

Case study



Customer: Karl K Karlsson
Location: Reykjavík, Iceland
Industry: Wholesale, distribution
Software: Microsoft AX

Company Profile

Karl K. Karlsson Ltd was founded in 1946, and is today one of Iceland's leading distributor of food, wine & spirits.

Challenges

- Purchasing used to be made based on min/max parameters, manually adjusted in Microsoft Dynamics AX.
- Too much time spent on managing SKUs.
- Stock levels were too high and service levels were suffering.

Solutions

- 40% increase in turnover ratios.
- Improved service levels.
- Much less time spent on the buying process.
- Dynamic recalculation of forecasts and safety stocks.
- Increased management overview



AGR Dynamics is a supply chain planning specialist offering solutions that optimise the flow of goods throughout the supply chain for distribution, retail and manufacturing companies. The AGR solution increases profits by eliminating unnecessary costs from the supply chain. It uses raw data from any ERP system and automatically selects the best-fitting forecasting method to estimate future demand.

For more information go to:
www.agrdynamics.com

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Reducing workload at Karl K Karlsson

“The reason for our investment in AGR Dynamics was simple: It makes my life as a purchasing manager easy and it is capable of a lot more advanced calculations than our ERP system (Axapta). It has also helped us to increase turnover ratios by 40% on average while improving service levels at the same time”.

Davíð Hjaltsted, Purchasing Manager, Karl K. Karlsson (www.karlsson.is), Iceland

Business challenges

Karl K. Karlsson Ltd was founded in 1946, and is today one of Iceland's leading distributor of food, wine & spirits. They import, sell and distribute various well-known brands in categories such as beverages (alcoholic and non-alcoholic), food (ambient, chilled and frozen), confectionery and cleaning products, to restaurants and retail stores. In total, over 5.000 SKUs are managed by the AGR solution.



Prior to the implementation of AGR Inventory Optimiser, Karl K. Karlsson had been doing the demand and inventory planning in Microsoft Dynamics AX. Purchasing was based on simple min/max methods. There was no dynamic update of these parameters, which meant that they became outdated when sales patterns or buying preconditions changed. Karl K. Karlsson had to spend a vast amount of time in monitoring the stock situation and constantly reviewing the purchasing parameters. Stock levels were too high and the overview of ongoing trends was very limited.

Automation of inventory planning tasks

AGR automatically calculates order proposals at optimised intervals for all of Karl K. Karlsson's suppliers. Exception reports alert staff to any extraordinary stock movements so measures can be taken in time to prevent stock-outs.

Dynamic update of safety stock levels

Instead of using manually entered parameters for its purchasing, Karl K. Karlsson now uses dynamic forecasting and calculation of necessary safety stock levels, based on optimal service levels.

Benefits and next steps

“We have been extremely happy with the results. The payback on our investment was extremely quick. In addition to direct inventory savings, the AGR solution has helped us to improve our purchasing processes, increase overview and increase supplier collaboration,” says Davíð Hjaltsted, Purchasing Manager.