

Cargill

System Integration Boosts Operating Efficiency for Chilean Fertilizer Business

Cargill needed first-class integrated software to manage its fertilizer business. The software also had to work with multiple currencies, be cost effective, and be implemented within a relatively short time. Oracle's JD Edwards was chosen because it was the ideal integrated solution for the company's areas of manufacturing, finance, and logistics. "This system promotes efficiency from the moment the customer's purchase order is received through the manufacturing process, providing information to the commercial area (margins, prices, deadlines) and all the way to the generation of accounting information and reporting of such information to the parent company for consolidation. In the commercial area, the system tracks the transaction from the moment the purchase order is received until the customer pays the invoice," says Jose Fauda, lead controller at Cargill.

Business Drivers: Be in the Right Place at the Right Time

- Timely access to data.
- Flexibility to adjust to customer's needs and requirements.
- Accurate accounting information.

Cost-Saving System Integration

"The application allows us to get timely information for decision making, which makes the main variables of the business easy to monitor and more efficient," says Fauda. "At Cargill, there was a general perception that the system data was not totally reliable. The source of the problem was a lack of system integration and problems with the interface. Currently, even though there are some details to be adjusted, in many cases, it is simply a matter of human error when entering information into the system," says Fauda.

JD Edwards reduced maintenance costs by eliminating the need to correct data manually.

Results

- Timely information for correct decision making.
- Operating efficiency.
- Reliable data.
- Reduced maintenance costs.

The Customer

- In business in Chile for more than 15 years.
- Focus on two major business areas: fertilizers and grains.
- 60 percent of its operations are in the United States.
- Latin American activities focused in Brazil, Venezuela, Argentina, and Mexico.
- Nearly \$100 million in annual sales.
- 90 employees.

JD Edwards EnterpriseOne and JD Edwards World Solutions

- Foundation

Environment/Database

Intel, Microsoft SQL Server

"Ever since JD Edwards was implemented, we have had more accurate and detailed information about profit margins per customer, per zone, and per product."

Jose Fauda

Lead Controller

How Cargill Got There: Proven Collaborative Enterprise Software Experience

By late 2000, Cargill Latin America was working with JD Edwards to develop software that could be shared with Cargill operations in all Latin American countries. When the time came to decide on software that could support Cargill's fertilizer business, four choices were evaluated: Solomon, Macola, MFG Pro, and JD Edwards. It made sense to implement a solution offered by a global company like JD Edwards, because the same software was going to be used in other Latin American countries. It could be implemented in Chile in the midterm.

When selecting JD Edwards, Cargill recognized the advantage of its accounting and finance personnel already being fully trained on JD Edwards World. Cargill expected that this previous knowledge would allow a smoother transition to JD Edwards EnterpriseOne.

"We already knew the application and JD Edwards' reputation. So when we started to evaluate systems, we went to a local provider and asked them for a technical solution to manage Cargill's fertilizer business," says Fauda.

With the implementation of JD Edwards software, the company was able to reduce inventory costs by receiving accurate information within reasonable time frames. This savings translated into higher levels of profitability for the company.

"Today, if I had to choose an operating system for the company, I'd make the same decision I made three months ago when I selected JD Edwards," says Fauda.

The Future: Accounts Receivable and Inventory Efficiency

"If we have reliable sales and inventory forecast information, we will be able to import raw materials as close to the point of sale as possible," says Fauda. "Additionally, Cargill has a way to measure its business based on the return on gross investment. The level of accounts receivable, inventories, and fixed-asset investments determines gross investment. Whereas fixed-asset investments cannot be easily modified in the short term, both accounts receivable and inventories can achieve efficiency in a short period of time. Of these three items that yield results on gross investment, the size of inventories is the one that is the least difficult to optimize. And JD Edwards' tool has been the key to achieving this goal."