

Milking the benefits of applications management

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Pekka Tanner – Chief Information Officer, Valio



Customer's Challenge

Founded in 1905 primarily to export butter, Valio is now the biggest dairy business in Finland, processing and marketing over 1,000 milk, dairy and other food products, and also a world-class pioneer in developing functional foods. The company is owned by 22 co-operative dairies and 11,800 dairy farms and employs over 4,000 people.

In order to concentrate its own IT resources on the development of its business and exploit the expertise of external IT partners, Valio has followed a consistent policy of outsourcing the management of its IT operations for many years. Pekka Tanner, Chief Information Officer, Valio, explains, *“It’s our job to deliver milk from the producer to the consumer. The rest is more or less about IT. So, the point of outsourcing is that it releases our time and resources to concentrate on developing IT solutions that support the ongoing need of our business.”*

The partnership between Valio and Fujitsu dates back well over a decade as Valio’s IT functions were previously managed by its subsidiary Valio Data, which Fujitsu acquired in 1995. Over the years the cooperation has evolved into Fujitsu’s managed service operating model and the service has gradually expanded and transformed Valio’s operations by incorporating web solutions and an increasing number of business critical applications.

In 2001 Valio initiated an extensive new initiative, called the Valo Project, which was designed to replace several old logistics and material management and sales systems that were all highly tailored for different business units. *“We wanted to standardise our business around SAP in order to improve the efficiency and synergy of our operations, while also introducing the latest industry best-practice,”* explains Pekka Tanner.

Fujitsu Solution

Fujitsu was chosen to build an integrated SAP environment containing all of Valio’s operational systems, for domestic sales, export, production, storage, distribution and invoicing. In line with Valio’s requirements to standardise its operations, the proposed solution incorporated nearly all of SAP’s basic modules, including Sales and Distribution, Materials Management, Warehouse Management, Production Planning, Financial Accounting, Plant Maintenance, Quality Management and Customer Relationship Management (CRM).

Pekka Tanner says, *“In order to transform our operations with minimum risk and disruption we needed an experienced partner who understood our business and had a proven expertise in SAP, so Fujitsu was a natural choice.”*

SUMMARY OF KEY FACTS

Organisation

Valio

Service/s delivered

Development of an integrated, enterprise-wide SAP environment and outsourced applications and IT management

Key Metrics

- 4,000 employees
- 40+ applications
- 2,300 desktop and 350 servers

Benefits

- **Reduced costs** – by centrally sharing technical and management resources IT support is more cost-effective
- **Optimised system availability** – proactive management and effective system design optimises performance and reduces downtime
- **Increased productivity** – rapid problem resolution minimises business disruption and enables users to be more productive
- **Improved business agility** – services can be scaled up and down rapidly to accommodate changes in business demand
- **Access to specialist resources** – Fujitsu’s extensive expertise is available on an ‘as needs’ basis
- **Accurate budgeting** – costs are entirely visible and predictable over the contract life
- **Simplified supplier management** – having a single point of contact reduces management time and overhead costs
- **Focus on the core business** – Valio can concentrate on future requirements and higher value activities

CASE STUDY VALIO

Following the successful implementation of the SAP systems Fujitsu is now managing the operation of the entire SAP environment, including enhancements and upgrades. It has also established a new helpdesk to act as an “expert desk” for SAP specific issues, which now supports over 3,000 SAP users in 15 locations and manages around 500 calls a month. Pekka Tanner confirms, *“Fujitsu is responsible for everything to do with the SAP applications being fully operational. For example, it has already gone on to implement two additional SAP modules for the management of Valio’s Supply Chain and Business Intelligence.”*

The IT partnership between Valio and Fujitsu has deepened even further with the signing of a new three year contract for the continued provision of managed IT services. Under the contract Fujitsu is responsible the operational management and support of around 40 of Valio’s other business applications and the implementation of any ongoing system enhancements, including an average of three major company-specific system upgrades every year. In addition, Fujitsu will now take greater responsibility for the development and support of the Valio’s Enterprise Resource Planning (ERP) applications for logistics, milk procurement and reporting.

“Our strategy for the near future includes several IT-related development plans, and Fujitsu was able to understand the challenges and find the right solutions to our needs. In particular, the core of our operation is the milk production process, and we believe that no-one else could deliver the same level of functionality and availability as Fujitsu,” says Pekka Tanner.

Fujitsu will continue to support Valio’s business transformation through the day-to-day operational management of over 2,300 desktops and 350 servers, located in Valio’s data centres. From its expert centre, Fujitsu’s remote management service monitors system availability and performance around the clock in order to ensure the smooth and optimised operation of Valio’s IT systems. Fujitsu also runs a central IT helpdesk service, which provides 24/7 support for all of Valio’s end users and deals with over 2,000 requests a month.

Fujitsu is now Valio’s primary IT partner and is responsible for some 60% of the company’s IT operations. *“We have grown to know each other quite well over the years. The deeper the service supplier’s insight into your operations, the better the services they can provide, and Fujitsu is providing us with an extensive all-around service,”* continues Pekka Tanner.

Benefits to our Customer

Fujitsu’s services in the management and development of Valio’s SAP and other business critical applications have:

- **Reduced costs** – by sharing its centralised technical and management resources Fujitsu can deliver application and IT support cost-effectively
- **Optimised system availability** – proactive management and effective system design is ensuring optimised application performance and reduced downtime
- **Increased productivity** – rapid problem resolution is minimising business disruption and enabling users to be more productive

- **Improved business agility** – services can be scaled up and down quickly to meet changes in business demand
- **Access to specialist resources** – Fujitsu’s extensive range of business, technical and commercial expertise is available on an ‘as needs’ basis
- **Accurate budgeting** – costs are entirely visible and predictable over the contract life
- **Simplified supplier management** – using Fujitsu as a single point of contact for all application management issues reduces management time and overhead costs
- **Focus on core business** – Valio can concentrate resources on future requirements and higher value activities, rather than support processes.

“Fruitful soil for developing innovative solutions is found where you’re not constantly tending to the management of your applications. So, after figuring out what services we need we simply rely on Fujitsu’s expertise to implement and manage them, which it does extremely effectively,” comments Pekka Tanner.

Our Approach

To ensure that Valio realised the maximum benefit from its SAP solution Fujitsu adopted a consultative approach. So, the new system was designed to build on Valio’s existing investment in SAP, in its production planning and plant maintenance operations, while also recreating similar functionality to its previous, tailor-made systems and seamlessly interfacing with its other mission critical applications, such as Oracle Financials.

In total, the project work from Fujitsu amounted to over 20,000 consulting days and included the upgrade of the existing SAP installation and the definition and implementation of the new data structure, technical environment, unique system modifications and system interfaces and rollout to production sites. This was conducted in a phased approach using Accelerated SAP (ASAP), a methodology developed by SAP to speed up the implementation of ERP projects.

Our Expertise

Fujitsu has the total capability to deliver end-to-end SAP services, ranging from initial consultancy through the design, build and ongoing management of customers’ SAP application. As well as being a SAP Global Technology Partner, Global Service Partner and Global Hosting Partner, Fujitsu’s extensive SAP capability comes from the depth of experience it has amassed through the successful implementation and operation of more than 5,500 SAP-based installations worldwide.

“What I expect from an IT partner above all else is advanced and innovative solutions combined with practical ways to implement them,” adds Pekka Tanner. *“Having access to Fujitsu’s comprehensive SAP expertise means that we don’t have to waste our own resources trying to keep on top of any new developments. Instead, we give Fujitsu a free hand to do that independently, because we trust them to develop and manage our applications in the best way for our business.”*

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