

It's the Real Thing!



Swire Beverages Unlocks the Full Potential of its Coca-Cola Supply Chain Network in China

Swire Beverages Fast Facts

Industry

Beverage Manufacturer/Distributor

Headquarters

Hong Kong, China

Description

Swire Beverages, an anchor bottler for The Coca-Cola Company, manufactures, markets and distributes Coca-Cola products in Hong Kong, Taiwan, seven provinces of mainland China and an extensive area in the western United States. Its extensive brand portfolio includes Coca-Cola, Coke Light, Sprite, Fanta, Nestea, Qoo, Bonaqua, Healthwork, Tian Yu Di and Sensation. Swire's franchise territory is comprised of approximately 427 sales offices in China, with a total franchise population estimated at 405.2 million.

Revenues

\$3.37 billion

Number of Employees

2,900

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- Maggie Huang,
APS center manager, supply chain,
Swire Beverages



Business Challenge

Swire sought technology that would help it cope with the forecasted growth of the business and complexity of seven bottling facilities, 47 beverage plants, 75 production lines, five export markets, 200 distribution centers, more than 280 SKUs and 1.5 million retailers.

Business Solutions

- JDA[®] Collaborate
- JDA[®] Demand
- JDA[®] Fulfillment
- JDA[®] Monitor
- JDA[®] Sequencing
- JDA[®] Strategy

Business Benefits

- Reduced inventory and out-of-stocks
- Improved process compliance across all operations
- Increased revenue growth
- Improved operating efficiencies

Quantifiable Benefits

- 12-percent improvement in forecast accuracy
- 12-percent increase in production line efficiency
- 75-percent decrease in out-of-stocks



Swire Beverages is the holding company of Swire Coca-Cola HK Limited, the franchise bottler for all brands of The Coca-Cola Company in Hong Kong. Swire's extensive brand portfolio offers both carbonated and non-carbonated ready-to-drink beverages including Coca-Cola, Coke Light, Sprite, Sprite Light, Fanta, Schweppes, and Hi-C, as well as Nestea, Nescafe and Powerade sports drinks. The company is the leading total beverage provider with seven bottling facilities, 75 production lines, 200 distribution centers, five export markets, and over 280 SKUs, and has an 86 percent share of the carbonated soft drinks market. Currently selling over 42 million cases of beverage annually to the Hong Kong market's population of seven million, it's no surprise that Swire had specific supply chain challenges and needed solutions that could be scaled significantly and provide fast return.

Bubbling Under Pressure

Under the demands of The Coca-Cola Company brand's phenomenal growth in China on its entire supply chain, Swire's network of bottling production facilities previously utilized a manual system that was rapidly reaching breaking point. In order to handle the accelerated growth of the beverage market in China, Swire needed a solution to manage the forecasted growth of its seven bottling plants in Central, Eastern and Southern China, as well as the increasing complexity of its products and supply chain. Each of these plants operates relatively independently, but each facility does not

manufacture all SKUs that they sell. As a result, additional plants were needed to supply products due to facility capacity restraints.

Swire was also increasingly faced with more demanding customer service levels and Swire's Advanced Planning and Scheduling (APS) center was tapped to provide planning support for a new supply chain joint venture to service all of China's bottlers, of which Swire is a significant shareholder. The difficulty in accurate forecasting was compounded by the seasonality of the beverage industry, consumer marketing initiatives and the complexity of Swire Beverages' nationwide network.

"Initially the number-one challenge was simply how Swire Beverages would cope with the forecasted growth of the business and increasing complexity," said Maggie Huang, Swire Beverages APS center manager, supply chain. "Factor in Swire's joint venture with Coca-Cola Consolidated, as well as other industry-related opportunities, and we realized the need to implement strategic solutions for Swire to maintain its industry position and to have one synchronized view of demand integrated into all of Swire's manufacturing, bottling, planning and execution activities."

Swire decided upon JDA Software for a number of reasons: JDA's proven track record as a world-class software supplier of unparalleled supply and demand chain solutions, the scalability and ease of integration, the rapid implementation and time to see real benefits, as well as partnering with a company that understood Swire's values and cultural challenges and shared common desire to make a difference.

Swire Adds Effervescence to its Supply Chain

Swire transformed its supply chain operations to synchronize with real-time consumer demand across every channel. Swire selected JDA® Collaborate, JDA® Demand, JDA® Fulfillment, JDA® Monitor and JDA® Sequencing, as well as JDA® Strategy to better manage its entire supply chain for seven bottling facilities, 47 beverage plants,

75 production lines, over 280 SKUs, 200 distribution centers and 30,000 distributors and logistics partners located across China.

JDA Demand helps support Swire's exponential growth across China with improved forecasting capabilities and also enables Swire to pinpoint and predict customer demand to maximize sales. Incorporating JDA Collaborate allows Swire's bottling plants to easily share information over the Internet. JDA Strategy helps to strategically plan optimal capacity and sourcing based on costs and constraints across Swire's entire network.

"JDA Demand enables us to set up the forecasting structure in a three-dimensional hierarchy – by location, by brand and by customer – for all seven of Swire's bottling facilities across China," added Huang.

Additionally, JDA Sequencing was implemented at the plant level to optimize materials and resource capacities across each stage of the bottling process, improve plant throughput by reducing change-overs, and perfect the product mix of the individual bottling lines. JDA Fulfillment positions the right inventory in the right distribution centers, in the right stores and at the right time, while ensuring that inventory is available across the consumer-driven enterprise. Lastly, JDA Monitor allows users to receive early warning of potential problems across the company's network.

Swire's synchronized view of demand integrated into all of its manufacturing and bottling activities has helped it evolve into a more consumer-driven enterprise. Swire's clear strategies have resulted in better forecasts and supply chain optimization.

"JDA Sequencing enables Swire to generate an optimized, feasible manufacturing schedule down to the minute," explained Huang. "Its optimization engine considers unique product attributes, change-overs, complex bottling constraints and policies to make sure service levels are met while plant utilization is high. It also provides an interactive schedule board that allows users to easily make adjustments to the schedule during the day."



Swire Quenches Business Challenges

Swire effectively managed its exponential growth while also improving or maintaining key supply chain metrics. Swire achieved a 12-percent improvement in forecast accuracy, a 12-percent increase in production line efficiency despite tripling its SKUs and a 75-percent decrease in its out-of-stock rate. Consumers benefited from increased product availability because of the reduction in stock-outs and low inventory levels. Swire achieved process compliance across all operations, as well as revenue growth, increased shareholder value and improved operating efficiencies.

“JDA’s understanding of Swire’s business, combined with the company’s expertise and realistic ‘can do’ approach, have effectively contributed to the successful implementation and real results achieved,” said Huang.

With JDA Software’s unmatched value in supply and demand chain innovations, Swire gained the valuable insight and knowledge the company needed to drive real results while maximizing the return on its JDA Software investment.

Achieving Success While Still Applying Local Principles

Swire has been able to cope with rapid growth in both complexity and sales volume against a background of more demanding customer service levels, while at the same time either improving or maintaining all key supply chain metrics. Swire based its supply chain improvement program entirely around the teachings of Sun Tzu, Circa 500 B.C., in which this famous Chinese scholar advocates the importance of communication, clear procedures, quality of input information and teamwork; all of which are just as relevant today.

Swire’s success illustrates the importance of effective supply chain management and demonstrates how the growing Chinese beverage industry is embracing supply chain solutions while still applying local cultural principles. From the strategy level to the operational level, Swire synchronized its supply chain network, overcame operational challenges and reinforced its leadership position in China’s competitive consumer beverage market.

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is a leading global provider of innovative supply chain management, merchandising and pricing excellence solutions. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA’s multiple service options provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

WEB
www.jda.com
EMAIL
info@jda.com

AMERICAS
US
+1 800 479 7382
Canada & Latin America
+1 480 308 3555

EUROPE
UK & Northern Europe
+44 (0) 1344 354500
France & Southern Europe
+33 (0)1 56 79 27 00

ASIA PACIFIC
Singapore
+65 6305 4350
Australia
+61 2 8912 7900

ASIA PACIFIC
Japan
+81 3 4461 1000
China
+86 21 2327 9400

Bangalore
+91 80 3028 8888
Mumbai
+91 22 3088 7878

