LANSA Case Study

Alpura maintains market leadership with LANSA

The Alpura Group is one of the top Mexican dairy food producers with over 82,000 cows on around 160 dairy farms producing more than 2 million liters of milk per day for two processing plants. Hundreds of supermarkets in Mexico carry Alpura's wide variety of dairy products. Alpura has implemented a LANSA-based Web solution that consolidates order, distribution and billing information between Alpura and its distributors.

Victor Ortiz, manager information systems at Alpura, says, "Maybe the most important achievement is handling increases in volume. The Mexican dairy market is growing rapidly and we expect tremendous growth in volume in the coming few years. During the last few years, the volume of our supermarket channel has grown about 50 percent. We were able to absorb that increase in volume without an increase in administrative staff."

Consolidating Distribution

Historically, Mexico has depended on imported milk powder, but over the last decade, the country has gradually developed its own fresh milk production industry. Alpura is a major contributor to this development.

Alpura was founded in 1970 when a group of farmers from all over the Mexican Republic joined together to improve the quality of milk production. Now, Alpura is a leader in its field with more than 82,000 cows in 160 dairy farms that produce over two million liters of milk per day.

Ortiz explains, "Production is only half of the story. We deliver our products to supermarkets all over Mexico, under the strictest quality standards, in less than 24 hours from production. We own 15 distribution centers and work with 60 distributors spread over the country. These centers and distributors are all part of the Alpura group of 11 companies that specialize in all facets of milk production including financing, breeding and packaging."

"The physical distribution of our products has always been optimal, but the administrative paper flow of the distribution cycle used to be inefficient. The billing collection was inaccurate, time consuming and caused cash flow problems that affected us and the distributors."

Alpura is the leading innovator in the Mexican dairy food market with rapid growth in product volume and range.

"In addition, the details of sales to the supermarkets were only kept in the distributors' systems, to which we had no access. We did not really know who were the end consumers of our products."

> *"The most noticeable and immediate effect is our improved cash flow."*

"In a nutshell, there were multiple problems to be solved by our IT department. Plus we needed a solution that would cover the entire country in real-time with 24-hour availability, despite communication problems in rural zones. And, if that wasn't complex enough, the solution had to be built in a short time and on a low budget."

"A Web solution seemed ideal. We wanted to develop our own solution closely integrated with our core system, but we had no Web development skills. We were not interested in an expensive outsourced solution that would require data synchronization and mirroring."

Alpura investigated several Web development tools and were introduced to LANSA Gold Partner, RISC. "LANSA was easy to integrate with our RPG core systems," explains Ortiz. "With LANSA we could leverage our investment in the existing system. We only needed to make some minor changes and enhancements."

Online Real-Time Information

"Previously the distributors used their own systems to do the billing review and prepare the daily orders for distribution. Distributors captured the sales registration in their own system, but couldn't produce the documents to go with the delivery, as the paperwork was slow to process," continues Ortiz.

"Now the distributors use our system for their distribution and they have more control than before. They can apply their credit notes to the bills that they choose, see their account balance online and request credit authorization. They have immediate and real-time access to our corporate order and billing systems. They can also enter the daily orders for the supermarkets and then print invoices and delivery notes from the system on their local printer."

"The system creates automatic bills based on delivery orders and provides remote consulting, corrections and supervision. The reporting facilities, also built with LANSA, provide accurate and real-time management information."

"The LANSA architecture allows distributors and internal staff in remote locations to access our system, regardless of the equipment or software they may have. All they need is a PC, browser and modem. The PCs can be of a very low capacity, because processing happens on our iSeries."

"The Web solution is user friendly and secure. Access is password protected. We use VeriSign encryption and monitor failed access attempts," adds Ortiz.

Improved Cash Flow

"With the Web solution we experienced immediate and impressive benefits," says Ortiz.

"There used to be a lot of phone calls, faxes and paperwork between us and the distributors. Now there is almost none, because our Web site is their system and all information we need to share is readily available to them and us. It is hard to express the savings in the administrative area in a dollar figure, but I estimate we save at least 70 percent on labor, fax/phone expenses and postage."

"Also, there is less opportunity for errors, because there is less paperwork and data is entered at the source and only once."

"The accuracy of deliveries has improved and supermarkets now receive goods according to their purchase orders. Our capacity to fulfill orders has also increased and our lead times have improved markedly."

The Alpura Group handles all facets of milk production including financing, breeding, packaging and transportation.

"The most noticeable and immediate effect is our improved cash flow. The system has reduced the payment cycle to distributors from 15 to two days on average as it is easy for them to check the invoice and promptly approve payment. Distributors enter their payments online, updating both their and our administration systems simultaneously."

"Our team built a Web solution that met our exact needs. And in record time."

"We have a better view of our sales, with accurate daily snapshots of supermarket deliveries. We didn't have information at the supermarket level before. This information is very valuable to our marketing department and allows us to run more targeted campaigns. It also puts us in a stronger negotiation position with the supermarkets," says Ortiz.

Ismael Frias, director of IT Projects says, "It was hard to break the paradigm of traditional RPG programming, but when we did, LANSA was easy to learn. After a short training course we could build the Web extensions."

Frias continues, "We are fortunate to have such a capable IT team. Because LANSA is easy to learn, we did not have to recruit Java skilled people who may not understand our business. Our team has the business knowledge and understands the existing core system."

"Therefore they were able to build a Web solution that met our exact needs. And they did so in record time. Even though this was our first Web project and our first LANSA project, we only needed four months with two developers to deliver the first version."

Robust Platform for the Future

"LANSA provides a robust platform for many other business support applications that we plan to implement in the future. LANSA lets us integrate future business processes and technologies with our existing systems," continues Frias.

"We have once again demonstrated we are the leading innovators in the Mexican market. It is this innovation that allows us to keep on growing both in volume and number of products offered. With a solid LANSA IT infrastructure in place, we are ready for higher export levels as well."

"We have a very good acceptance in the Mexican market for our cheese and other dairy-based products and we believe that our specialty Mexican cheese will be a hit in the USA as well," concludes Ortiz.

Company and System Information

- The Alpura Group in Mexico is made up of 11 companies that support the production cycle.
  These include companies that specialize in financing, cow embryos, plastic containers, milk processing and transportation.

- Ganaderos Productores De Leche Pura S.A. is the official name for the company that produces the products, but the company is usually referred to by its popular brand name Alpura. Alpura produces a wide variety of products including liquid milk, milk powder, cheese, desserts, yogurt, creams, butter and even bottled water.

- Alpura uses an iSeries model 820 for both operations and Web serving.
  For more information on Alpura visit: www.alpura.com

- Risc Reingenieria En Servicios De Computo (RISC) is a LANSA Gold Partner in Mexico.
  For more information on RISC visit: www.risc.com.mx

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