



CUSTOMER SUCCESS STORY

BIG DATA EXPORT TRADE MANAGEMENT PLATFORM

Commercial application of supply chain integrity and shelf life systems case studies for MLA.

ABOUT THIS CASE STUDY

OBE ORGANIC

This case study was selected because it illustrates the journey that one meat business has gone on, to explore how emerging blockchain offerings, might complement existing supply chain integrity solutions.

In recent times, OBE Organic has invested time, dollars and effort into exploring emerging solutions to streamline data flow through its export supply chain.

Like many beef businesses in Australia, OBE Organic sells branded, boxed beef in domestic and export markets. It outsources the operational aspects of its supply chain to third parties, including livestock transport, processing, and freight shipments to market.

Having a relatively small team, OBE Organic is continuously working to optimise the transfer of complex operational and verification data along its supply chain for both customers, supply chain partners and to comply with government reporting.

THE INTEGRITY SYSTEM

Big data export trade management platform

THE APPLICATIONS

BSM export trade management tool

THE PROBLEMS BEING SOLVED

- Lack of visibility across supply chain
- Inefficient and error prone paper trail

THE PARTIES

OBE Organic
BSM Global

ABOUT

OBE ORGANIC

OBE Beef Pty Ltd (OBE Organic) was formed in 1995 by a collaboration of 30 Channel Country farming families who were naturally producing organic livestock by virtue of the fact that they were range grazing, which is a feature of the region. Some of the OBE Organic producers are now second and third generation cattle farmers who have continued the tradition of range feeding cattle. OBE Organic is a producer-owned company and a nonpacker exporter.

The Channel Country is a 29 million-hectare region in Central Australia on the river systems Georgina, Diamantina, Barcoo, Thomson, Bulloo, Parroo and Cooper Creek, plus their tributary channels.

The OBE Organic business sells branded, boxed beef in domestic and export markets procuring livestock and marketing organic beef on behalf of its shareholders as well as nonshareholder suppliers. The key operational functions, including processing, are outsourced.

The livestock is purchased on an 'over the hook' pricing grid basis. The business markets around 12,000 head of cattle per annum. All of the beef is certified organic, which on average, attracts a premium over non-organic beef. Producers receive direct quality feedback on each beast after processing.

The company exports certified-organic, grass-fed beef to multiple markets across North America, South East Asia, the Middle East and North Asia. More than 50% of the total OBE Organic production is exported with the vast majority of the meat being sold to importers, distributors and foodservice businesses, although there is a growing amount being sold directly to overseas supermarkets. All OBE Organic beef is sold in a boxed form. The product range includes primal cuts and trimmings.

The company executes an extensive marketing program based on a push-pull marketing strategy (i.e. trade marketing to drive distribution and consumer promotion to pull through sales), although the marketing is predominantly trade-oriented rather than consumerfacing.





A BEEF BUSINESS' CHALLENGE

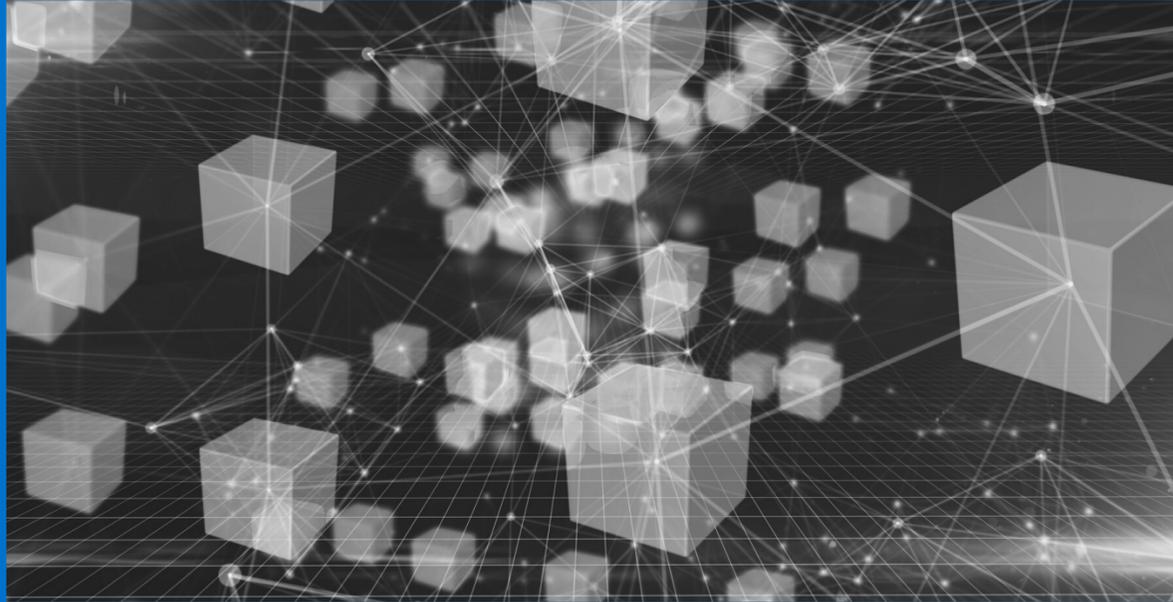
One of many challenges for beef businesses like OBE Organic, is inventory management and its ensuing impact on cash flow. The company needs to know the location, custody and status of the product at every point in the supply chain.

Like all export meat businesses, OBE Organic deals with a large number of customers across many markets trading 100% certified organic beef products. It operates with a lean team.

The complexity of meat logistics is challenging, as exporters are managing a maze of documentation, dealing with multiple freight companies, many different protocols and reporting requirements for each country and OBE Organic has the added complexity of organic certification.

There is also the challenge of accommodating the differing shelf life regulations in each country. The export documentation is particularly critical as one small error on a form such as a misspelt word can result in the delay of a shipment worth tens of thousands of dollars. Further complicating this work is the fact that a company's operating systems are required to both transfer and receive data from third-party systems, with data sometimes being manually entered from one system to another. OBE Organic is managing the risk inherent in all this complexity by employing a set of checks and balances to verify information.

All meat exporters carry a high level of risk including commercial trading risks, cold chain breakdown, price volatility (both on the supply and demand side), exchange rate risk and more.



A POTENTIAL BLOCKCHAIN SOLUTION

In recent times OBE Organic has invested time and resources working with blockchain companies to explore how blockchain solutions might overcome some of the complexity and risk associated with manual documentation processes and data transfer along its supply chain. With the benefit of this experience, the business reached the conclusion that blockchain was one of the more complicated and expensive solutions available. It became evident that blockchain solutions solved many identified issues in global beef supply chains, but did not necessarily solve the issues of data transfer and visualisation in the most practical and least-cost way.

In OBE Organic's experience, blockchain providers, both established and start-up, vastly underestimate the complexity of meat export supply chains, particularly for those meat companies using third-party processing (toll processing) and where there is not one single source of truth. In supply chains like OBE Organic's, where operational aspects of the supply chain are outsourced, various ERP operating systems are used by participants. They are not always capable or compatible for automatic real-time data transfer, meaning that the data still needs to be manually uploaded to the blockchain, which is both time-consuming and subject to human error.

OBE ORGANIC'S OPEN MINDED APPROACH



DALENE WRAY
Managing Director

OBE Organic has always been open minded in its approach to technology with a refreshing willingness to trial new products and services from the start-up community, in order to find cost effective solutions to meet its needs. This is best summed up by Managing Director, Dalene Wray as follows:

"We know that 'digital' is the key to navigating evolving opportunities. We appreciate that blockchain solutions are among a plethora of digital solutions or 'tools' of the future, which will allow organisations like ours, to proceed in the face of complexity and disruption, and truly advance our digital future.

Rather than focussing solely on the benefits afforded by blockchain solutions, we are taking a whole-of-organisation approach to digitalisation. It requires a whole of business and truly multi-stakeholder approach, a step-change across all parts of our business and our supply chain, which builds trust and delivers value. Our digital strategy involves a change in mindset, backed by action. It is underpinned by continuous innovation, and global and local partnerships. Our actions (including our choice of software providers) are designed to realise benefit and value, quickly and clearly."



A BIG DATA SOLUTION

BSM GLOBAL

OBE Organic has been working with software company BSM Global for over seven years to evolve its export trading management platform. OBE Organic is using the BSM system for order management, documentation and compliance, managing shipping bookings, tracking of shipments, invoicing and exchange rate management. The company also uses the system to keep customers up to date on order status. Prior to implementing BSM, OBE Organic had a paper-based system, which was inefficient, labour intensive and prone to error.

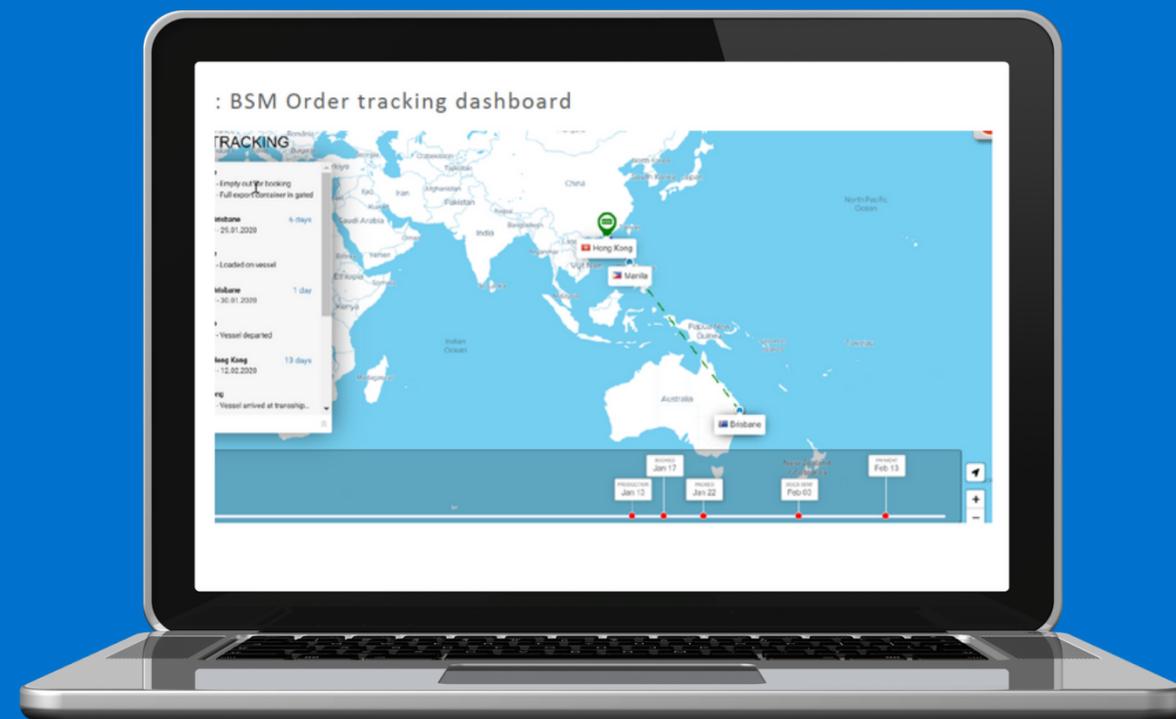
BSM is a software development and support service company that develops customised solutions for holistic export trade management. The acronym BSM expresses this focus on export being an acronym for 'Buy, Sell, Move'. The BSM systems are tailor-made, cloud based software systems that capture, integrate and manage data from a range of sources to provide a high level of visibility and functionality across the entire supply chain. BSM uses a 'data' rather than a 'technology' driven solution.

The BSM system is akin to a 'big data' network whereby data from a range of sources is used to add functionality and depth of analysis, whilst at the same time providing a means to cross check information from a range of sources. As required, the BSM system can develop customised solutions to manage the entire export trading process including but not limited to:

- Manage customer database
- Demand planning
- Order creation
- Create contracts
- Shipment planning, schedules and rates
- Export documentation
- Logistics planning
- Compliance
- Shipping documentation flow
- Customer communication
- Tariff rates
- Reconciliation and freight management
- Product tracing

OBE ORGANIC'S

APPLICATION OF THE BSM SYSTEM



Whilst the BSM solution does not provide product verification or authenticity of provenance in the same way that many of the verified blockchain systems claim to do, it very successfully transfers and visualises complicated information between multiple supply chain participants who use different ERP operating systems.

It has the capability to both visualise and bring to life insights contained in the vast amount of highly valuable information which is transferred within logistics documentation. By being able to verify the location and custody of the product using numerous data sources, it provides an invaluable means to cross-check irregularities.

The BSM solution can easily transfer information into any number of blockchain platforms should this become be mandated by a customer of OBE Organic's, in the future.

LEARNINGS FOR THE MEAT INDUSTRY



'ONE SIZE FITS ALL' DOES NOT APPLY TO SUPPLY CHAIN MANAGEMENT



The OBE Organic experience clearly demonstrates that there is no off-the-shelf solution to a complex set of challenges facing meat businesses, given the wide variation that exists across meat businesses i.e., their size, markets, customer bases and business models. The OBE Organic team noted that there is a myriad of technologies that make impressive promises about their capabilities, yet the company's experience is that many providers underestimate the complexity of export supply chains, particularly those which undertake third-party processing. The OBE Organic experience is that blockchain providers also commonly overpromise on the ease with which their solution can be implemented.

OBE Organic's central need has been to streamline the management of its complex supply chain data, manage risk and improve business performance.

THERE IS NOT 'PLUG IN AND PLAY' SOLUTION



It is apparent from this case study and others that a considerable amount of groundwork needs to be done to adapt whatever technology platform is selected, not just to customise it to deliver the solution required, but also to harmonise the various data sets. All of these systems require standardisation of data and a common language, which is, in itself, a challenge.

Like OBE Organic, many businesses have found that a combination of technologies may be required to build a complete, end-to-end solution and that it takes a considerable amount of time and effort to identify that 'right combination' and then to harmonise the selected components. Furthermore, technology is an ongoing journey which continues to evolve and as it does, so its capability grows, and the opportunity exists to take it to the next level.

THE BENEFITS OF THE 'BIG DATA'

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An advantage of the BSM solution for OBE Organic is that rather than having to establish dedicated IoT devices to collect primary data, it has the capability to receive and integrate data from existing systems operated by supply chain partners.

The various data elements are pieced together to provide an 'end to end' supply chain mapping platform.

Not only does this platform capture a comprehensive set of real time data, it also has the means to cross-check against different reference points.

The BSM platform holds vast amounts of data, which, when connected, can yield powerful insights.

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