

Customer Success Case Study

Company location:

The company is UK based with global operations

Industry:

Commodity trading

Key solutions implemented

- Daily inventory valuation
- Contract creation
- Invoicing and billing

Key results

- Everything at one place
- Integrated view
- Eliminated spreadsheets
- Automated alerts
- Increased operational efficiency
- Cost and time savings
- Accessible from everywhere
- Easy-to-use solution

Overview

The company is a SME multi-commodity trader with presence in the Middle East, Asia and the African Continent. The team has grown from 10 to 400 people, went from trading with one country to trading with over 10 countries, and from agri-commodity to multi-commodity trading within a span of 5 years. Finance, trade operations, trader desk, logistics, procurement and sales are some of the functions that have evolved with the growing team size. Each function used either a function-specific application from different vendors or MS Excel to manage day to day operations.

Situation

The Trade Desk needs to be updated with current inventory levels, the location of inventory, the market price of the commodity, freight availability and freight cost, in order to make deals profitable. This information is used by the sales team in the

Implementation and training completed within 4 months from initiation

field - there is usually a time lag when receiving this information over emails or calls. Commodity flow, information flow and update on the status of each document is crucial in the fulfillment of the deals. Having the right information at the right time is of great importance to make quick decisions.

Negotiations and approvals or updates on inventory availability were done over phone calls and emails to the Operations & Sales Team on the field. The information was updated in excel sheets for inventory and sales at the end of the day, which was managed by multiple people.

Duplication of data, time lags, delays in decision and missed profit opportunities on deals due to human errors were some of the issues that the team was facing after their subsequent scale up.

Demurrage costs due to missing documents in custom clearance accounts to a few thousand up to millions of pounds. With every trade deal, there are at least 20 documents involved and as many as 5 parties involved in deal completion.

Managing reminders over email and excel can lead to human errors and can result in a huge loss for the company.

Solution

The implementation and customization along with training and data import was completed within 4 months.

Daily Inventory Valuation

The Sales & Procurement Team used to update the Trade Team through Excel. It was used for inventory valuation and checking of open positions. The process took the Sales Team 10 hours per day, the Procurement Team 10 hours daily, and the Trade Desk 2 hours per day.

Purchase receipt and sales shipments are now created on the system. The sales teams can now make decisions quicker as the inventory data is available in the form of an app. There is no need to send excel sheets daily to the Trade Desk. 22 hours are saved per day, saving £80,000 per year.

Contract Creation

Once the deal was finalised, the Sales & Procurement Team sent the details to the legal team for creating the sales/ purchase contract. The team prepares at least 10 contracts daily. Every contract takes at least 2 hours to prepare. Sign off from relevant parties takes another 2 hours. This whole process happens over 3-4 days.

Creating contracts through our system happens in a few clicks where general and special clauses can be added. Counterparties are stored as master data so all the information is pulled from the database. These contracts can be sent to relevant parties for review and approval over email through the system. Changes can be made, approved and signed off in just a few clicks through Docusign.

Every contract which took around 4-5 hours, now takes only 30 minutes of cumulative effort. This leads to saving 4 hours daily. It saves cost for the outsourced legal team which is around £70,000 per year, while having a quicker process of creating and signing a contract.

Reduced contract time from 4-5 hours to only 30 minutes of cumulative effort

Invoicing and Billing

Once the sale shipment was done or purchase receipt was made, the invoices were sent to relevant parties. The finance team kept a regular check on which invoices were reaching the due date for both receivables and payables to maintain working capital.

The team also needed to check, approve and pay the expenses made by the executive team through credit cards. They also needed to take the inventory valuation from the trade desk team to update current assets in the balance sheet. For every contract there are more than one invoice and so the team of 3 spends 70% of their daily time in creating or paying invoices and reconciling the bank statements on accounting software. This used to take 16-17 hours daily.

The team now gets an alert from the system that shipment or receipt has been made of the inventory and invoice needs to be prepared. Preparing an invoice from the system takes less than 10 minutes. Tracking the old payables/receivables is available in reports. Notifications are sent a few days before the due date to avoid any default. The default rate has reduced drastically. In case of default in receivables it is noted against the counterparty so that the team is aware of the past record with them.

Additional Features

All the information and documents are now in one place. The inbuilt Docusign feature helps to save a lot of time. Mark to market valuation and position reports help the team plan and manage their risks in advance and thereby reduce losses wherever possible. As the trade desk team is now able to focus on core operations, the team is able to tap more deals and thereby the operations have increased by 6% with additional 220 deals per year.

As the losses due to demurrage or delay in decisions are reduced, the company has seen a cost reduction of around £180,000. Therefore profits have increased by a remarkable 8%.

Strong Growth Outlook

The company is now well positioned for rapid further growth. The team looks forward to further going ahead with the linking of the e-commerce website to the system. They believe it is one of the best features in the system and it has helped stick to their mission of "farm to bowl".

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