



# Customer story



## Citronas



## Dutch Fruit Importer Boosts Business by Integrating Supply Chain and Financial Operations

Citronas is one of Holland's leading fruit importers, shipping produce from all parts of the world and selling onto European customers. The market is characterised by daily price fluctuations which meant that Citronas often bought produce without knowing the resale price and shipped goods for commission, without knowing how much profit it would make. To address these issues the company needed to gain a comprehensive view into all of its operations at any given time. It turned to technology partner, Schouw Informatisering, which implemented Microsoft Dynamics® NAV, a mid-market ERP solution, to integrate its financial systems with supply chain operations. This led to enhanced profits, instant goods tracing, improved sales, falling costs, and company growth.



### Situation

Citronas, part of the Fruitmaster Group, is one of Holland's largest importers and distributors of fruits, handling up to 15 million packages every year. Like most wholesale businesses the company operates by agreeing a price with its buyers, factoring in freight costs, and then delivering the goods. But unlike most wholesale operations the company also has two further methods of operating: it ships produce on behalf of a client and takes a commission, and it buys produce without knowing the exact resale price or who the buyer will be. These

methods reflect the uncertainties and opportunities of buying and selling fresh produce. Fruit prices are volatile and move up and down on an almost daily basis. John Triel, IT Manager Citronas, says: "We buy fruit from every corner of the world and mainly sell it on to markets in Europe. But we need to know precisely where our goods are and when we can deliver to each customer. This is not only important from a logistics point of view but our sellers also need as much information as possible so they can establish the correct resale prices." "For example, we may agree a buying price with a South African grape farmer while not knowing the resale price because of daily price fluctuations. To minimize exposure to risk, we needed a fully integrated financial reporting system that provided details on all of our contracts. If buyers don't have the correct information, such as freight and duty prices, where the shipment is and its quality, they cannot establish the correct resale price."

The company's existing ERP system did not provide a consolidated view between financial details, supply chain events, and distribution plans. The inability to view financial data with logistics data meant that Citronas would often enter into contracts in which profit margins were very slender or there was no profit at all. Triel says: "We needed to be in a position where a salesperson could see in an instant where the shipment was, the quality of the lot, when it would arrive, and how much it was costing us. This information could then be used to establish profitable resale prices."



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## Solution

Citronas hired the Dutch arm of international accounting and consultancy firm BDO, to conduct a review of mid-market ERP vendors. In turn, BDO also invited Microsoft Gold Certified Partner, Schouw Informatisering, to advise on the selection process. Schouw Informatisering has vast experience in providing ERP solutions into the fruit and vegetable industry and is the Dynamics NAV partner for the industry. Onno de Rouw, Sales and Marketing Manager Schouw Informatisering, says: "Dynamics NAV was the perfect product for Citronas. It is an all encompassing ERP solution for medium-sized businesses. It easily provides financial integration with Citronas' supply chain operations to give users an immediate view on where a product is, how much the product has been bought for and all of the ancillary costs. This is because Dynamics NAV provides a wide range of ERP functionality, from financial management and supply chain, to reporting and analysing, and streamlined distribution processes." Dynamics NAV was rolled out in November 2002 and Schouw Informatisering also implemented modules developed specifically for the fruit and vegetable industry. "These modules meet the IT requirements for the non-standard parts of the business and are fully integrated with Dynamics NAV," says De Rouw. The implementation was designed to ensure full integration of supply chain operations and financial reporting. And all processes that had previously been manual, such as the inputting of freight charges and customs duty for each shipment, were automated. For example, when a contract type is entered into the system, these elements are automatically calculated. If it is an 'own-risk' contract, where Citronas buys the goods without having a definite customer or resale price, the sales person responsible for selling the produce is able to see all of the details relating to the contract, such as expected delivery times and buying price. If it is a commission contract, where Citronas ships the goods on behalf of a customer and takes a commission for supplying the goods, all charges associated with contract are immediately viewable.



## Improved sales processes

Because of the integration between financial systems and supply chain details, Citronas' sales people have a clear view, at any given time, into the overall status of a shipment. This ability has created a trading tool, which they use to determine prices. De Rouw says: "A salesperson in the Rotterdam office just clicks on a button and all the information relating to a shipment is instantly available. Previously they never had access to this, so when they are making deals they know exactly what price to look for, rather than having to make calculated guesses."

## Enhanced Profits

When Citronas is shipping goods for clients on a commission basis, the commission is calculated before the goods are shipped. Because prices fluctuate daily, the company could not establish whether it made a profit until it had produced monthly financial reports. De Rouw says: "For many of the contracts that Citronas engages in, it does not own the goods but it does all the handling, paying freight charges, and duty charges. Now that all of this information is consolidated within Dynamics NAV, at a click of a button a salesperson can see exactly how much it costs to ship goods from many different locations and whether the commission rate is going to be sufficient. It can then instantly calculate what the profit margins are and if they are not enough it can renegotiate."

## Instant Tracing of Goods

Because Dynamics NAV has provided integration of financial systems with the supply chain, the company can now track the goods from the moment they are bought to the moment they are sold. De Rouw says: "Dynamics NAV has brought tremendous benefits. The company can virtually track produce from when it is eaten. This kind of business intelligence helps Citronas make planning decisions based on detailed and relevant information."

## Cost Savings

Integrating the supply chain and financial reporting has resulted in the automation of many processes that were previously manual, leading to cost savings. It no longer needs staff to key in the data and they are now engaged in higher-value activities. De Rouw says: "The important Citronas back-office functions are now running much more effectively. There is no manual keying in of data, nothing has to be done twice, and the combination of Dynamics NAV with SI Foodware is helping Citronas drive its business forward."



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