

HOW SMEDING EFFORTLESSLY MANAGES MORE THAN 6,000 ORDERS A DAY WITH SAP S/4HANA



We have control over our scheduling, enabling us to provide perfect customer service.

+25.000
hospitality
industry and
SME customers

More than 6,000 orders a day, often with same-day delivery. 1,800 products in their product range, 25,000 m² of warehouse space and 25,000 customers. Add to this immense operation a service where, as a food retailer or food service company, you can still place an order until late in the evening, including the option of partial deliveries, and you will understand that order and warehouse scheduling is quite a challenge for Smeding Groenten en Fruit. Through the implementation of SAP S/4HANA, the company added efficiency and gained control over these crucial processes within its organisation. And that is essential if you wish to grow within a dynamic market and distinguish yourself from the competition. In this case study, we explain exactly how we achieved this and how it has benefitted Smeding to date.



What challenges did Smeding face before implementation?

- The legacy system in use was no longer sufficient and an upgrade was too risky.
- No proper integration between warehouse systems and processes such as sales and order processing, which compromised order fulfillment and delivery reliability. Data sharing between departments was also hampered.
- There was no direct insight into inventory, while stock levels were different every hour due to the high throughput rate.
- Achieving hourly planning and proper stock distribution among customers was difficult with the old system.
- As the fresh produce and food market is unpredictable, Smeding wanted more flexibility in terms of its scheduling and delivery activities.
- Too little control over packaging flows.



Which solutions have we implemented?

- SAP S/4HANA – on-premise hosting– with industry-specific modifications for Smeding’s unique business
- SAP Extended Warehouse Management – advanced
- SAP Transportation Management
- it.mds (master data management)
- it.capture (document handling)
- it.approval (document handling)

How Smeding effortlessly manages more than 6,000 orders a day with SAP S/4HANA



What improvements has Smeding seen?

- All business processes – from procurement to sales and logistics – have been integrated. Everyone uses the same data, which enables a clear picture to be formed in real-time of the current situation.
- Operational efficiency has grown. Fresh products can now be ordered, collected, and delivered at a detailed level all day long. The IT, business processes and layout in the warehouses have been harmonised for this purpose.
- It is possible to plan by the hour, which significantly increases delivery reliability and service to customers.
- Thanks to the product distribution tool in the system, stock items are better distributed among customers, reducing the number of non-deliveries. In this way, Smeding increases customer satisfaction. The tool also suggests alternatives.
- Packaging flow management has been optimised, giving Smeding a better insight into packaging balances at supply chain partners.



Why did Smeding choose us as a partner?

- Our previous experience with similar projects in the Food & Agriculture sector was one of the decisive factors.
- Our expertise with working with batches and detailed batch registration in the fresh produce industry, as well as our experience with the applicable laws and regulations and traceability, was also a decisive factor.
- Our knowledge and experience with SAP and our approach to similar large implementation projects were important in Smeding's decision.

SMEDING

Groenten en Fruit

Industry: Food & Agriculture

Products: Procurement, sales and logistics of fresh potatoes, vegetables and fruit for the food retail and food service industries throughout the Netherlands and Belgium

Locations: Sint Annaparochie (headquarters and distribution centre) & Breda (distribution centre)

Employees: 500+ employees

Website: [smeding.nl](https://www.smeding.nl)



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How Smeding effortlessly manages more than 6,000 orders a day with SAP S/4HANA

The undisputed fresh potatoes, vegetables and fruit supply chain specialist. That's Smeding Groenten en Fruit. Every week, the Frisian company delivers more than 3 million kilos of vegetables and fruit throughout the Netherlands to customers in the food service and food retail sectors. That's more than 6,000 orders a day. These can be large orders to countless partial deliveries, but they're almost always with same-day delivery. Smeding distributes these from Sint Annaparochie and Breda. As you can imagine, it takes a lot of minute scheduling to work with so many customers and with stock levels that change by the hour. What Smeding needed was software that could support such complex warehouse scheduling and logistics. We achieved that with SAP S/4HANA, with built-in specific smart features for the food industry – in which we integrated business processes, providing Smeding with real-time insight.

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**million kg of
vegetables and fruit
delivered each week**

The ERP system:

Need for integration and insight

"Integration. That's what we were looking for. Because even though the warehouse management system (wms) we were using at the time was functioning fine, cracks were starting to show between the wms and our ERP solution. The latter was a number of versions behind because upgrades were considered too risky," says Vincent Nicolai, ICT manager at Smeding.

He says: "Keeping track of orders that were entered using the ERP system became more difficult as the day went by. Customers who ordered early in the day were assured of delivery. After that, hour by hour, a sound order schedule

became increasingly more difficult to achieve. Delivery reliability and service were therefore compromised."

Rein van Schepen, business analyst at Smeding, adds: "Food service companies and the hospitality industry want to offer perfect service to their customers. The inability to fulfil a customer order simply isn't an option. Whereas in other industries you can wait for a day, or place a backorder, that's not possible in this industry.

Also, the fresh produce market is unpredictable. A failed harvest in Spain, drought in the Netherlands: this has a direct impact on your delivery reliability. We were therefore keen to increase our service and improve operational efficiency."



NTT DATA Business Solutions understands Smeding. As a result, the consultants know exactly what does and doesn't work for our processes and for our people.

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25,000m²
of space in 2
distribution centres

Proactive management with hourly scheduling

In addition to integration and real-time insight throughout the entire supply chain, Smeding's new system also had to be able to create an hourly schedule, based on the orders made at that point in time, available stock and the goods expected to be received on that day. This way, when customers call, sales staff know exactly what is available or what will be arriving.

Rein: "The new system allows us to predict relatively accurately what the schedule will look like, proactively identify any problems and manage all processes better throughout the day. With the proviso, of course, that all data such as goods receipt times, are kept up to date properly."

Every customer catered for: automatic redistribution

Although the ability to schedule by the hour had to underpin the design of the new system, Smeding also wanted to be able to distribute the available and expected stock among customers throughout the day.

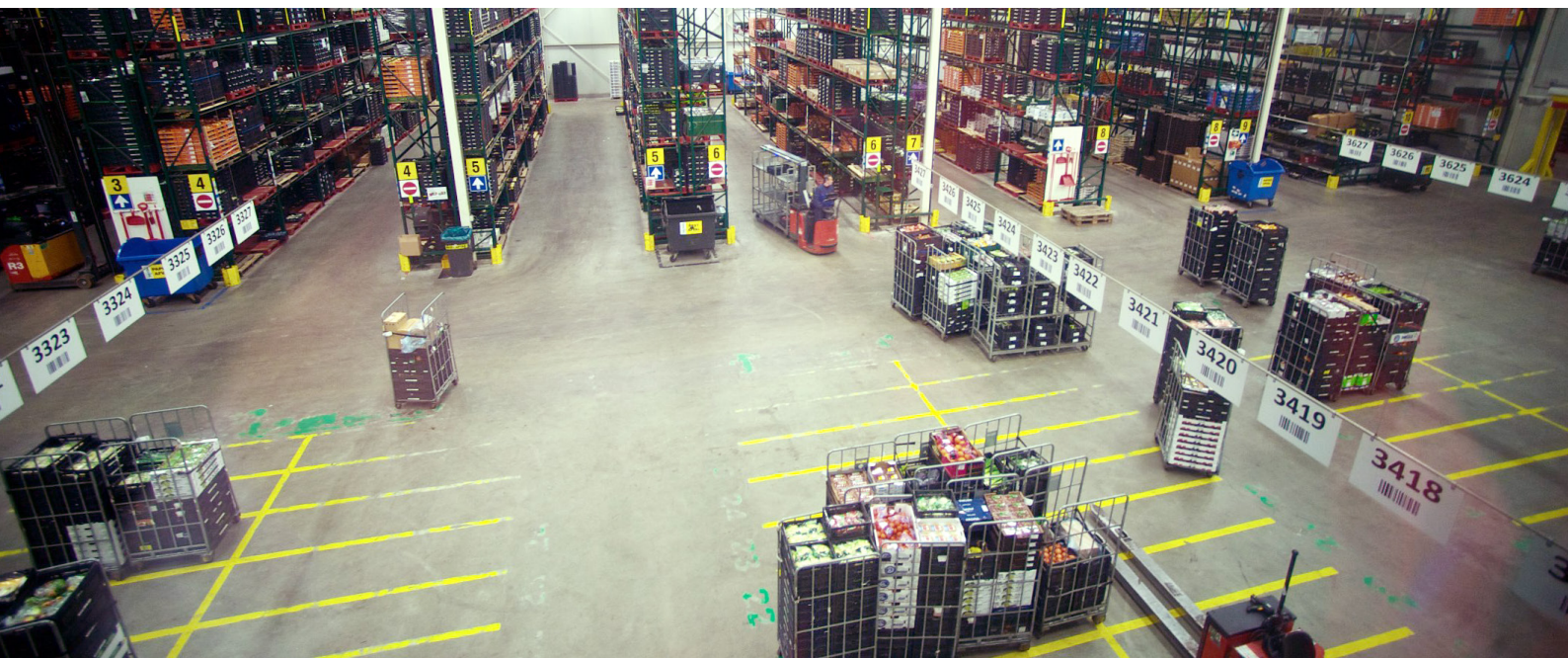
For purposes of that distribution, a tool was developed that automatically proposes an alternative if a product is out of stock. If a customer wants a kilo of a specific vegetable and that isn't in stock, the product distribution tool suggests, for example, two 500-gram bags, or a similar product, or an item from another grower.

We can offer our customers the service that they promise to their customers.

Rein: "The system's product distribution tool allows us to ensure at customer level that an alternative is automatically suggested if an item is not available. This allows us to offer our customers the service we promise. All we have to do is to check that system-generated suggestion. If necessary, we can of course intervene."

Efficient operation

Efficient warehouse scheduling obviously involves more than just an ERP system like SAP S/4HANA. Especially when you have 25,000 m² of distribution centre space. Speed is key in the fresh produce industry; therefore, staff also needs to be able to quickly pick incoming orders. For that reason, SAP Extended Warehouse Management was integrated into the SAP landscape.



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Vincent: "With so much warehouse traffic, volume, throughput, and customer-specific zones subdivided into hot and cold zones in your warehouse, it is best to keep the walking routes as short as possible. After an order is received, the system reserves the stock needed and SAP EWM advises the most efficient picking route."

To optimise the entire supply chain, SAP Transportation Management was also implemented. Vincent: "We also do transport in the smartest possible way. When driving their delivery route and returning to our warehouse, our drivers collect vegetables and fruit from our growers and suppliers. This method is highly effective and cuts costs."

Control of packaging

Cost savings also played a part in the solution for the optimisation of packaging flows that was built into the EWM system. Every warehouse manager knows that a lot of money is lost every year on packaging that goes missing. Although Smeding tried to keep control of this process, it wasn't always successful. To improve the traceability and management of packaging, an order picker now receives a proposal in terms of crate numbers and products on his scanner that he has to approve. The accompanying digital delivery note then allows the outgoing packaging flow to be managed and traced. This gives Smeding an insight into the balance of packaging at the company's different supply chain partners.

Unprecedented high level of service

The result of all these industry-specific smart features that are built into the ERP system is evident. It enables Smeding to deliver an unprecedented high level of service to customers, allowing it to distinguish itself from the competition. Even with thousands of small partial deliveries every day, that sometimes consist of just a bunch of bananas and a couple of avocados in each crate for the small retailer at the corner.

1,800
products in
product range



The implementation:

Going live without customers noticing

During an implementation project, thinking out a desired software landscape that streamlines your operational processes and takes them to the next level is the first critical step. Equally important is the way in which you implement the system and release this to the people within your organisation. Involving people from all layers of your organisation during development and implementation and taking small steps is usually key.

With the arrival of an additional distribution centre for Smeding in Breda, there was an even greater need for a new ERP system with a single source of truth at the company. At the same time, setting up that new warehouse also presented opportunities. After all, it is smaller and deals with lower order volumes than Sint Annaparochie, because the warehouse in Breda only delivers to food service customers.

In short, it was the ideal location to start, test and go live with the initial part of the implementation of SAP S/4HANA, without this having too much of an impact on the organisation and day-to-day operations. This therefore also went smoothly.

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Customers didn't notice us going live in Breda.

Vincent: "In the fresh produce industry, you can't say: we are closing for the day. Fortunately, we experienced almost no delays. Customers didn't even notice us going live in Breda. And due to the corona lockdown, it was also quiet in the workplace, so we were able to work through the system at our leisure."

After a near perfect prelude in Breda, in 2022 it was the turn of the main location in Sint Annaparochie. Vincent: "That was a bigger challenge that we tackled in phases. We had no problems with going live, but there are always items requiring attention. Because despite extensive training, colleagues also have to get used to the new way of working."

Improve the level of adoption with show & tell

Smeding is satisfied with the joint approach to the project. Very soon after starting, the decision was made to optimise the system through sprints. This was also done after go-live for the further optimisations. Vincent: "It is when the system has gone live and is actually being used that you immediately see where processes can be improved and speeded up and you also immediately see the effect of any modifications."

"To improve the level of adoption amongst employees and to demonstrate the added value of the system, after each sprint and release cycle, we organised a show & tell. During this, we explained to the business what we had optimised and what this meant for their everyday work. That was really appreciated."

A partner that understands you: worth its weight in gold

The cooperation with NTT DATA Business Solutions also went well. It went so well that the system is still managed very satisfactorily by the Managed Services department.

Rein: "The consultants were often present at our site during implementation, resulting in excellent cooperation. NTT DATA Business Solutions understands Smeding."



"The main gain after implementing this system is stock allocation to customers. With a typical warehouse management system, you schedule by the day. But, with fresh goods, it makes quite a difference whether goods arrive at 00:05 hours or at 23:55 hours. To optimise the THT, you want to keep fresh produce in stock for as short a time as possible. We now know exactly when the goods arrive and when trucks can leave to deliver to customers. Based on the new hourly scheduling, we can therefore optimise freshness and the delivery rate to customers."

Smeding management about the benefits of the implementation of SAP S/4HANA in the fresh produce industry.

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As a result, the consultants know exactly what does and doesn't work for our processes and for our people. Sitting next to one another, shadowing one another, and working together with the core team – that consisted, and still consists, of people from different departments – coming up with the right solutions and then conveying these to the key users: being present as an implementation partner really benefitted the progress of the project. We are therefore extremely happy with the result. Every day, we reap the benefits of the new system.”

Want to know more?
Do not hesitate to contact us:

www.nttdata-solutions.com

“We chose SAP and NTT DATA Business Solutions because we wanted to move forward with our growth ambitions. Scalability, functionality, and connectivity were important factors to consider. Now that the system is in place, every day we are reminded that this was the right choice. For instance, a complete 3PL environment recently went live.”

Smeding Management about its choice of SAP as the new ERP system.

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