

THE COMPUTERWORLD HONORS PROGRAM

CASE STUDY



LOCATION:
Regina, Canada

YEAR:
2006

STATUS:
Laureate

CATEGORY:
*Environment, Energy and
Agriculture*

NOMINATING COMPANY:
Progress Software

ORGANIZATION:

Saskcan Pulse Trading

PROJECT NAME:

ProSoft XP

Summary

Saskcan Pulse Trading (SPT) implemented a fully integrated grain accounting system that tracks all aspects of grain purchasing and sales, including receipts from producers, invoicing to buyers, collection of cash and everything in between. The system allows all transactions to be connected, bringing the users together into one team, and updates the general ledger.

Introductory Overview

Saskcan Pulse (SPT) started with a blank piece of paper in 2001 and has grown to be Canada's largest exporter of red lentils and one of the big three exporters in the world to over 60 countries. With a staff of 85 and three factories in Saskatchewan, Saskcan has solidified its position as a global leader in the supply of value added lentils, chickpeas and peas to its network of clients in the private sector, government, NGO and International Aid Agencies.

SPT required a grain accounting system that would provide the level of detail needed to make quick management decisions, but had to also be flexible enough to keep up with the fast pace environment associated with a young, entrepreneurial company

Context

Since its inception, SPT was founded on the basis of its current vision 'From Producer to the World'. The Company has implemented a vision to grow internationally but also take care of its agricultural producers in Saskatchewan. In order to achieve this vision, a grain accounting system was needed that allowed management to accurately monitor all aspects of grain procurement, grain processing and grain sales. SPT knew that additional complexities would arise from the sales to international customers, and the foreign exchange associated with these transactions, however its core strength was its ability to source raw commodities and process them efficiently to suit the tastes and preferences of its customers worldwide while providing a fair return to the producers of Saskatchewan.

SPT needed a system that would allow it to quickly and accurately grade the grain coming in and issue appropriate payment. Prompt producer payments were an integral part of the Company's strategy to give it a competitive advantage over other players in its industry as financial



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uncertainty and a rash of bankruptcies had plagued the business.

In 2002, SPT hired Lori Ireland, a CMA with experience in Grain Accounting. She joined the company as the Chief Financial Officer and took on the task of finding a grain accounting system that was affordable for the new company. As SPT had big plans for growth and expansion, Ms. Ireland recognized the need for a grain accounting system with the ability to grow with the company. After researching several options, SPT opted for the Prosoft XP program, by Progressive Software. The system was affordable, adaptable to a smaller company, and appeared to have the flexibility needed to meet the Company's changing business needs in a dynamic and risky international trading environment.

Goals

The goal of SPT management was to provide real-time information with respect to grain purchases, sales and inventory. This system would allow accurate reporting of pricing, grades and quantities. Items of importance were:

- the system's simplicity for multiple users
- the system reporting capability including user friendly and easily deciphered reporting
- the system's ability to generate relevant and timely information to allow it to form an integral part of the MIS and act as a decision support system.
- The system's ability to report consolidated financial information that would be required by lenders and investors

Methods and Scope

The system requirements were designed with only one factory and location at start-up. The scope rapidly grew as the company acquired a second plant and within two years had grown again to add its third location. The addition of plants located outside of the main factory required SPT to implement a terminal server system, housed on a Windows XP Server. The grain accounting system was now accessible by all plants. As the Company continued its growth and expansion geographically it was faced with obstacles surrounding balance and controls. As a result of the expanded scope, improved controls were put in place to verify data going into the system and to balance reports at month end to ensure integrity.

Achievements

The system is used by all facilities. Reports have been designed to monitor the daily grain activity. Budget and actual numbers are compiled for each individual sale and the marketing group can use this information to understand what factors affect the Company's profitability on a sale-by-sale basis and can brainstorm on how to correct these errors. The ability to track buy and sell transactions by each individual commodity allows the marketing group and the grain procurement people to make decisions on pricing and on factors that may impact the price that is paid to producers and the product sales prices for export. The detail also allows SPT to approach vendors for volume discounts.

As the prices of agricultural commodities are volatile, SPT's ability to track its commodity position allows the Company to guard its financial risks of being exposed long or short in each product it deals with. The impact of an unclear commodity position can affect the company's bottom line by millions of dollars annually.



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Benefits

The system has provided useful and easy to understand information to those who use it. For example, the input data has been designed so that entry level staff may carry out data entry. Even with the simplicity of use, Prosoft provides accurate, timely and powerful information that is a very useful management decision making tool.

The system allows real time reporting of grain transactions. Multi-faceted monitoring of gains or losses can be broken down as follows:

(1) overall company profit or loss (2) profit or loss by commodity (3) profit or loss by facility and (4) profit or loss by sale. This level of detail is rare in the grain industry and gives SPT an advantage over its competitors because information is truly the key to risk management, profitability and success.

The project has expanded to include the tracking of grain logistics and all grain expenses in a real time environment. Prior to project completion, there were many tasks completed manually. This had a negative impact on the timeliness of information and required manual reconciliations at each month to ensure proper recording of transactions. The manual entry of transactions by the marketing group resulted in a clear division of accountability where team cohesiveness was affected by an adversarial "Accounting Team vs Marketing Group" type of work environment. Frequent finger pointing was leading to a reduction of team morale.

The marketing group wanted timely information and documentation to provide to customers, while the accounting group was concerned with accurate reporting. The implementation of the integrated system resulted in a teamwork type environment where the outputs of one group become the inputs of the next group.

The benefits of the integration are vast. Within SPT, there is a renewed sense of Team and goal congruency amongst the staff. Within the industry, SPT is a leader in terms of reporting and streamlined processes and local producers regard SPT as a company who pays fairly and on time. Internationally, SPT is providing consistent, accurate information to our customers.

The Importance of Technology

The technology was paradigm in the success of this project. The system provides one place to store all information and allows various groups to pull data that is relevant to their area. All stakeholders utilizing the system are now reading off the same page. The "us versus them" attitude has now been replaced with "we".

Many companies make the mistake of believing that information systems can take the place of a weak organizational structure or strategy. New systems are put in place to "fix" all organizational and efficiency issues. The management at SPT recognized that this is not the case and that a good information system should complement corporate strategy and organizational structure. Steps were taken to ensure that the company strategy was clear to the staff, and the goals of the system enhancements were equally as clear. This ensured a smooth transition from the "old" to the "new". This also secured the buy-in of all staff to implement and improve the system.



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Originality

The project is exceptional in the integration of information that it provides. Information that is needed for our suppliers and our customers is housed in the same system and rolls into the financial results of the company. Many companies within the Agricultural industry work with a manual system to look after the local producers, another manual system to look after sales and a third system to track financial results. Often, the information is prepared many weeks following a month end, and no level of detail is possible, making it difficult, if not impossible to determine potential problems with a purchase or sale. The integration of SPT's information has allowed us to manage a growth of over 250% since 2003, when our first facility opened. Annual turnover of the company in 2002 was \$0 and in 2006, the company is forecasting \$65 million.

Success

SPT is a very entrepreneurial company and never stands still. The system is fully operational now, however management is always looking for ways to further streamline processes, by making use of the powerful technology. SPT has established a cross-functional team, consisting of staff from accounting, marketing and operations with a goal of continuing to look at processes and work on improvements wherever possible.

The integrated system has cut down on month end preparation time and has therefore positively impacted the accounting group. In addition, the integrated logistics module has improved the accuracy and timeliness of information prepared by the marketing group. "It definitely has helped" says Crystal MacMillan, Marketing Assistant. "Everything we do now impacts the numbers that accounting produces at the end of the month, and this really helps our group to understand the impact of our transactions". Kristen Struble, Accounting Clerk agrees "Accounting can go to Marketing with a question on an invoice and get the answer within minutes, and vice versa. The information exchange is incredible".

The system not only helps in the day to day operations, but also provides a power management tool. Jeff Jackson, Marketing Manager and 10 year veteran in the grain industry, says "Never in my career have I had the ability to review results on a sale by sale basis. The level of detail is incredible and has allowed me to make important decisions on freight and other processing costs."

The fully integrated and detailed reporting did not come without some challenges. Various users required various pieces information, so reports had to be modified until all users were satisfied with the results. In addition, the change in process required the marketing group to enter information on a timely basis, whereas in the past, the timeliness was not as important since the marketing transactions didn't directly impact the reporting. The process change required buy-in from all levels of staff. By explaining the impact and the future time savings, SPT management was able to convince the various users of the benefits.

Difficulty

The biggest obstacle faced by SPT was a relatively inexperienced staff at the data entry level, many with little to no grain experience. An integrated system demands some release of central control away from head office. Greater autonomy means that more controls must be in place. In addition, server upgrades were required to allow remote locations the ability to access the database. With a quickly growing company, SPT CFO found her ability to be the Chief Financial



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Officer in addition to being the person to train and be the “go to” person on the system was becoming a challenge. One of the Company’s accounting clerks was elevated to the role of Senior Grain Accounting Clerk and has quickly become the in-house expert on the system.

“Understanding the operational issues that the marketing group faces with the accounting background to understand the impact of transactions on the company results is a key role that was necessary to continue on the road to improving our corporate grain system, explains Ms. Ireland. “Designating a key resource to interact with the staff and with Progressive Software has eased our efforts.”

As a start up company, SPT purchased minimal software licenses and struggled to balance the licensing costs with the flexibility of allowing all users access to the system. As the Company continued to grow, management saw the benefits of the reporting system and it became apparent that the nominal costs associated with increased licenses and program enhancements were far outweighed by the benefits of a powerful, integrated system. The management team has now decided that the benefits of full integration are so vast to the company that approval has been given for further enhancements and automation in the upcoming year.