

Trading & Manufacturing

Flexibility and Control

To meet the needs of organizations who buy and sell commodities as physical traders or who consume the raw materials in their manufacturing process requires a solution that satisfies the apparently conflicting demands of Flexibility and Control.

Day to day operations require flexibility to cater for changes in a fast moving commodity market. This flexibility must not be provided to the detriment of contractual and financial control.

Scalable Commodity satisfies these demands uniquely in one fully-integrated solution by building trading and commodity industry specific functionality within Dynamics AX ERP.

Contract Management

At the centre of the Scalable Commodity solution is the Contract Management functionality. The simple act of recording the contract details is the first of the many benefits of an integrated solution. The contract information is immediately available to all departments, appears in position reporting and starts the process of tracking and managing all financial and quantitative details related to the contract.

As the contract progresses through its lifecycle – Logistics, Finance and Risk – the contract acts as the central repository for all the transaction which flow back from the other departments. Scalable Commodity provides a summary snapshot of the status of the contract and allows the user to drill down to all related transactions. It simplifies answering the questions always asked, including:

- What is still to be delivered?
- How did we satisfy this contract?
- What costs have been accrued/ incurred?
- When were changes made?
- When were prices fixed?

Control and Management

Whether trading commodities or purchasing commodities for consumption in a manufacturing process, the challenges for an organization are very similar:

- Manage all aspects of a Contract Lifecycle from purchase negotiation through shipping logistics to manufacturing or onward sales to customer
- Track and Control all additional costs (on-costs) associated with a contract
 - Required for budgeted costs and profitability
 - Calculate landed cost of inventory
- Manage risk associated with the commodity
 - Futures hedging
 - Foreign exchange management
 - Position reporting
- Visibility of all contract and logistics information available across all departments in an organization
- Automatic calculation of price and weight adjustments based on the specification analysis of the delivered commodity
- Financial ledger processing
 - Invoicing
 - Accruals
 - Payments
- Integration with production demand for manufacturing organizations.

Logistics and Shipping

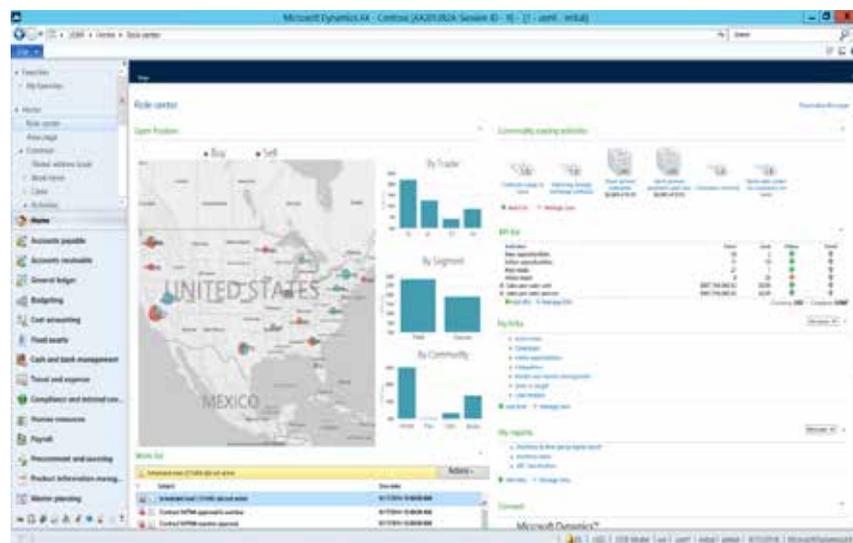
Timely execution of contracts is essential whether arranging to ship commodities globally or arranging delivery of a commodity to a factory to meet just-in-time production demand.

By centrally recording all shipping/ transportation instructions trading, logistics and production departments can see what has been planned – and more importantly what is still to be done!

Risk Management

Scalable Commodity provides a framework to help manage the organization's risk strategy:

- Real-time management of open commodity positions
- Hedging of exchange traded commodities
- Management of foreign currency exposure
- Workflow escalation procedures and alerts for contracts, shipping, logistics and financials
- Mark to market reporting for commodities.



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Grain Elevator storage contracts & blending

Invoicing

Scalable Commodity leverages standard Dynamics AX Supply Chain and Financial procedures and functionality for logistics, shipment or load information to either generate invoices for customers and suppliers or check the values of invoices received from suppliers and producers. By using the on-cost information, initially recorded at a contract level and subsequently updated and refined at each stage through shipment logistics, accurate and meaningful accrual values are captured and updated.

Automatic quality price and quantity adjustments are calculated based on user defined quality specification formulae e.g. moisture content or oil content of a load.

- Customer sales invoices
- RCTI/self-bill invoices for producers and suppliers
- Invoice reconciliation routines for supplier commodity invoices and on-cost invoices
- Provisional and Final Invoice routines to cater for instances where invoices have to be produced before delivery/shipment takes place (e.g. customs invoices, oilseed analysis results available at a later time)
- Prepayment routines for both Purchase and Sales Contracts – multiple prepayments for each contract e.g. pay grower in advance for grain while in field

Storage Contracts

Track ownership of third-party grain held in silos/elevators and manage storage and handling charges.

- Define Storage and Charge schedules
- Identify third-party grain in store
- Manage and record transfer of ownership of grain – to another third-party or convert to a purchase contract
- Periodic invoicing of storage and charges based on storage schedules.

Production Demand

A simple process helps determine the commodity contracts or inventory holdings to be used to satisfy production's material requirements based on the output from Dynamics AX Master Planning.

- Allocate contracts or inventory holdings to demand for raw materials – all information available on one form
- Use standard Scalable Commodity processes to arrange transportation of commodities to the production plants
- Visibility of demand requirements available to procurement, traders and shop floor planning.

Commodity Blending

- Due to the variations of quality specifications for a commodity there can be many ways to achieve the final required quality result.
- This blending process is not done as part of a traditional manufacturing process but more on an 'as required' basis, usually as part of the commodity storage logistics process.
- Multiple Commodity components can be selected by quality and quantity
- Blended load created – processed as part of standard loads
- Commodity Inventory managed at component level
- Accurate costing of blended load.

Key Features

- One source of data for all functions
- Visibility of all financial, trading and production information across the organization
- Strong financial and inventory management
- Workflow approval reflecting your internal processes and procedures
 - multi-step approval
 - escalation procedures
- Automatic alerts and reminders to ensure timely execution of tasks
- Ease of use for users with familiar Microsoft Office UI
- Provide financial controls but with the flexibility demanded in a trading organization
- Integration with the Microsoft stack
- Streamline internal and external communications
- High level snapshot of contract status with ability to drill down to all contract related information from one place
- Document management
- Real time updating of information
- Manage all aspects of trading, raw material procurement
 - Contract management
 - Cost tracking
 - Logistics planning
 - Quality analysis and pricing
 - Invoicing
 - “Non-Fixed-Price” contracts
- Plan and schedule transportation and shipping requirements
 - Flexible procedures to suit different methods of operation
 - Manage logistics costs at shipment level
- Manage risk
 - Financial: credit limits, accruals
 - Trading: futures and foreign exchange hedging, open positions, mark to market reporting
- Contract and logistics related documents held electronically with the contract
- Record the data once and have it available throughout the solution.