

## CostaGroup

### Web Service and Workflow Forms Smooth Data Path into Microsoft Dynamics GP

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#### Situation

Family-owned Costa Group is Australia's largest private producer, marketer, and exporter of high-quality fresh fruit, vegetables, and grain. Based in Victoria, the group owns approximately 40 specialist growing, trading, and logistics companies, with a combined annual turnover of A\$1 billion.



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Administration  
Manager, Grape  
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Costa's fully owned subsidiary, Grape Exchange, specializes in table grapes. Employing 50 staff, with revenue of approximately \$80 million, Grape Exchange operates across the product supply chain. The company allots contracts to its own farms and third-party suppliers, and organizes packaging and distribution. Grape Exchange also sells table grapes directly to major supermarkets and overseas customers.



The breadth of Grape Exchange's business means the company operates as a number of separate business entities. The farms that supply Grape Exchange constitute three separate commercial entities which each sell produce to the main Grape Exchange business. In turn, grapes are sold to end customers via three more separate trading entities, two of which have sole supplier status with the supermarket chains Coles and Woolworths.

The separation of Grape Exchange's operations into separate businesses means that internal accounting is highly complex. A single order from a supermarket generates four sets of purchase orders and sales orders, as the transaction filters through from the originating supplier to the end customer. In addition, Grape Exchange manages logistics, and these costs have to be calculated and inserted into the invoice and billing chain.

Although Grape Exchange had a website where staff entered order data, the website had no interface with the company's own inventory management platform. This meant every sales and purchase order between each business entity had to be separately generated with data entered manually for each document.

The difficulty of producing accurate documents across the internal supply chain was compounded by the seasonal nature of the business. Grape Exchange only grows and supplies grapes during the Australian summer – from November to March. During that period, business is intense, with Grape Exchange typically raising 250 sales and purchase orders per week.

“Accuracy was a big problem,” says Alex Aleksandrowicz, IT Manager, Grape Exchange. “During the season the transaction volumes were huge, and since the data for every document was entered manually, there was huge scope for error.

“Because of the compressed time scales, administration and accounting did not have the time to double-check the data as it was being processed. The result was that our invoicing could easily become inaccurate. This is important because the margins across the entire supply chain are very tight and a small error can easily wipe out the profit on a transaction. In one instance, a miscalculated freight cost left us with a charge of tens of thousands of dollars that we could not account for.”

Grape Exchange’s administrative burdens were compounded because its business entities used separate accounting systems. Grape Exchange had been amalgamated from companies with their own accounting system, and Grape Exchange anticipated that more companies would be added in the future. The result was that much of Grape Exchange’s invoicing data was invisible to the parent company’s accountants until it had been compiled into a Microsoft Office Excel®-based profit and loss statements, which was also a manually intensive process.

The parent Costa Group had already standardized on Microsoft Dynamics GP. However, until Grape Exchange did the same, it was difficult for Costa Group to generate special reports, and burdensome for Grape Exchange to compile them.

## **Solution**

In 2007, Grape Exchange asked Microsoft Gold Certified Partner Oakton to help it build an automated and reliable ordering system based on Microsoft Dynamics GP running on Windows Server® 2003.

“A good solution required an automatic link between their produce-ordering web interface and accounting systems,” explains David Hutchings, Practice Manager for Technical Services at Oakton. “Grape Exchange wanted to standardize on Dynamics GP, which was simple to implement. But they also needed order data to flow through Dynamics GP without being re-entered at every stage. The system had to be extremely reliable, or there would be no business benefit.



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was built using Microsoft Visual Studio®.Net and Microsoft Dynamics GP development tools.

“Additionally, we had to build a system that could be changed over time. We knew that the ability to add more companies and to adapt to changing business processes was an important system requirement for Costa. Finally, the implementation had to be done quickly, before the start of the 2007 season.”

The first step was to adapt Grape Exchange’s current web application that administrative staff used to enter customer order data. Oakton developed a web service that accepted customer order inputs from Grape Exchange’s operations staff. The interface

“We used the Dynamics GP.Net toolkit to build a series of forms that carried all the essential data from the web interface, into Dynamics GP,” says Hutchings. “A custom .NET workflow application directs each document through every commercial transaction between Grape Exchange and its supplier and selling entities.

“The workflow conforms to the business process of each of the business entities. So for each order, the workflow controls where the document gets processed and how. It adds components such as levies, discounts, and freight charges. The workflow steps are designed to calculate the charges based on distances between the supplier and the packing warehouse.”

After testing, the workflow system went live in time for the start of the 2007 grape season.

“The new system principally affects the operations staff at Grape Exchange,” says Aleksandrowicz. “They speak to the supermarkets who tell them what grapes they want. The staff then access the web interface. It collates customer orders, allocates them to suppliers, and exports the data to Dynamics GP.

“The workflow directs the order data to a particular business entity, and depending on where it lands, the workflow generates both the contracts and the necessary transactional documents – principally purchase and sales orders. Although extra data is sometimes added, there is never any repetition of original data input. All documents between each of Grape Exchange’s business entities are generated automatically.

“Because we have standardized on Dynamics GP, the business can also generate on-the-spot financial reports, such as weekly profit and loss statements.”

## **Benefits**

By generating transaction documents automatically in Microsoft Dynamics GP, Grape Exchange has reduced errors in its financial documentation, cut the amount of time accountants spend checking invoices, and improved the visibility of its financial data to all parties within the Costa Group.

### **Reduced data entry workload**

"The benefits came on tap immediately," says Adam Staunton, Administration Manager, Grape Exchange. "Now, every original invoice is done at the operations level and all the additional charges are automatically calculated and inserted. Since the data for each order needs to be entered once, there has been a 75 percent reduction in manual labor."

As a result, Grape Exchange has been able to reduce its administrative head count, resulting in significant cost savings.

### **Improved accuracy**

"Our accounting role is also much easier, because the overall system has integrity," adds Staunton. "We aren't frantically triple-checking all the documents and reports."



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Grape Exchange needs to execute weekly reports, and Staunton used to spend half a day each week reconciling invoices for the weekly profit and loss statement.

"The re-checking of data used to happen every Tuesday and Wednesday, and not having to do it saves me 2-3 hours of time each week," says Staunton.

"In fact, the whole project has been about improving the accuracy of invoicing while dramatically reducing data entry requirements. To date, the system has done exactly what we set out to do. We have reduced the significant business risks associated with even small miscalculations in invoices. Accuracy – and having confidence in that accuracy – is hugely important to the business."

### **Transparent accounting**

” The reports that Grape Exchange accountants generate have also become more valuable. Using features such as lot tracking, Staunton and his colleagues can track grape shipments down to the pallet level. The traceability improves accountability, since any produce that is eventually found to be substandard can be tracked back to its source.

"We have also been able to build some third-party reporting tools onto the Microsoft Windows SQL database we use for Dynamics GP," says Staunton. "It means we can customize our reports or generate ad hoc reports more easily."

As a result, collaboration with the parent Costa Group has improved. Previously it was difficult for Grape Exchange to generate special reports for the group finance department. Standardizing on Microsoft Dynamics GP not only allows Grape Exchange to respond more easily to Group requests, but also allows accountants in other Costa companies to see Grape Exchange data. The result is that

accountants within Grape Exchange and across the group have more control over a high-turnover, low-margin business environment.

### **Building the business**

According to Alexandrowicz, a decrease in work volumes has allowed administrative staff to devote energy to more productive activities.

“They can put more effort into supplier and customer relations,” he says. “They can build up new areas. Our staff can work on the business rather than in the business.”

Grape Exchange used to apportion trades from customers to suppliers automatically based on a set of constant commercial factors. With more time and better reporting, business staff now take a closer look at the margins on each transaction.

“We can ask, ‘Is it worth our while trading with this particular supplier?’” says Aleksandrowicz. “This comes from having the reporting system in place. We can make proper data comparisons of margins between what we buy from different suppliers. Grape Exchange can make quick and intelligent business decisions.”

“Overall, the accountants are much happier,” concludes Staunton. “We have more confidence than we ever had before.”

### **Microsoft Dynamics**

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what’s most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: [www.microsoft.com/dynamics](http://www.microsoft.com/dynamics)

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