



Rebalancing for Growth

Nutreco introduced its “rebalancing for growth” strategy in the fall of 2004. The company recognized that farming of meat and fish was very volatile. Conversely, there was enormous potential in a variety of animal feed areas.

During the next 16 months, Nutreco strategically divested about USD 1 billion of farming companies. Nutreco elected to keep its poultry business in Spain, as Nutreco was the leading provider, and had a significant competitive advantage. During this period, Marine Harvest (global salmon fish farmers), Hendrix Meat Group (producer of pork products in Benelux), Pingo Poultry (producer of poultry products in Benelux) and Euribrid (global breeding company) were divested.

“We have gone through major change, and an extensive business divestment and growth scenario. The alignment within and between business groups has resulted in uniform Nutreco information systems, to optimize our business processes and management information, and to integrate our information systems with customers and suppliers,” notes Bakker.

“We would not have been able to achieve this level of change without Lawson, and its dedicated staff to assist us.”



Line of Business

Nutreco operates in four major lines of business:

Compound Feed. The compound feed division creates animal feed to meet the nutritional needs of farm animals, such as poultry and pigs. This division serves numerous pig and cattle farmers, and also produces feed for organic farms.

Premix and Specialty Feed. Premixes and feeds are used in low volume, but require a high degree of precision, as this is the major approach for delivery of required vitamins and minerals to animals. This division is supported by an extensive research center.

Fish Feed. Nutreco is the world's leading fish feed provider, providing fish feed for aquaculture, for more than 50 varieties of fish, across more than 25 countries.

Meat. Nutreco's meat activities mainly relate to the production, processing and sale of poultry products in Spain.

As you can imagine, there are significant IT challenges to automating a company of this size and complexity. But, before we begin to examine those challenges, it is important to understand Nutreco's **rebalancing** and **growth** strategies which brought it to its current position. Indeed, the IT challenges for Nutreco are increasingly complex because of the enormous change occurring as the company grows.

This list provides a sense of the tremendous "growth" activities that the company undertook:

- Takeover of 17 feed factories in Canada
- Takeover of BASF companies in the USA, Mexico, Guatemala, Indonesia, China, Poland, Italy and the UK
- Establishment of a company in Russia
- Takeover of a Chinese producer and distributor
- Takeover of an animal nutrition company in India
- Takeover of a Dutch producer and worldwide distributor of milk replacers
- Takeover of a fish feed production facility in Japan
- Takeover of a fish feed company in the USA
- Takeover of a feed and meat business in Spain

Challenges and Opportunities

"Before the change in strategy, we started implementing common IT solutions for meat, fish farming, and harvesting. Now, we are not only in a different set of businesses, but we are in the midst of the integration of a major set of acquisitions, and will continue the growth strategy," explains Roel Bakker, Nutreco's CIO, referring to the rapidly changing landscape at Nutreco.

The Nutreco strategy of "rebalancing for growth" includes product innovation, new product development, substantial growth (both organic and through acquisition), as well as developing global relationships with key suppliers. They are designed to optimize cost while delivering value, the so-called "Nutreco Sourcing Initiative."

What remains, after all this change, is a very different Nutreco, whose worldwide focus is on the feed business, primarily for pork, poultry, beef, and fish species (mainly salmon). This substantial shift in the company stretched all of its resources, especially information technology.

The IT Transformation

Nutreco was founded by executives from British Petroleum in 1994, went public in 1997, and through its acquisition strategy, began to "inherit" ERP systems around the world including:

- JD Edwards (now Oracle) in the USA
- SAP in Spain
- MFG-Pro (QAD) in the Netherlands
- Navision (Microsoft) in the UK
- Local systems in Indonesia, Guatemala, Mexico and China
- Lawson (formerly Intentia) in Norway



By implementing Lawson solutions with the same standards and harmonized processes around the world, new processes can be implemented quickly. Moreover, the time it takes to integrate a new acquisition can be reduced by up to 50 percent.

By 2002, there were at least 25 mainly decentralized managed ERP systems around the company, some local, some homegrown. Moreover, the number of different IT platforms for hardware and networking was equally overwhelming.

Nutreco did some internal benchmarking, looking at the capabilities of commercial vendors already serving Nutreco companies. The major considerations were total cost of ownership (TCO), and the value that could be delivered to Nutreco for its investment.

The preferred supplier was Lawson, based on the internal benchmark analysis. The Skretting fish feed business, which was a Lawson user for many years, began a new process of integrating and standardizing on the Lawson platform.

In 2002, Roel Bakker established four very important principles for managing the enormous amount of business change at Nutreco:

1. The most important thing was to first build an ERP kernel per business group that covered the core business requirements across all countries. Once the business kernel was established, an implementation team managed the rollout across countries.
2. Lawson is the preferred solution provider for Nutreco ERP around the world. Today Lawson provides the standard ERP solutions within Nutreco globally.
3. Ownership of the ERP implementation by local company management is critical. Moreover, that ownership requires a commitment to the core ERP kernel consisting of finance, sales, purchase, inbound and outbound logistics, and business intelligence. Any significant change at the local level will require systems to be reharmonized later.
4. Transformation from locally managed ERP systems to a centrally managed Lawson environment is supported by dedicated implementation and support teams. The Lawson solution is running on a centrally managed hardware platform for almost all operating companies. The transformation of responsibilities has also necessitated a high degree of business cultural change that requires ongoing management by the business group and the corporate IT office.

The Implementation

After the first implementation in the global fish feed business, the global additives and premix business started implementing Lawson solutions in 2003 across multiple countries. The feed businesses in Netherlands, Belgium and Germany began their migration to Lawson in 2006, with 70 percent of these businesses now using Lawson solutions, and the rest planning to go live in the next 12 months. Four of the six business groups (covering about 15 countries all over the world), now use Lawson solutions. The newly acquired feed business in Canada will start a program to migrate to Lawson solutions soon.

The rollout involved not just a uniform set of business processes, but the implementation of a well-defined data architecture.

Standardization of the chart of accounts and management information on the business group level was quite important. Since Nutreco's growth strategy is around animal feed products, all businesses can and should be held to the same performance indicators, and that requires standardization of financial functions. Now, with a uniform set of businesses, key performance indicators (KPIs), dashboards and reporting can be standardized, so that each line of business and country executives can manage the same KPIs, and top management can retrieve the data they require. More attention is also being paid to data warehousing, as a natural way to collect information and support decision making.

The implementation of Lawson solutions worldwide was obviously a rather complex undertaking. Dedicated teams traveled around the world to support the implementations. Lawson consultants were deployed to help with local modifications. Due to operating in so many countries, the development and implementation of market and legal conditions was especially challenging.

"Functionality and the implementation effort are key factors. If you look at SAP implementations, there are lots of consultants from other companies running the projects. Lawson implementations are less expensive, not just for implementation, but after go-live as well. If you look at the mega-ERP vendors and Nutreco, we are just a number. If you look at Nutreco and Lawson, we were a good fit," says Roel Bakker, discussing what made Lawson number one for Nutreco.

"Elephants dance with elephants. You need to make the right sizing decision for your company, and find the best way to support it," adds Bakker.



Headquarters:

USA

380 St. Peter Street
St. Paul, MN 55102-1302
Tel +1 651 767 7000
info@lawson.com

Regional Offices:

Americas

Brazil, Chile, Canada,
Mexico, Honduras,
United States, Venezuela

United States

Tel +1 651 767 7000
infous@lawson.com

Asia

China, Hong Kong,
India, Indonesia, Japan,
Korea, Malaysia,
Philippines, Singapore,
Taiwan, Thailand, Vietnam

Singapore

Tel +65 6788 8769
Fax +65 6788 8757
infoasia@lawson.com

Australia & Oceania

Australia, New Zealand

Australia

Tel +61 2 9468 8900
Fax +61 2 9468 9199
infoanz@lawson.com

Northern Europe

Denmark, Estonia, Finland,
Norway, Sweden

Sweden

Tel +46 8 5552 5000
Fax +46 8 5552 5999
infonordic@lawson.com

Northwestern Europe

Belgium, The Netherlands,
Ireland, South Africa,
United Kingdom

United Kingdom

Tel +44 1344 360273
Fax +44 1344 868351
infonw@lawson.com

Central Europe

Austria, Czech Republic,
Germany, Hungary,
Poland, Slovakia,
Switzerland

Germany

Tel +49 2103 89060
Fax +49 2103 8906 199
infoce@lawson.com

Southern Europe

France, Israel, Italy,
Portugal, Spain

France

Tel +33 1 34 20 80 00
Fax +33 1 40 39 25 07
infoso@lawson.com

www.lawson.com

Realized Value for Nutreco

Harmonization is a big benefit for Nutreco. By implementing Lawson solutions with the same standards and harmonized processes around the world, new processes can be implemented quickly. Moreover, the time it takes to integrate a new acquisition can be reduced by up to 50 percent.

The cost of maintaining Lawson systems is quite manageable. Nutreco has 900 users in 15 countries (and 55 locations) around the world. Shared IT Services has a dedicated team of five people (compared to dozens at companies of a similar size) to support the whole environment. Moreover, Nutreco has eliminated approximately 30 localized ERP hardware platforms.

The next phase is to improve the procurement process across business groups on raw materials in order to combine purchase contracts and callouts of raw materials. The more each business operates in the same environment, the easier it is to upload management information, compare agreements, and negotiate with suppliers.

With a uniform chart of accounts within a business group, business reporting has become standardized. Management can now reach into any business and country around the world, and obtain up-to-date information. This was not possible before. The next phase will be to realize standardized business processes and management information across business groups.

The IT department is now a strategic member of every acquisition committee. As a key part of an acquisition strategy, IT can tell management the cost and time to move them over to Lawson.

What's Next?

There is much work remaining for Roel's global IT team at Nutreco.

New acquisitions, new cross-business initiatives, common information systems, and related support will be on the agenda of the Nutreco IT community. New functionality in forecasting and supply chain management must be developed and rolled out.

New acquisitions will be brought into the Lawson M3 environment. And, Nutreco has the tools to do it. Since an ERP kernel has been created per business group the roadmap is clear. However business improvement projects are always needed to meet the changing business requirements and to get all the benefit out of the Lawson system.

About Nutreco

Nutreco Holding NV (Nutreco) is a leading provider of animal nutrition and fish feed around the world. Nutreco's business groups have over 100 production and processing plants in more than 25 countries with a total of 9,000 employees. Their customer base spans approximately 80 countries around the world. Nutreco generates revenue of approximately EUR 4 billion per annum, and is listed on the Euronext Amsterdam Exchange.