

Daishowa-Marubeni International

Customer Case Study

INTRODUCTION

Daishowa-Marubeni International Ltd. (DMI) is an integrated forest products company first established in western Canada in 1969 by Daishowa Paper Manufacturing Co. Ltd. and Marubeni Corporation of Japan. DMI has become one of the top pulp producers in North America. The company employs over 600 people in British Columbia and Alberta. DMI Peace River Pulp division is a progressive organization based on the team concept, prepared to compete with others in the global market place

THE CHALLENGE

Each year DMI - Peace River Pulp Division spends over \$70 million on the expenditures necessary to maintain their operations. The DMI purchasing group plays a critical role in ensuring that these expenditures are made as cost-effectively and efficiently as possible. Since many critical items are not available locally, managing suppliers and dealing with long lead times are part of the normal course of doing business for the purchasing group.

With a relatively small purchasing group, procurement responsiveness and agility are necessary ingredients that ensure the mill operates smoothly. To accomplish this, DMI's purchasing group needed to focus their efforts on strategic, high value items. The issue at hand was trying to balance the everyday requirements for low value items while ensuring the high value critical items were adequately covered.

Part of the solution meant changing and automating some of their existing procurement business processes. Where possible routine and repetitive tasks were off loaded to clerical personnel. Master agreements were put in place with several of their key suppliers. An Enterprise Asset Management (EAM) system was also implemented to support the automation of specific procurement business processes. The EAM system was used to automate the inventory replenishment processes for stocked material as well as providing the means to streamline the creation of material and services requisitions for maintenance work orders.

While significant improvements were made in procurement processes, it was obvious that there was still more room for improvement. Many purchasing activities were not easily automated and manual work-arounds were becoming too common – resulting in inefficient processes. DMI generated over 12,000 purchase orders per year. Manually distributing these purchase orders often took a significant amount of time. DMI needed a better way of reaching its suppliers and freeing their procurement people to focus on more productive work. The DMI purchasing group started to investigate how they could automate the delivery of purchase orders to address their issues.

*"The process of purchase order creation has been automated by most and many have automated the payment process through payments based on receipt. PopFax automates the processes in between, of communicating the purchase order to the vendor and managing the contract. This is a **must have** for Purchasing Departments that are serious about automating the entire ordering process."*

Dwayne Buchholtz
Purchasing Manager, DMI

THE SOLUTION

After an extensive evaluation, the DMI purchasing group turned to PopWare Inc., a supplier of add-on products and services for leading EAM applications. With PopWare's significant expertise in the area of procurement best practices, DMI selected PopWare's PopFax application to automate their purchasing document delivery processes.

PopFax provides organizations with the ability to fax purchase orders and other documents directly from within the EAM system. PopFax works behind the scenes and is completely invisible to the end-user, eliminating the need for training, reducing errors and improving productivity by doing away with the need for manual document handling for printing, folding, stuffing in envelopes, stamping, and mailing.

PopFax works in conjunction with the EAM to streamline the document delivery process. Suppliers are flagged in the EAM as to their preferred delivery method – print or fax. When the EAM generates a purchase order for the supplier, PopFax intercedes and determines the best delivery method based on the pre-specified supplier preference.

Since PopFax is tightly integrated with the EAM application, users are kept abreast of transmission results. Any failed or incomplete transmissions are readily available within the EAM application.

DMI also used PopFax to automate the delivery of acknowledgement letters which completes the offer and acceptance cycle for purchase orders where no personal contact with the vendor is to take place, expedite letters to confirm that the scheduled delivery is being maintained, and follow up letters to determine the status of the goods when the delivery date has not been met – saving a significant administrative effort.

THE RESULTS

PopWare's products and services have had a dramatic impact on DMI's procurement organization. Time has been saved by automating many clerical functions and, as a result, buyers now have the ability to focus on higher value activities and managing supplier relationships.

"The process of PO creation has been automated by most and many have automated the payment process through payments based on receipt", said Dwayne Buchholtz, Purchasing Manager at DMI. "PopFax automates the processes in between, of communicating the PO to the vendor and managing the contract. This is a must have for Purchasing Departments that are serious about automating the entire ordering process."

Since the implementation of PopWare's Approval and PopFax solutions, DMI has improved the efficiency of their purchasing processes. PopWare's PopFax has helped DMI:

- Reduce procurement costs by improving the speed, dependability and accuracy of purchase order transmissions
- Reduce transmission costs by faxing at off-peak hours
- Improve worker productivity by eliminating many manual processes
- Reduce purchase order cycles by speeding document delivery
- Reduce the time and costs required chasing and expediting orders
- Improve vendor performance

These improvements have also resulted in a reduction in the number of purchase orders generated yearly – with no negative impact on service levels. With PopWare's PopFax, DMI is well on its way to achieving its procurement automation goals.