products. With the application, enterprises can streamline operations, turn real-time data into revealing insights, and improve performance and competitiveness.

Objectives

Enhance and integrate dairy processes with leading technology

Simplify processes and improve transparency and decision-making

Improve raw materials usage through materials balancing

Reduce operating costs

Solution

- Comprehensive, dairy-specific planning, operations, and costing functionality
- Automated processes and a scalable, customizable solution
- Raw material planning
- Operations controlling for raw materials and performance
- Activity based costing

Benefits

- Increase planning efficiency and accuracy
- Streamline and smooth operations and prevent raw materials losses
- Optimize dairy production processes through greater transparency and awareness of costs
- Improve personnel and equipment performance

Learn more

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