

Case Study

Smurfit Kappa



Corrugated packaging manufacturer chooses Technology Management and Microsoft Dynamics NAV to create a single way of working and greater visibility across its business.

The brief

With sales in excess of €7b and over 40,000 employees worldwide, the Smurfit Kappa Group is a leader in paper based packaging. In the UK, Smurfit Kappa's Corrugated Division runs six sheet plants, each responsible for turning sheets of corrugated cardboard into multi-dimensional packaging for the likes of the engineering and food and beverage industries. The sheet plants specialise in more bespoke, lower volume requirements not catered for elsewhere in the company. An additional specialist site provides printed liners.

Each sheet plant works in a slightly different way, in part because the company has acquired businesses over the years through acquisition and merger. Additionally, each plant uses its own IT system, with differing levels of sophistication.

Inefficiencies were evident in the quality of reporting each plant was able supply to the Division's financial controller, making visibility across the plants problematic. Chris Husband, Smurfit Kappa's IT Project Manager explains: "Each site got certain bits of information from their system and had to fill in the rest manually from spreadsheets. It was a mish-mash of information and difficult to pull together".

The company decided back in 2004 that a more cohesive IT system was needed across the six sites. Their aim was to standardise working practices and make it easier to accurately measure performance.

The approach

Chris and his team first looked at each plant's existing IT system to see if any were suitable as a standard system to use across all seven plants. "Some sites had a pretty much integrated system, but the technology was old. There were holes, with lots of manual entry. Some sites had no system at all and everything was done on spreadsheets, Word documents and bits of paper", explains Chris.

While some systems were reasonably integrated, the old DOS technology made it costly to support. Chris adds: "At three sites a fully integrated system could cope with estimating, sales order processing, dispatching and invoicing. But the technology was old, hard to adapt and we couldn't do what we wanted with it". Chris' team also looked at software already designed for the corrugated fibreboard industry, but in reality nothing existed to meet their needs. Chris adds: "The products still had gaps and required manual input. The nature of our industry means that because we do bespoke work the system tends to end up being quite bespoke". The only non industry-specific solutions Smurfit Kappa looked at were Sage Line 100 and Microsoft Dynamics NAV (previously known as Navision). A presentation by Technology Management to a group of packaging manufacturers was Chris' first introduction to both Microsoft Dynamics and Technology Management. It led to further presentations to his

Focus	Manufacturing
Software	Microsoft Dynamics NAV
Users	82 over 7 sites

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Chris Husband, IT Project Manager, Smurfit Kappa

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colleagues, where Chris says, “The managers were extremely impressed with what could be done with OLAP cubes”.

The solution

Smurfit Kappa finally opted for Microsoft Dynamics NAV, a fully integrated enterprise resource planning (ERP) system supplied by Technology Management.

Having seen what Technology Management had done for Dairi-Pak - another business in the packaging industry - and seeing Microsoft’s commitment to the software, Chris and his team were confident the solution and its provider were the right choice.

A full end-to-end solution, it’s the flexibility and ease with which Microsoft Dynamics NAV fits their needs that most impresses. Chris explains: “We wanted an open database structure so we could interrogate our data without needing expensive developers. A big selling factor for Navision was its an open data source - and the data structure is fairly easy to understand. We have people with the knowledge of SQL and Access who can plug into the databases and start to write their own reports using tools like Crystal Reports. We didn’t think the other options could fit the bill”.

Estimating the cost of making a cardboard box is surprisingly difficult, involving factors like dimensions, cardboard grades, printing and joining. Estimating often relies on people who’ve worked in the industry for a long time to quote a customer. Much time was spent drawing on the knowledge of estimators

to build a sophisticated estimating engine that would make the process more accurate and less reliant on expertise. The new solution has much of the knowledge and logic of estimating built into it.

Smurfit Kappa chose to have their system hosted from a centralised data centre, using remote connections to each site. This enables Chris’ team to better manage the hardware centrally. In addition, Microsoft Dynamics NAV links to the Group’s main system, SAP R3, using SAP’s Idocs interface.

Solution benefits

At the time of writing, the solution has been rolled out to five of the seven sites. Since the first few sites, most of the system set up has been handled by Chris’ self-sufficient team.

Having a more accurate estimating system helps avoid missing out on projects previously thought unprofitable. According to Chris, simplifying the estimating process brings other possibilities: “Theoretically, we should be able to employ someone and within a couple of months they could do an estimate and it would give them a reasonable price, costing structure and what machines it should go through. Previously they would only get so far and then they’d have to ask an expert in the office. It doesn’t totally replace experience but should reduce bottlenecks”.

Having tighter control on information is enabling Smurfit Kappa to manage the business more efficiently, helping

each site estimate more accurately. Chris comments: “We’ve got to the point where we’ve got a handle on the information to give to people to enable them to make better decisions. We can share the same information in the same way so there’s no questioning about where the data came from. The biggest benefit is access to more accurate information”.

Future Challenges

The flexibility of Microsoft Dynamics NAV brings with it new challenges and opportunities for Smurfit Kappa. To ensure consistent use of the system across the sites, a user group works to coordinate future development. On top of time savings already being recorded with sales order and invoice creation, Chris is confident he can draw on best practice to reduce further the time it takes to estimate new projects - from fifteen minutes currently to perhaps only five minutes. Tendering for projects is another complicated process where the new system could be used to save time and improve accuracy.

Using hand held devices in the warehouse is another area Chris is interested in exploring now that he has a more accessible system to work with. Preactor, an add-on to the new system, would offer more advanced planning and production scheduling and help the company maximise resource capacity and on-time delivery. Technology Management has already written a proven interface into Microsoft Dynamics NAV.



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