



FEIHE DAIRY STREAMLINES SUPPLY CHAIN AND GAINS BUSINESS EFFICIENCIES WITH IFS APPLICATIONS™

In 2008, the infamous melamine-tainted infant milk formula crisis devastated the Chinese dairy industry. Thanks to its comprehensive quality assurance system extending right across the value chain, Feihe Dairy's products were traceable right back to the original milk source. Following official inspections, it was declared to be one of the few baby formula businesses whose products were completely melamine-free. IFS made a valuable contribution to helping Feihe secure a clean bill of health.

THE NEED FOR ACCURATE INFORMATION TRACKING AND AN EFFICIENT END-TO-END SUPPLY CHAIN

Feihe Dairy has strived to sharpen its competitive edge and realize its goal of becoming the most reliable and respected infant formula producer in the industry. It has branch offices throughout the country. Prior to adopting its ERP solution, Feihe followed a fairly traditional manual model, and it did not have a dedicated IT department. With the company growing, the limitation of this model became more and more apparent. Problems continually emerged due to late or inaccurate information, and traditional communication ways such as email and phone calls could not meet its information exchange requirements. In addition, manual management of warehousing and logistics could not fully keep track of the company's ever-increasing production volumes, which in turn affected its ability to forecast accurately and deliver on a timely production plan. In short, all these prevented management from making informed decisions to support the company's business growth, and the company needed an agile system to marshal its information urgently.

"In the fast-moving consumer goods industry, there is constant pressure to sell existing inventory and keep production turning over. The capriciousness of warehousing and logistics imposed a real burden on our daily operational management," said Liang Aimei, Vice President of Feihe Dairy.

Feihe decided to introduce ERP to address its situation. However, rolling out the ERP solution was not a straightforward process. "Chinese companies had little experience of implementing ERP systems at the time. We evaluated many ERP solutions, but gave up when we found they couldn't support our specific requirements."

ABOUT FEIHE DAIRY

Founded in 1962, Feihe Dairy is one of the earliest milk powder production companies in China and the only producer of premium infant formula with a total supply chain. The company employs 20,000 and has an extensive distribution network that reaches over 90,000 retail outlets throughout China. Feihe Dairy is one of Asia's Fortune 500 Companies and was named a Top China Brand. In 2003, Feihe Dairy was listed on Nasdaq Stock Exchange and became the first Chinese dairy enterprise to be listed in the U.S. In 2009, Feihe Dairy was also listed on the New York Stock Exchange, becoming the only Chinese dairy enterprise on the main NYSE index. <http://www.feihe.com>



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IFS APPLICATIONS HELPS STREAMLINE THE SUPPLY CHAIN AND DELIVERS BUSINESS EFFICIENCIES

Despite the failure of the earlier ERP trial, Feihe Dairy still recognized the benefits of ERP solutions and was finally persuaded by the excellence of IFS Applications. The two parties signed the contract in January 2008. “IFS Applications is very scalable and its powerful industry-specific capabilities enabled us to tailor it further according to our business needs,” said Liang.

Thanks to IFS Applications, Feihe Dairy has been the fastest-growing enterprise in the dairy industry for a number of years. Feihe has streamlined its supply chain and gained insight into current levels of inventory stock to enable it to forecast and meet demand. Furthermore, the company gained visibility across all of the enterprise. IFS Applications forced all employees, including management, to change their mindset radically. The old barriers to obtaining the right information have been broken down, and information is now far easier to share among those who need it in real time and at each stage of the value chain, including management, warehousing and logistics.

IFS APPLICATIONS HELPS ENSURE FOOD SAFETY

IFS Applications has not only improved the way Feihe is running, but has also helped to ensure the food safety of its products by providing transparency and traceability across the supply chain. “We worked with IFS to ensure the solution could provide data across the supply chain, which made us the first dairy enterprise to implement the concept of product traceability. IFS Applications contains information on all our products, as well as purchasing information and how and when the raw materials were used, improving all of our quality control,” said Liang.

Feihe found additional benefits in implementing IFS Applications, including streamlining business processes, reducing the need for manual data entry, and making company information available to everyone, anywhere in real time. “For example, we reduced headcount by 60-70% in our record-keeping department by automating processes and streamlining data input,” said Liang.

In terms of the future, Liang believes Feihe would extend its use of IFS Applications even further. “It’s scalable enough to support our future growth — adding new modules will not affect the way we use the solution at present,” she said. “Currently, we’re planning to make our inventory visibility available to our distributors through IFS Applications, which will enable us to become even more efficient by storing smaller volumes of our products to meet demand at any given time.”

BENEFITS

- Improved business efficiency
- Reduced personnel costs
- Improved quality control
- Complete visibility across all of the organization

SOFTWARE

IFS Financials™

IFS Manufacturing™

IFS Distribution™

IFS Quality Management™



“IFS Applications has helped us to improve day-to-day operations dramatically by streamlining the supply chain, increased visibility across the organization, and improved quality control. As a direct result, this has led to business growth and reduced operational costs. The IFS team is very experienced and highly responsive, which won our complete trust”.

Liang Aimei, Vice President, Feihe Dairy, the wholly owned subsidiary of Feihe International, Inc.



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