

Goodhope Asia Holdings Ltd Reduces Month-End Reporting Time from Three Weeks to Three Days

Goodhope Asia Holdings Ltd (GAHL) is a holding company with investments in the global oils and fats sector. The company owns oil palm plantations of more than 145,000 hectares in Malaysia and Indonesia, and refining facilities in Malaysia and India, with a combined refining capacity of 300,000 metric tons per annum.

GAHL began as a plantation company with interests predominantly in the oil palm plantation sector. The company then ventured downstream into edible oil refining and specialty fats production by acquiring refinery facilities in Malaysia and India, with future plans to expand into the Middle East, Africa, and Europe. The company runs 23 management, investment, plantation, and downstream processing companies with more than 11,500 employees.

GAHL is a subsidiary of Carson Cumberbatch Plc., the holding company of a diverse group of businesses with operations across South East Asia. Based in Colombo, Sri Lanka, the company has interests in plantations, oils and fats, beverages, investments and financial services, real estate, and leisure.

The Carsons group of companies has the highest market capitalization on the Colombo Stock Exchange, accounting for 12% of the total market value. The oils and fats (plantations) sector is the highest contributor to the group valuation, at 71%.

GAHL's business operations are managed on a local level by four regional offices, and overseen by three management offices based in Kuala Lumpur, Jakarta, and Colombo. As each office used standalone systems, producing consolidated reports required extensive manual work, which was time-consuming and prone to human error.

In November 2009, GAHL deployed [Oracle Business Intelligence Enterprise Edition](#) to provide plantations and its head office in Colombo with instant access to consolidated corporate data and various departmental reports. This is currently being extended to the edible oil refining business, and will be instrumental in effective business integration with the newly acquired operations of the downstream segment.

As a result, the company has been able to reduce month-end reporting time from three weeks

to three days, and it has shortened the budget planning cycle from four months to one month. More importantly, it now has access to daily productivity reports that help with plantation management as well as sales and marketing planning for refining operations.

Providing an Enterprisewide View of Operations

A word from Goodhope Asia Holdings Ltd

“Implementing Oracle Business Intelligence has enabled us to generate daily and month-end reports much, much faster and dramatically reduce the time it takes to complete our budget planning.”

– Kevin De Silva, Director - ICT, Goodhope Asia Holdings

Historically, each plantation office was running a decentralized system. Producing consolidated accounts, human resources, sales, marketing, and purchasing reports for the head office was a laborious and time-consuming process.

Operational information could not be easily compared, and it was not possible for senior managers to get a detailed overview of plantation operations without manually consulting various operational or financial reports, or even contacting plantations individually.

“In 2006, we decided to deploy [Oracle E-Business Suite](#) to consolidate all our processes onto a single platform that could be accessed by multiple locations. Then we centralized all the office-based processes in Colombo,” said Kevin De Silva, IT director at GAHL.

GAHL wanted to further improve its reporting and forecasting capabilities. In November 2009, the company decided to integrate its Oracle E-Business Suite applications, such as [Oracle Financials](#), [Oracle Purchasing](#), and [Oracle Order Management](#), with Oracle Business Intelligence Enterprise Edition to extract more value from its enterprise data.

“Different plantations are at different stages, so they need to be managed differently,” said De Silva. “Then there are trading, manufacturing, and operational processes, plus daily key performance indicators, which need to be looked at by managers at the plantations and at the head office.

“Different departments needed to access production, quality, and forecasting data to be able to generate their own reports and access other departmental reports. With recent business integrations on the downstream value chain, the reporting needed to be adapted and scaled up.

“Oracle Business Intelligence Enterprise Edition enables these departments to do this. Executives can also access accurate data from any location, including Indonesia, Malaysia, Sri Lanka, and India, providing them with a single version of the truth.”

Financial Reporting Time Reduced to Three Days

Previously, it took GAHL two to three weeks to complete its month-end financial reports, but now it takes three days. Oracle applications have also been implemented in various rural locations in Indonesia and Malaysia, which have enabled GAHL to integrate its accounting functions, thereby enabling consolidation to be carried out in Colombo, Sri Lanka.

“We can now close our accounts on the last day of each month and have reports ready for departments, using Oracle Business Intelligence Enterprise Edition, by the third day of the following month,” said De Silva.

Some plantation locations are still running legacy systems and De Silva said the difference in reporting times was clear.

“There are about four or five locations that are still running the old legacy systems, and we can see where this is holding the rest of the group back,” he said. “Waiting for accounts to be generated, manually transported, and then uploaded and consolidated into Oracle adds four extra days. As soon as we roll out Oracle Business Intelligence Enterprise Edition to the remaining few departments, all our accounts will be completed in three days.”

Deeper Inventory Analysis and More Efficient Procurement

GAHL uses Oracle Purchasing to consolidate procurement at its central purchasing office in Jakarta. This has enabled the company to plan its purchasing far more effectively, cutting down on time and effort needed to raise purchase orders and negotiate with suppliers. After implementing Oracle Business Intelligence Enterprise Edition, the company is now able to use these purchasing plans to undertake inventory analysis across its plantations.

“All the locations have standard reports,” explained De Silva. “But we can use Oracle Business Intelligence Enterprise Edition to predict a particular stock movement or look at variations in inventory levels, which are critical to the smooth running of our plantation operations.”

“Previously we would have to call the location to find out these statistics. Now our procurement department can see the stock position of each location and can advise staff, if necessary, to re-order items, such as fertilizers and other materials. Alternatively, our central procurement office can re-order these items.”

Budget Planning Reduced from Four Months to One Month

Each of the plantations run by GAHL is about 20,000 hectares in size, contains 1,200 kilometers of roads, and supports a community of 3,000 to 4,000 employees and senior management. In the past, generating an annual budget for each plantation was a laborious process that required localized data extraction and manipulation and took three to four months.

By using Oracle Business Intelligence Enterprise Edition to consolidate information from previous year’s budgets, purchases, and consumption, a new annual budget can be produced within one month.

“The yearly budget has to provide for maintenance, fertilizer, staff meals, the workshop, spare parts for the mills, and vehicles—everything has to be budgeted for,” said De Silva. “By pulling the previous year’s data out of [Oracle Hyperion Planning](#) and feeding it into Oracle Business Intelligence Enterprise Edition, we can model various scenarios, create a budget and a purchase plan accordingly. This has reduced our budget planning cycle dramatically.”

Daily Reporting Improved

According to De Silva, another key improvement is that sales, marketing, operations, and senior management teams are now able to access Oracle Business Intelligence Enterprise Edition to view daily plantation production reports.

Key operational data related to harvesting and production, for example, is uploaded to the data warehouse daily, which allows operations management to oversee the previous day’s operations. Oracle Business Intelligence Enterprise Edition accurately provides month-to-date and year-to-date aggregations, which is useful for monitoring operations progress against budgets.

“The daily reports used to be compiled manually by operations and circulated via e-mail,” he explained. “It was a huge challenge then, but we’ve discontinued that. Now all our quality reports, daily operational reports, stock positions, and sales forecasting are all completed using

Oracle Business Intelligence Enterprise Edition.”

The system has also helped the company shorten the daily reporting cycle and improve information accuracy. Executives gain instant information about manufacturing variances, which allows them to take corrective measures. This has helped increase productivity across the organization.

The production report provides information on daily yield, stock inventory levels, and crop quality, and can be used to forecast crop production for the coming year. This helps the sales and marketing team determine how much is available for sale, how much to sell, and when to do so.

“There are a lot of price fluctuations in the commodities market, so the sales and marketing people need instant access to up-to-date information on our production output for hedging purposes,” said De Silva. “We can also see the quality parameters, which ensures we conform to industry-standard guidelines on quality produce.

“For example, if there is a change in the weather, and we are unable to harvest, this will have an impact on our production plans. Any changes are reflected in the Oracle Hyperion Planning system and updated in Oracle Business Intelligence Enterprise Edition, so we can see how changes impact our financial performance. If we don’t have this data, we could potentially lose a lot of money.”

Staff Planning Refined

Generating reports through Oracle Business Intelligence Enterprise Edition has also enabled GAHL to refine staff planning.

“The plantation trade is very labor-intensive, but there is an optimal level,” said De Silva. “If you put too many people on, it will eat into your bottom line, as you are carrying not only wage costs, but the overhead costs of housing, water, electricity, and food as well.

“There are also industry standards on how many heads per hectare we should carry in terms of the different skills required. We also need to be able to recruit correctly at harvest time; otherwise we’ll lose fruit, and that will cost us a lot of money.”

The harvesting schedule identifies the labor and material required to plan the mill production activities. Executives use Oracle Business Intelligence Enterprise Edition to identify each mill’s

optimum capacity, which helps the company cut costs.

“We can generate HR reports through Oracle Business Intelligence Enterprise Edition, which helps us manage staff requirements across all our locations.”

Oracle Business Intelligence Enterprise Edition also enables GAHL to analyze trends and seasonal variances of other main cost drivers, such as fertilizer and other materials. This enables executives to better forecast capabilities, leading to effective and efficient management of resources that help improve the company’s bottom line.

In addition, Oracle Business Intelligence Enterprise Edition is used to identify production quality levels and mill stoppage hours through interactive dashboards, which enable executives to take action to avoid manufacturing issues.

Productivity Reports Generated Faster

GAHL generates productivity reports for plantations based on three area sizes: a block (comprising 30 hectares), a division (comprising 1,000 hectares), and an estate (comprising 4,000 hectares). The plantations work on an activity-based costing method and all of the company’s costs, from fertilization and planting, to overhead and wages, are traced back to the block level.

“Everything is recorded and all the data monitored,” said De Silva. “We look at the block’s costs and compare them to its yield. Each block’s cost and productivity can be analyzed, and this can then be scaled up to division, estate, plantation, region, or even country level.”

Previously, this costing analysis took weeks to complete, but with Oracle Business Intelligence Enterprise Edition it takes only a few minutes. GAHL can also identify crop trends and seasonal variations, and internally benchmark the best performing estates and others, through dynamic dashboards and reports. We have also been able to consolidate agronomy analysis with block data,” De Silva added.

“We’ve integrated our oil palm management system, which carries palm, terrain, and plantation information, with Oracle Business Intelligence Enterprise Edition.

“This allows us to analyze soil nutrients, leaf conditions, and the weather, for example, and then predict the block’s productivity for the coming year so we can plan future crops.”

Integration Helps Reduce IT Costs

GAHL has integrated Oracle Business Intelligence Enterprise Edition with its existing JD Edwards EnterpriseOne, [Oracle Hyperion Financial Management](#), Oracle Hyperion Planning, and other systems. This has helped the company reduce the direct total cost of ownership of its IT resources by shortening the time it takes to rollout new systems, leading to less resource allocation and lower consultancy fees, while reducing project risk.

GAHL's Colombo office acts as the main hub for the company's administration, hosting its data center departments, such as IT, HR, finance, and legal services. GAHL provides outsourced services for these business functions to the plantations and other management companies.

Staff at this center use a third-party document management and business process system, which is integrated with Oracle Business Intelligence Enterprise Edition. Manufacturing data generated by the third-party system is updated in real-time and displayed on screens on the shop floor, enabling managers and team leaders to manage their operations more effectively.

The company is also using Oracle Business Intelligence Enterprise Edition to monitor the productivity of its financial shared services team, to analyze the volume of work processed and relevant turnaround times. At the end of each month the company calculates how much to charge the plantations for the outsourced services. Plantations are also capable monitoring the volume of work being processed and progress of items submitted.

A Strategic Approach to Business Intelligence

Goodhope formed a separate IT team to implement Oracle Business Intelligence Enterprise Edition and align the company's IT strategy with its business strategy. This team has identified business requirements and prioritized the needs of different business functions to narrow the gap that exists between the decision-maker and the information required.

This has resulted in faster response time and flexibility throughout the organization and an environment where executives have more accurate information to make better business decisions.

GAHL is in the process of expanding into specialty fats refining, a new area that will require increased levels of marketing. It intends to use Oracle Business Intelligence Enterprise Edition to assist with customer relationship management analysis in this new venture

Challenges

- Produce consolidated daily, monthly, and yearly reports that are automatically accessible to all departments, rather than manually, which is laborious and time-consuming
- Reduce the time taken to produce financial and productivity reports
- Enable forecasting for inventory, procurement, and sales and marketing purposes
- Shorten the budget planning cycle for all plantation offices
- Refine labor planning for its plantations and reduce labor costs

Solutions

Oracle Product and Services

[Oracle Business Intelligence Enterprise Edition](#)

[Oracle E-Business Suite](#)

[Oracle Financials](#)

[Oracle Purchasing](#)

[Oracle Order Management](#)

[Oracle Hyperion Planning](#)

[Oracle Hyperion Financial Management](#)

- Deployed Oracle Business Intelligence Enterprise Edition to provide plantations and the head office in Colombo with instant access to consolidated corporate data and various departmental reports
- Reduced the time taken to generate month-end financial reports from three weeks to three days
- Shortened the daily reporting cycle and improved the accuracy of information, allowing executives to easily identify manufacturing variances and take corrective measures, which increased productivity
- Enabled efficient procurement planning and inventory analysis across 15 locations in South East Asia
- Cut the time taken to complete annual budget planning from four months to one month
- Improved daily reporting capabilities, eliminating the need for manual preparation and e-mail dissemination
- Shortened the time taken to produce plantation productivity reports from a few weeks to less than a day
- Completed plantation cost analysis in a few minutes, compared to a few weeks previously

- Provided integration between multiple systems, which shortened the time required to deploy new applications, reduced the total cost of IT resources, and lowered consultancy fees
- Provided a more strategic and flexible approach to business intelligence, which provides executives with access to more accurate information to make better business decisions
- Enabled executives to analyze trends and seasonality variances of cost drivers, such as fertilizer and other materials, allowing them to better forecast capabilities, which leads to efficient resource management and improves the company's bottom line
- Kept staff costs under control by forecasting labor requirements at different harvest times of the year
- Gained the ability to forecast plantation yields, which enhanced sales and marketing capabilities and provided instant access to up-to-date information on production output for hedging purposes
- Enabled staff to see quality parameters, such as free fatty acid levels, which ensured they conformed to industry standard guidelines around quality produce