



Welcome to EastPack's RFID Journey



Donna Smit
Erik Sundermann

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Contents

- Introduction
- Eastpack's Supply Chain
- Solution Overview
- Project Timeline
- Results After 1st Season



EastPack Limited

- Established in 1983 in Edgecumbe
- 1983 packed 60,000 trays
- 2008 packed 15.7 m trays
- 12.3% of Industry Green Trays
- 24.4% of Industry Gold Trays





Modern Facilities

- Te Puke site is purpose built facility < 7 years old,
- Packs 8 m trays, of which 5 m trays are GOLD





Edgecumbe Site

3.5m trays of GREEN & GOLD





Opotiki Site

3.5 m trays of GREEN & GOLD





Large Seasonal Workforce

- 1,300 seasonal staff employed
- 31 different nationalities
- Relatively short picking season, 83 days. Packing main pack & Controlled Atmosphere product -140 days.





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Relationship with Zespri

- Zespri markets all Class I NZ kiwifruit overseas
- Except Australia (CER) & NZ domestic





EastPack's Responsibilities

- To deliver in full on time in spec (DIFOTIS)
- Checkpoint at the wharf, replicated at coolstore door
- DIFOTIS Penalties are severe \$400 / pallet main season, \$500 / pallet kiwistart season
- Total cost last year \$280k
- Penalties for not loading kiwistart product by Week 24 Day 7



Bonus System as well

- If EastPack can be flexible to fill late order there is the ability to earn up to \$200 / pallet





Issues with meeting orders

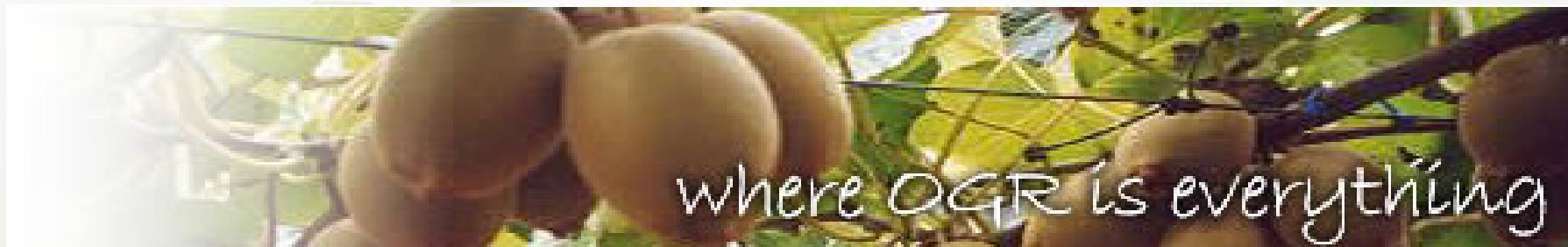
- Orders are changed up to 2 days before close load date - change in market requirement
 - Vessel arrival dates change
 - Fresh fruit deteriorates faster than expectation





Issues with meeting orders

- 6,600 SKU's, often pallets need reworking to meet orders.
- GOLD loading window is 20 weeks
- GREEN loading window is 40 weeks
- The bottleneck was finding pallets in the coolstore





Solution needed to -

- Find product quickly in our coolstore.
- Require no human intervention.



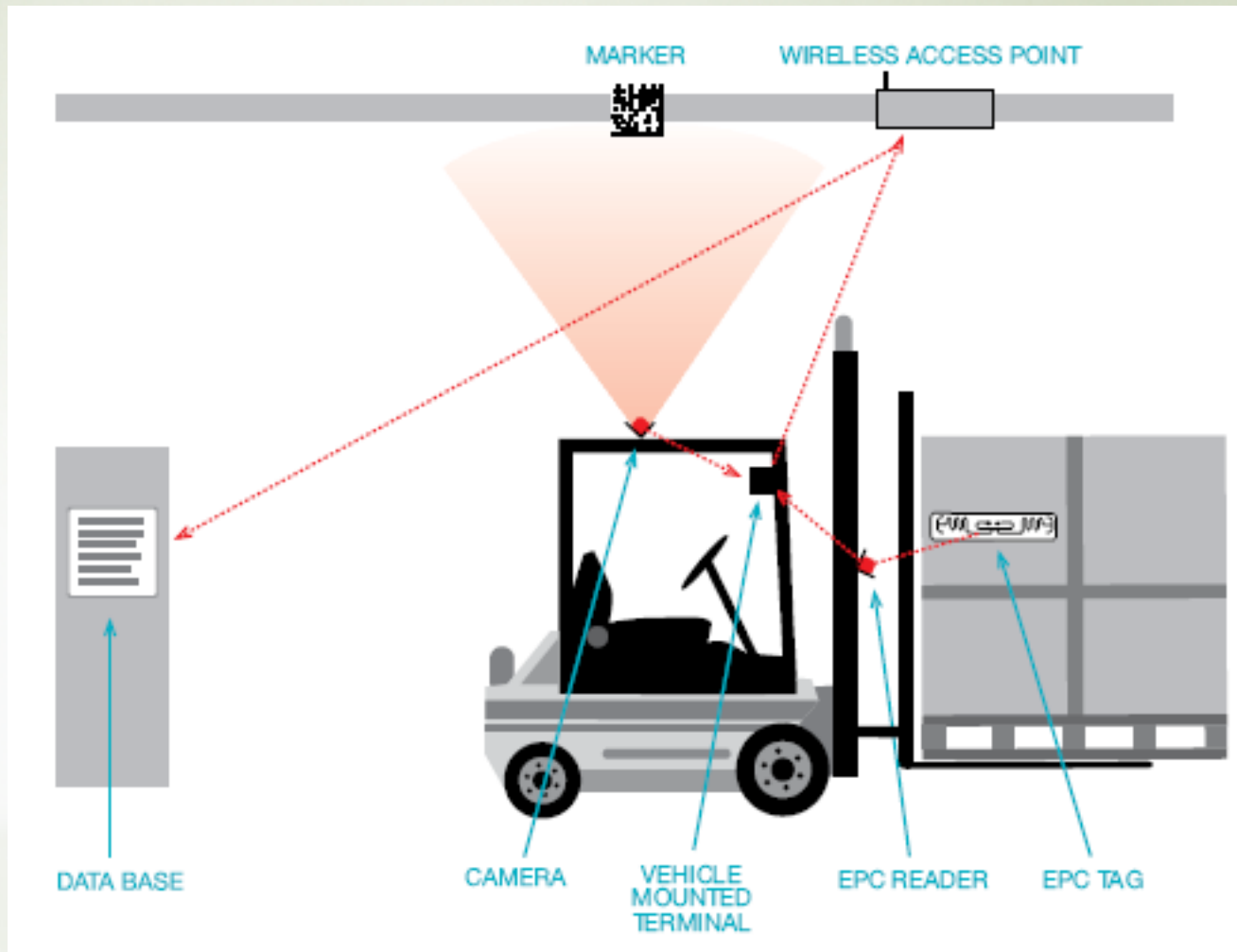


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Solution Overview





Solution: EPC-enabled Forklifts





Solution: Location





Solution: Putting It All Together



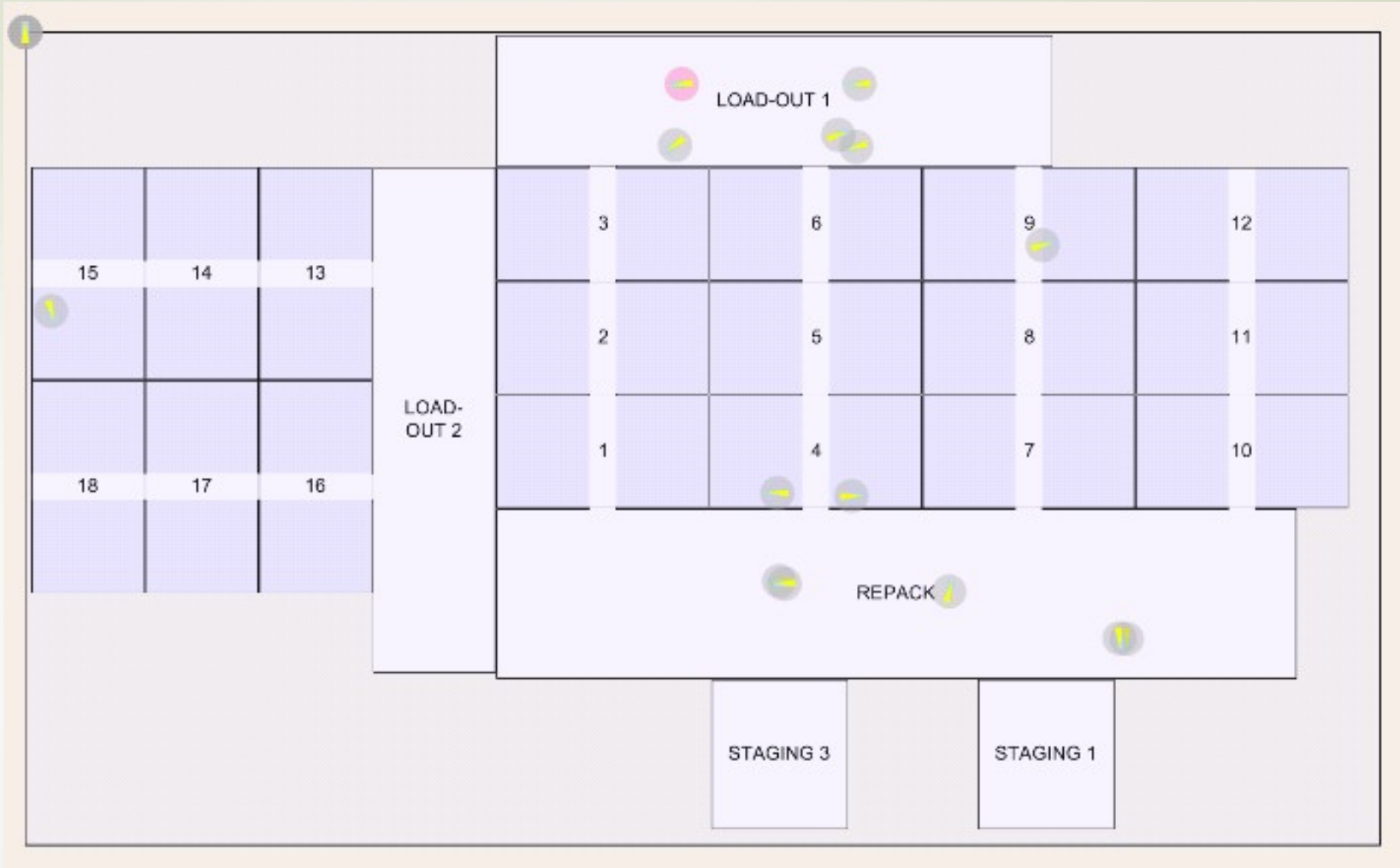


Coolstore Map: Pallet Locations





Coolstore Map: Forklift Locations





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Project Overview

- ❖ Initial Meeting:
 - 18th Jan 2007
 - General information about the benefits of RFID, EPC

- ❖ Analysis & Recommendation:
 - March 2007
 - On-site visit and interviews
 - Report summarizing the observations and recommendations

- ❖ Prioritisation & Project Definition:
 - April 2007
 - Definition of the scope of the project

- ❖ Requirements Definition:
 - May 2007
 - RFP (Request for Proposal) drafted
 - List of potential vendors



Project Overview (cont'd)

- ❖ Vendor Selection:
 - June & July 2007
 - Analysis of vendor responses
 - Interviews with shortlisted vendors

- ❖ Proof of Concept:
 - August 2007
 - On-site technology demonstration

- ❖ Pilot:
 - September & October 2007
 - Limited scope: 1 coolstore, 1 forklift
 - Limited integration: prototype software

- ❖ Full Roll-Out
 - December 2007 to April 2008
 - Target: 100% of pallets tracked by start of season (20th March 2008)
 - 42 coolstore @ 3 sites, ±30 forklifts, 12.000 SkyMarkers, etc...



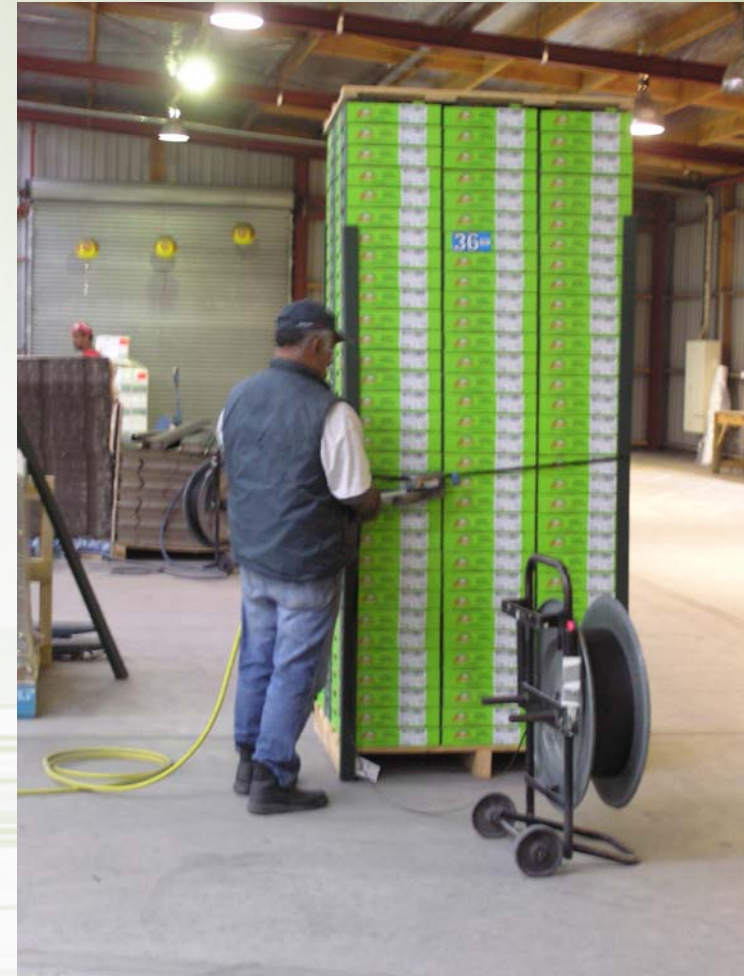
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EastPack's Responsibilities

- To deliver in full on time in spec (DIFOTIS)
- DIFOTIS penalties last year \$280k
- This year approx \$100k





Kiwistart

- Penalties for not loading kiwistart product by Week 24 Day 7 Last year \$250,000
- This year all loaded on time cost - \$ Nil





Human Resources

- Last year Coolstore Managers had a continuous stream of forklift drivers at their desks seeking help to find a lost pallet.
- Burnt out 3 coolstores managers in 3 years
- Managers can focus on managing. All coolstore managers are around for next year as well.



Use of Capital

- Last year Te Puke site had 24 forklifts and drivers.
- This year we loaded more trays with 16 forklifts (33% capital saving).





Inventory Management

- Last year GOLD fruit loss was 8%
- This year GOLD fruit loss is 5%.





Still to Do

- Efficiencies.
- Loading Coolstores
- Auditing our operations





Overall

- We have taken the chaos out of the coolstore
- Staff feel like they are part of a winning team again.
- We've meet the KPI's and capex requirements of our board.
- We've increased shareholder value
- We've identified areas where we can eliminate even more waste.



The Team That Pulled It Off...





Questions?

