

Yara improves supply chain visibility with Infor10 Planning Solutions




Setting the strategy.

With 15 manufacturing plants worldwide, offices and formal operations in more than 50 countries, an extensive product line, and multiple channels to market, Yara faced extraordinary supply chain management (SCM) challenges. "Getting a clear, global view of demand and supply across our business was one of our biggest challenges", explains Mike Anderson, optimization manager, Yara International ASA. Part of Yara's supply chain management challenge stemmed from the extreme volatility in the global agriculture market, where demand is highly seasonal and can vary dramatically from country to country.

Although Yara had invested in flexible manufacturing facilities that made it possible to produce the same product in multiple plants, the company lacked a way to optimize production capacity.

"We were using older supply chain management systems that didn't provide global information on demand, production capacity, raw materials, and stock into a central view," Anderson says. "This lack of visibility and the extreme volatility of demand made it difficult for us to manage our supply chains as efficiently as possible. It was clear we needed to improve how we balanced production capacity, inventory, and the proximity of facilities to customer demand."

Getting business specific.

To start the process, the company sent a request for proposal (RFP) to six potential suppliers, two of which provided what Yara executives considered viable proposals. Based on a careful evaluation of proposals from the two finalists, Yara International chose Infor10™ Demand Planning and Infor10 Advanced Planning as the cornerstone of its centralized sourcing strategy.

"After several meetings and in-depth discussions, we concluded that the Infor solutions were the best fit and that the Infor team offered the right combination of global experience and flexibility to work with us," says Anderson.

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—JOUNI LAHTI, DIRECTOR OF OPTIMIZATION,
YARA INTERNATIONAL

About the company.

Yara International ASA is a global firm specializing in agricultural products and environmental protection agents. As the world's largest supplier of mineral fertilizers with sales in more than 120 countries, Yara helps provide food and renewable energy for a growing world population. In addition to a wide range of crop nutrient products, the company sells raw chemicals such as ammonia, nitric acid, and gases. Yara's industrial portfolio includes environmental protection agents that help cleanse the air and eliminate toxic waste.

Yara has a global workforce of 7,500 and is headquartered in Oslo, Norway. Most of Yara's production and sales take place in Europe, though the company has eight market-oriented business units: Northern Europe, Southern Europe, the United States, Brazil, Latin America, Africa, China, and Asia.

"Infor10 Demand Planning and Infor10 Advanced Planning offered the best functionality for analyzing the dynamics of our markets, products, sourcing, and site capacities to enable us to see the global picture and interpret the consequences of the changes we needed to make," says Jouni Lahti, Yara's Director of Optimization for all products and all sites. Infor also had a proven track record in delivering their supply chain solutions with our core ERP system."

"Because we are constantly juggling capacity, we needed a tool that could help us determine where best to produce products and at what quantities," Anderson explains. "The basic concept was to take the variety of raw material sources, the various recipes for meeting customer demand and model it on a global basis to determine the best way to meet that demand."

Soon after choosing the Infor solutions, Yara made a strategic acquisition of Kemira GrowHow (KGH), a Finnish fertilizer company that had complementary assets in Europe to Yara, but a different go-to-market strategy. KGH was already using Infor solutions, which made it easier for Yara to integrate the supply chain operations of the two companies.

Noting that Yara has four major product categories, Lahti says, "Our plan was to optimize the output of each product category." To address this, Yara first focused on optimizing production and raw material volumes, and then began focusing on making sure it was fully utilizing its production assets.

Yara's strategy was to create what was, in effect, a consolidated sales and operations process that aggregated demand from its facilities worldwide and then used this information to optimize the allocation of materials and production capacity across all of Yara's facilities.

Yara is using the Infor10 Advanced Planning module to analyze all production capacities, stock levels, and other raw material sourcing options across the enterprise. The company's central use of Advanced Planning has made it easier for local site planners to focus their attention on boosting line scheduling efficiencies to ensure the most effective use of their production assets.

Facts at a glance

Product

Infor10 Demand Planning, Infor10 Advanced Planning

Industry

Chemicals

Country

Norway

Infor10 Demand Planning is being used to consolidate demand forecasts obtained collaboratively from the sales teams in each region into one global view of demand.

Seeing results.

"The Infor solution is clearly giving us the global visibility we need," Lahti said. "The capabilities of Infor10 Demand Planning have helped Yara significantly improve its insights into demand and are making it possible to do more sophisticated statistical forecasting. As a result, we now have more confidence in our forecast."

"By managing all production sites in one plan, we can better use our improved knowledge of demand by moving products and production around more quickly and respond better to market needs," Lahti says.

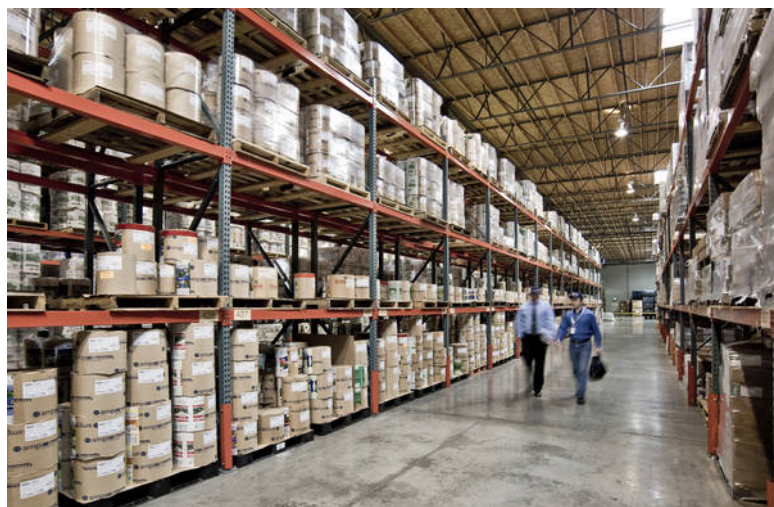
Part of the success of the Infor supply chain management solution is due to the ease with which the solutions have integrated into Yara's enterprise resource planning (ERP) solutions. The company has more than 10 different systems, including solutions from SAP®, Infor, and other companies. "Infor's solution collects data from all of our ERP systems so we now have access to historical data to use in comparing past experiences with our future projections," Anderson says. "We update the history every month and are constantly doing a check against our budget to ensure we stay on track."

Doing business better.

Given the timing of the KGH acquisition, Yara officials adopted a two-phase implementation. Initially the company focused on rolling out the solutions separately at Yara's existing facilities and at the facilities they acquired with KGH. Following that phase, the company incorporated the KGH solution into the Yara structure.

"This was seen as the best way to ensure Yara could capture the benefits of a truly optimized supply chain," Anderson says. "Our near-term plan is to finish consolidating all our operations on the Infor system. Including the Kemira integration, it's been a constant stream of projects."

"We are pleased with overall value provided by Infor," Lahti says. "Infor10 Demand Planning and Advanced Planning have given us much better visibility into marketplace demand, our production capacities, and raw materials. This has resulted in a significantly improved sales and operations planning process."



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About Infor.

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