

## CASE STUDY: Project Canopy



# WORLD FIRST 'TREE TO CUSTOMER' SUPPLY CHAIN DELIVERS ANNUAL COST SAVINGS OF TEN PERCENT

Oxygen has designed and implemented the first SAP-based supply chain system for the forestry industry that integrates geographical and spatial data, enabling the planning and management of planting, felling and distribution across the entire supply chain from 'tree to customer'.

The 18-month project delivered all promised functionality, came in on budget at NZ\$7 million, and will pay for itself in less than two years by delivering annual cost savings of more than ten percent.

By tying together Carter Holt Harvey's geographic information systems, SAP financial management system and SAP and Numetrics planning systems, Oxygen gave Carter Holt Harvey a single view of its business.

On a day to day basis, Carter Holt Harvey can see which trees are suitable for each order, and plan and execute the most

efficient harvesting, processing and distribution scenarios.

At a strategic level, the company can do sophisticated planning which takes into account likely changes in the whole tree-to-customer supply chain. It can look out five years and make informed decisions as to new plantings and harvesting.

Most important, the impact of those decisions is visible on a day-to-day basis, enabling rapid action in response to changes in sales or costs.

"We've gained a real competitive advantage – not just in terms of driving down costs, but also in the ability to offer reliable, consistent fibre supply to our customers, and hence improve customer satisfaction," says Carter Holt Harvey Forests Chief Executive Jeremy Fleming.

"Project Canopy is already reducing harvesting and distribution costs. Other benefits, for example from improvements in land use efficiency, are expected to result in total annual cost savings of more than ten percent."

Jeremy Fleming, Chief Executive,  
Carter Holt Harvey Forests.

“The forestry industry is highly spatial. GIS systems are used extensively to manage large land and forest holdings. The unique intellectual property developed with Oxygen is based on achieving tight integration between spatial data held in GIS databases, and SAP applications used in the wider business.”

Carter Holt Harvey Forests Business Planning Manager, Roger Kay.

## THE BUSINESS CHALLENGE

- Integrate geographical information system data with other cost data, so true costs can be tracked from planting the tree right through to delivery on customer order.
- Match supply and demand, so orders can be matched to trees suitable for harvesting.
- Optimise weekly production schedule based on constraints such as distance, customer price and contract agreements.

## THE OXYGEN SOLUTION

- SAP applications are the major ‘solution building blocks’, integrated with ESRI’s ARC GIS products.
- Webmethods is used as the integration platform between the core internal systems and the systems of external suppliers.
- Key SAP applications include APO, Project Systems, Sales and Distribution, Finance, Profitability Analysis, Materials Management and Service Management.

- Business Workbench is used to bind together the complete solution, integrating the data from GIS and SAP systems, as well as data from an Oracle-based land yield database which holds all information on CHH Forests land holdings

## RETURN ON INVESTMENT

- Total annual cost savings in excess of ten percent.
- Integration of SAP applications with spatial data allows operational plans for Forestry, Engineering, Harvesting and Distribution to be viewed as a single plan.
- Demand matching minimises external procurement.
- Reduced harvest and distribution costs.
- Improvements in land use efficiency.
- Reliable, consistent fibre supply improves customer satisfaction.

## CUSTOMER PROFILE

ANNUAL REVENUE: NZ\$3.2 billion

BUSINESS PROFILE: Carter Holt Harvey is a leading Australasian wood-fibre manufacturing company, supplying the New Zealand and Australian markets and exporting throughout Asia and around the Pacific Rim. Carter Holt Harvey is listed on both the NZSE and ASX, and employs more than 10,000 people across New Zealand and Australia.

KEY IT SUPPLIERS: Oxygen Business Solutions, SAP, Microsoft, Sun, BMC, Oracle.

ERP SYSTEM: SAP 4.5b.

NUMBER OF SCREENS: 5,000 +