AgGateway Case Studies

Simplot's IT and Business Teams Partner Up To Improve Data Management, Traceability, Efficiency and Response Time

Background

- The J.R. Simplot Company is one of the largest privately held food and agribusiness companies in the nation. It pioneers innovations in plant nutrition and food processing, researches new ways to feed animals and sustain ecosystems, and strives to feed a growing global population.
- The company is headquartered in Boise, Idaho, but does business around the globe. There are major operations in the U.S., Canada, Mexico, Australia, New Zealand and China, with products marketed in more than 40 countries worldwide.

Challenges

- While corporate-wide Simplot has automated many of its business processes with trading partners (such as ordering, ship notices and invoicing) the agri-business area is more complex; about 20 vendors are now connected with the company but dozens more will be brought on electronically in the future.
- As these connections are made, it is essential for the IT and business departments to work together so that the solution works for the business; in the past the IT department was almost solely responsible for "onboarding" a vendor for electronic connections, which sometimes led to solutions that were not as efficient for the business teams.
- Not having a good process in place for onboarding vendors cuts into the substantial benefits of going electronic – including finding solutions that save time, and improve data management, accuracy and traceability – and therefore customer service.

Solution

Simplot created a new internal process to ensure that business teams are involved as connections are made with trading partners. To pilot that process, Simplot partnered with Tessenderlo Kerley, Inc., a provider of crop nutrition and crop protection products and services. The team worked on the ordering, shipping and invoicing processes, using **AgGateway standards** for OrderCreate, OrderResponse, Electronic Ship Notice and Invoice.

Key Points

- Thousands of hours a year saved in staff time to communicate quantity, confirming pricing and terms, etc. This time is now devoted to other innovative solutions for the company.

- 50% reduction in response time in sending purchase orders to vendors.

- Significant reduction in restocking fees or charges for wrong items.

- Reduced overall cost of doing business with partners.

- Reduced paper usage by 25%, by eliminating 1,700 pieces of paper a year and the cost to fax /email each in the distribution of purchasing information.

- Increased productivity in Simplot's buying department by at least 5 hours per week based on reduction in manual processing and order entry errors.

- Improved business partner relationships.

The teams also used **AgGateway's Ag Industry Identification System (AGIIS)** service, which provides standard product identifiers (reference data) used industry-wide to identify products and locations in electronic transactions. Simplot and Tessenderlo Kerley are both AgGateway members, and recognize that the seamless exchange of data is crucial throughout the agricultural supply chain to increase efficiency and productivity.

The team process was based on a RACI Matrix (R=Responsible for this step; A=Accountable for this step; C=Consulted with before this step; and I=Informed when the step is complete). The matrix is an effective means for defining and documenting project roles and responsibilities. The teams identified specific integration areas and steps in setting up the electronic connections, from start to finish. The members of the team on the business side had much more consultation and responsibility than in previous eConnectivity activities.

Results

The pilot proved that vendors can be brought on electronically into the Simplot system in a quicker, easier fashion, with more rapid returns to Simplot. "Working with our internal business teams strengthens relationships and ensures a streamlined and collaborative method of standardizing the onboarding process," said Tammy Creswell, Simplot's IT eBusiness Manager.

Creswell estimates that thousands of hours have been saved by staff each year from the seamless connections in ordering, shipping notices, invoicing and other electronic connections. "We have more than 60 authorized buyers on our teams – if you conservatively estimate that half of them save 2 hours a week due to these electronic connections – 2 hours of not having to check something by phone or fax, or track down a piece of information – that ends up saving more than 3,000 hours a year in staff time," said Creswell. "That's time that is now being devoted to other innovative solutions!"

Simplot summarizes other benefits this way:
- The time spent by the employees communicating quantity, confirming pricing and terms has been greatly reduced as conversions for selling product is being done electronically.
- Reduced paper usage in distribution of purchasing information by 25% -- eliminating 1,700 pieces of paper a year and the cost to fax or email each one.
- The response time in sending purchase orders to vendors has been reduced by 50%.
- Increased productivity by at least 5 hours per week for Simplot's buying department, based on reduction in manual processing and order entry errors.
- Significant reduction in restocking fees or charges for wrong items.
- Reduced overall cost of doing business with partners, and better business partner relationships.

David Brouse, Supply Chain Director with Tessenderlo Kerley agreed that the new process was a success. "Increased visibility from eCommerce integrations enhances our ability to plan and execute more effectively, driving improved agility and consistency in our service levels," he said.

Simplot plans to use the new process moving forward, improving the procedures as needed as it implements connections with other vendors.

About AgGateway

AgGateway is a non-profit organization with the mission to promote and enable the industry's transition to digital agriculture, and to expand the use of information, to maximize efficiency and productivity.
www.AgGateway.org