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For More PR Information Contact:

Gaye Jacobs, Power PR

Phone (310) 787-1940

Fax (310) 787-1970

E-mail: press@powerpr.com

5 Must-Have Features Food Producers Should Demand from Their Business Software

These important considerations can help keep you profitable in the face of shrinking profit margins and burgeoning recalls and regulations.

The reality of the day is that food producers must not only maintain a strong defense against recalls, but also against increasing regulations, food sensitivities in the population, environmental consciousness and PETA agendas. All this squeezed against tighter operating margins brought on by extreme weather changes and ever-mounting business fees and taxes. Many famous food industry names populate the FDA and USDA's "rap sheet" of food producers who have been required to issue a recall of possibly contaminated foods.

Surviving and prospering now requires excruciatingly tight control of all aspects of food production from the acquisition of ingredients all the way to delivery of the food product to the consumer. Legacy stand-alone systems for processing, inventory control, sales and accounting simply cannot keep up.

"What's been done in the past is no longer good enough," says Jon Mainwaring, executive vice president of Oneir Solutions Inc.—a Queenston, Ontario, provider of scalable ERP software. "Producers cannot risk their corporate existence by offering food for public consumption without stringently tracking every aspect of their operations. With

the introduction of today's affordable integrated enterprise systems, you have no more excuses.”

With over 30 years of experience of developing ERP systems for businesses of all sizes, Mainwaring provides a list of the most critical five features all food processors and their distributors must demand in order to keep their companies in the black and out of the courtroom.

1. Readily accessible order placement

“You can no longer afford to stand around and be an order taker,” Mainwaring stresses. “Describing your products on a company website or through a Facebook presence won't keep you in the game. You need to take the next step by using your business-line software to leverage all the power and opportunity of the Internet to close sales.”

A modern ERP system should allow 24/7 order processing options for buyers—whether they represent a supermarket chain, wholesaler, or franchised convenience store or restaurant. The customer should be able to review their purchasing history per period, along with favorable pricing plans and a suggested retail price. The customer must be able place the order on the spot, which would generate an automatic E-mail confirmation and simultaneously forward the order directly to the food producer's warehouse for picking, packing and shipping.

“Modules such as ‘order guides’ are vital to businesses like ours,” says Silvana Falsetto, vice president and controller of Falsetto Fine Foods, a wholesale distributor of a broad range of food products to local stores and restaurants in the Ottawa and Quebec areas.

For example, Falsetto's sales order module, provided by Oneir, assists sales reps when making calls on its foodservice customers. These guides, which can be downloaded onto the screen of a laptop or tablet, provide product data and show the customer's contact notes and order history, making it an important adjunct for generating repeat sales. A very detailed order history can even be used to remind the customer that they forgot

something, such as an essential ingredient, saving them the inconvenience of placing a second order at a later date.

“Customers tend not to overstock today, relying instead on just-in-time delivery, so they don't provide a long lead time for ordering,” observes Mainwaring. “Having a handle on what is in stock and when deliveries are expected is critical for both the sales team as well as the customer.”

2. Accurate inventory control

Unfailingly accurate inventory control tops the list as the most effective way to contain the damage in the case of a product recall.

“You can no longer rely on hand-entered amounts in an Excel® spreadsheet, as the cost of human error is too high,” warns Mainwaring. “You must use automated electronic tracking of all ingredients, all resultant food products and their respective lot numbers, in order to cover yourself.”

By electronically and logically joining what were previously separate functions, the connectivity of enterprise-wide systems facilitates efficiency and greatly improves accuracy. Ingredients can be tracked from their source at the farm or factory, all the way down to individual lots and pallets and put on trucks for delivery to individual stores.

“A well-integrated tracking module will identify which batch of ingredients went into which product at what date,” continues Mainwaring. “This can save a food producer hundreds of thousands of dollars, if not millions, in the case of recall because they can quickly identify and locate orders shipped with the tagged ingredient, rather than recalling all of that particular product or brand.”

3. Non-stop monitoring

Aside from mandatory FDA and USDA requirements, customers in the distribution channel, and ultimately food consumers, demand assurance that proper precautions are

taken during production. A literal “paper trail” isn’t good enough. You need electronic documentation to guarantee food safety.

Look for quality control software in line with Hazard Analysis Critical Control Point (HACCP) policies and procedures. Starting from a production bill of materials, these systems continuously track ingredients, quantities, any special equipment and preparation procedures, and quality control sampling, among other critical elements. At the end of the production process the lot numbers for the products are recorded along with their respective quality control results and the expiry dates.

“Of course there are organizations that come in and audit food producers on a random basis,” reminds Mainwaring. “They identify an ingredient with a single lot number and ask the producer to show where it’s been used. One of our clients had a case where the auditors were presented with 130 pages of computer generated output that listed the instances of where a lot of a single ingredient ended up. There is no way you could do this manually.”

4. Customization and scalability

Horror stories of exorbitant costs, high maintenance fees, and years-long implementation snafus have worked to keep many companies from even considering end-to-end software systems. But with the latest breed of software programs written specifically for the food industry, nothing could be further from the truth. The interoperability and scalability of these new applications allow businesses to add just the modules they need to fit their growth, without breaking the bank.

“When you picture a \$250 billion industry giant you can see that there are a lot of aspects of their proprietary ERP system that are vital to them, but we wouldn’t necessarily need all that,” says Silvana Falsetto.

Much interoperability can be attained from systems built on the Linux OS. The efficiency of Linux also allows smaller IP packets, thus improving transmission speed and reducing

processing overhead within internal networks, as well as over the Internet. Rapid remote access through virtual private tunnels into the cloud allows the tracking of orders and metrics on a worldwide basis.

Just as Linux' interoperability allows the easy incorporation of additional modules on an "as need" basis, it also flattens the learning curve for operators who are more familiar with consumer-oriented human-machine interfaces. For example, Windows® terminal server communicates effortlessly with Linux servers, as is the case with most Website hosting.

5. Affordability

What good is any software system if purchasing and maintaining it doesn't provide a favorable ROI? But while food costs have gone up, technology costs have leveled off and in some cases dropped, at least in terms of performance versus cost. As such, Moore's Law has trickled down to ERP software. At one time an expensive luxury that only the big boys could afford, complete systems now exist at rates that even small food producers can afford.

Credit this newly realized affordability to the use of open software operating systems based on Linux. In the case of Oneir, the basic three-user version comes in at less than \$5K, whereas the norm for traditional systems can easily approach \$50K or more.

"One of the ways that fully integrated ERP software increases profitability is by avoiding duplication of effort," notes Mainwaring. "Reducing human intervention in ordering, accounting and tracking helps relocate manpower to more creative and substantive activities.

Additionally, opportunities for improving the company's efficiencies, such as keeping accounts receivable on a 'short leash,' can be identified with more accurate and immediate reporting."

As an open-source software, using Linux means that users aren't bound to expensive proprietary systems that tie the user to one vendor and its potentially excessive maintenance and support fees.

For a growing number of food producers the ease of ordering, accuracy, affordability, scalability, and user friendliness of these new business management systems means they can grow within their industry without sacrificing functionality, sophistication or their reputation.

For more information contact Oneir Solutions Inc., PO Box 112, Queenston, ON L0S 1L0; Phone: (877) 322-3580; Email: info@oneirsolutions.com; or visit the website: <http://www.oneirsolutions.com>.

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