

Bartter Enterprises Achieves 10-Fold Performance Boost



Bartter Enterprises
Sydney, Australia
www.bartter.com.au

Industry:

Consumer Products

Annual Revenue:

US\$534 million

Employees:

More than 4,500

Oracle Products & Services:

Oracle Financials
Oracle Assets
Oracle Cash Management
Oracle Purchasing
Oracle iProcurement
Oracle iExpenses
Oracle Order Management
Oracle Shipping
Oracle Advanced Pricing
Oracle Demantra Demand Management
Oracle Advanced Supply Chain Planning
Oracle Process Manufacturing
Oracle Database
Oracle Data Warehouse
Oracle Real Application Clusters
Oracle Application Server
Oracle Developer Suite
Oracle Discoverer
Oracle On Demand

“We have knocked 10 days off our receivables since we implemented Oracle Receivables. Oracle E-Business Suite was a major enabler that allowed Bartter to improve its cash flow and reduce outstanding receivables.” – Janelle Endacott, Director of Business Systems, Bartter Enterprises Pty Ltd

Bartter Enterprises Pty Ltd is Australia’s second largest poultry producer, with operations spanning the full production cycle from farming to processing, distribution, marketing, and sales.

Founded in 1955, the company employs more than 4,500 people across the country. Still owned and operated by the Bartter family, the business has expanded significantly in recent years and now processes in excess of 2.4 million chickens per week and more than 100,000 turkeys per week in peak season.

A major spur to growth was the 1999 acquisition of Steggle Limited, a publicly listed foods group that included Steggle Foods Products, a joint venture producing and marketing cooked, semi-cooked, and manufactured poultry products.

As with many privately held companies, Bartter’s information systems struggled to keep pace with this rapid expansion. The A\$700 million (US\$534 million) a year operation was running on antiquated terminal-based COBOL applications that impeded flexibility and innovation. Moreover, the Masterpiece system’s lack of reporting and analysis tools meant Bartter’s most important business decisions were based on a gaggle of spreadsheets—more than 100,000 at one stage.

“We were running the organization on spreadsheets,” said Janelle Endacott, director of business systems at Bartter Enterprises. “The data was all over the place. We had duplication, errors, and all the things you typically get when you run a business off spreadsheets. We also had support risks with the legacy ordering system and we wanted to get into the e-business arena as quickly as possible. We soon realized that, rather than just addressing ordering in isolation, we should look for a fully integrated enterprise resource planning (ERP) system.”

Key Benefits:

- Cut receivables from 45 days to 35 days
- Achieved 10-fold performance boost after introducing Linux cluster architecture
- Transformed accuracy and timeliness of purchasing through online procurement and same-day approvals
- Lifted accuracy of asset holdings with integrated asset management
- Improved management information
- Enhanced invoice accuracy
- Enabled real-time inventory control with Oracle Shipping and OPM Inventory

The solution was Oracle E-Business Suite, which is enabling Bartter to transform its operating processes, improve cash flow, strengthen management information, and instill greater business discipline. The company is in the process of implementing Oracle software across all aspects of its operations.

Furthermore, Bartter has migrated its infrastructure to a Linux architecture with Oracle Real Application Clusters after a pilot project indicated a ten-fold performance improvement. Testing yielded a 93% reduction in processing time for supplier payments.

Receivables Cut by 10 Days

Starting in 2001, Bartter implemented Oracle E-Business Suite in phases to reduce project risk and maximize the business impact in key areas. Accounts receivable was the first priority because difficulties with the legacy environment made cash collection difficult.

“Our accounts receivable was a mess,” Endacott said. “Our days outstanding were very high and we really had no visibility into accounts issues. With Oracle E-Business Suite, we knocked 10 days off our receivables, reducing average time outstanding from 45 days to 35. Clearly the system hasn’t done all of that alone, but Oracle E-Business Suite was a major enabler that allowed Bartter to improve its cash flow and reduce outstanding receivables.”

Oracle Receivables was critical to Bartter’s ability to ameliorate its cash position. “Oracle introduced the discipline and the procedures we needed and it enforced those procedures through the software,” Endacott said. “It gave us visibility that allowed us to zero in on the issues we faced in the accounts receivable area. We didn’t have any of that capability previously.”

Purchasing Transformed with Online Procurement

The second phase centered on Bartter’s purchasing department, which was once submerged in paperwork and loose ends as a manual requisition system struggled to cope with the growing enterprise. Oracle iProcurement enabled Bartter to roll out a Web-based ordering system that saved time and labor, boosted accuracy, and eliminated unreceipted purchase orders. Online approvals slashed waiting times so that most requisitions are now approved on the same day.

“Oracle E-Business Suite significantly improved the accuracy of our procurement processes,” Endacott said. “In the past, it fell back on the purchasing department to manually reconcile incorrect information about cost codes, vendors, and other details. Now it is up to the originator to ensure the requisition is complete, accurate, and approved.”

Bartter runs regular reports to identify purchase orders that were approved but lacked a corresponding receipt to acknowledge fulfillment. This stands in stark contrast to the previous paper-based environment in which orders could remain unreceipted for months, producing lingering inaccuracies on the company’s general ledger.

“Oracle Purchasing and Oracle iProcurement have been the catalyst to gain more control over our purchasing and costs,” said Endacott. “With most of this drudgework out of the way, it is enabling our purchasing department to transform from a simple order-placing center to a more strategic focus. We even changed the department’s name from ‘purchasing’ to ‘procurement’ to reflect this new role.

“Staff have more interesting work and contribute more value,” she explained. “They have gone from simply correcting orders to a proactive role where they put together contracts that can potentially save the company millions. It has really extended their ability to add value to the procurement cycle.”

Integrated Management Gives Clearer Picture of Fixed Assets

The integrated financial and management capabilities of Oracle E-Business Suite had a dramatic impact on a variety of Bartter operations. For example, Oracle Assets provided a more accurate perspective on the company’s A\$490 million (US\$375 million) asset base, which encompasses everything from farms, factories, and distribution centers to trucks and specialized plants. Previously, these asset holdings were managed via spreadsheets that were often incomplete, inaccurate, or unreliable.

“Oracle Assets gave us a clearer picture of our asset base and is helping us clean up our asset holdings in the general ledger,” Endacott said. “Oracle E-Business Suite lessened the labor intensity of asset management and improved the accuracy and quality of asset data.”

She added that the most significant long-term benefit from Oracle E-Business Suite might be the improved management information available to senior decision-makers at Bartter Enterprises.

“Management of information was difficult in the past because data was spread all over the company in spreadsheets,” Endacott explained. “It was difficult to access that data, and we had little confidence in the information. For every spreadsheet saying one thing, there was another one with conflicting information. There were no guaranteed processes or consistent formulas. We lacked the discipline that an integrated ERP system brings.

“Currently standard reports and FSGs are providing greater visibility and the planned implementation of Oracle Daily Business Intelligence and Oracle Discoverer will give us a level of insight we have never known,” she said.

Today, Bartter is a company in transformation. “We are still reaping the benefits of Oracle E-Business Suite,” Endacott said. “It has a very rich feature set and there are a lot of benefits we are still working to achieve. It takes a little while for management practices to catch up and take advantage of the capabilities the Oracle E-Business Suite system provides.”

Improved Inventory Management and Planning

In 2006, Bartter successfully completed its Order-to-Cash project by implementing Oracle Order Management, Oracle Advanced Pricing, Oracle Process Manufacturing (for finished goods inventory), and Oracle Shipping. The resulting benefits have been significant and include the introduction of real-time inventory management and increased invoice accuracy through the best price logic for promotional activity.

“With 4,500 products and over 100,000 cartons shipped each week, real time inventory control is a major achievement—improving not only our delivery processes, but also the production planning processes to ensure orders are satisfied,” Endacott said.

Further improvements to the production planning process are expected with the implementation of Oracle Demantra Demand Management and Oracle Advanced Supply Chain Planning, and further functionality from Oracle Process Manufacturing as it incorporates raw materials and costing.

“This, for us, is the big one,” Endacott said. “Everything we have done to date has been to set the groundwork for this project,

which is driven by the need for better planning. Our aim is to transform our planning processes from demand prediction and sales forecasting to production planning and promotions. We want better visibility of information right through the business.

“Eventually we would like to give customers access to our forecasting system so they can improve their planning.”

Endacott said Oracle Process Manufacturing was expected to clarify product costing and ultimately boost return on investment. “Oracle Process Manufacturing will enable us to better determine our sales margins. We currently have 4,500 products, but all our forecasting is based on broad product families. Oracle will enable us to forecast at the SKU level for the first time, which will improve our accuracy and profitability.”

Payment-Processing Time Cut by 93%

Bartter initially deployed Oracle on HP Tru64 UNIX, with one HP AlphaServer ES40 running Oracle Database and a second machine acting as the application server. However, the company migrated its infrastructure to Linux on commodity Intel architecture hardware following a successful pilot in 2005.

Using HP servers, Red Hat Linux Enterprise Server, and Oracle Real Application Clusters (RAC), Bartter achieved stunning performance improvements. A batch job to process payments from customers in the retail sector that used to take five hours was reduced to 20 minutes on the Linux cluster—a 93% improvement. This 10-fold performance boost coupled with lower hardware costs, easier scalability, and strong vendor support from HP and Oracle encouraged Bartter to embrace Oracle RAC on Linux as its architecture for all future business software.

“Lower hardware costs are the primary driver, but scalability is another important factor,” Endacott said. “Since we tend to do phased implementations, Linux allows us to slot in the hardware as we need it, which is more cost-effective. It is also a low-risk approach because we don’t run the risk of undersizing the UNIX box and compromising performance or oversizing and paying too much. Oracle RAC on Linux allows us to grow the hardware as we grow the applications.”

Why Oracle?

When Bartter decided to replace its legacy financial system in 2000, it went to market with an open mind. A cross-functional team considered some 14 business software platforms before short-listing four for detailed evaluation. Intenia, J.D. Edwards, Oracle, and SAP underwent detailed assessment according to weighted criteria such as functionality, scalability, support infrastructure, vendor viability, and cultural fit. Price was considered separately to ensure the priority of technical criteria.

Oracle E-Business Suite emerged as the clear winner after topping most measurements. “Oracle had a strong story on support and vendor viability, but most important, Oracle was ahead on functionality,” Endacott said. “Oracle software stood out because of its innate ability to handle things like dual units of measure and variable catch weights for products that vary in size, as poultry does. Oracle was the most flexible solution we saw.”

Development tools were another outstanding feature of the Oracle platform. Bartter now has a strong base of Oracle expertise and it uses Oracle Developer Suite for all custom software projects. “Having in-house expertise made our migration, conversion, and extension projects much easier and additional Oracle development expertise is very easy to source,” Endacott said. “Oracle was a good strategic fit.”

Implementation Process

Bartter’s Oracle implementation began in 2001 and proceeded in stages. Oracle Receivables went live in August 2002, followed by other Oracle Financials modules and Oracle iProcurement in October 2003. Oracle Order Management, Oracle Advanced Pricing, Oracle Shipping, and Oracle Process Manufacturing Inventory were implemented in March 2006 and Oracle iExpenses in October 2006. Future plans include Oracle Demantra Demand Management and Oracle Advanced Supply Chain Planning. This phased approach was designed to reduce project risk and prioritize business areas where the new applications provided the greatest benefits.

Bartter’s approach is to maintain strong ownership of the implementation process with its own project team, led by Pam Howatson, partnering with vendors to achieve successful outcomes. The company has used a variety of partners for its

phased implementation, including Oracle Consulting and Oracle Certified Advantage Partners Red Rock Consulting and Oakton.

Another key partner throughout this process was Oracle On Demand to which Bartter outsourced its e-business support in 2004. “The Oracle On Demand team has been instrumental in the success of these implementations by ensuring the support and integrity of the system as we continue to introduce changes and new functionality,” Endacott said.

Advice from Bartter Enterprises

- Prepare to make changes to established business processes and management structures.
- Apply change management to enable faster acceptance and therefore return on investment.
- Maintain strong ownership of the implementation process.
- Ensure the right resources are engaged.
- Understand upfront the specific hardware requirements for a RAC Linux environment.

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