

CUSTOMER PROFILE

FOOD & BEVERAGE

LAWSON AT NUTRECO FEATURING NUTRACE



Food Safety First at Nutreco: Traceability System Enables Proactive Approach

Product safety is one of the biggest issues facing the food industry, and with food scares continuing to dominate international headlines global food company Nutreco is set to become a true world leader.

Nutreco is implementing a new Web-enabled traceability system—developed in partnership with Lawson—that provides field-to-fork supply chain traceability at the touch of a button. It also gives retailers information that will dramatically cut the cost of recalls.

“The information generated by NuTrace will [create] considerable added value and confidence in our products.”

Dr. Reid Hole, Corporate Director of Food Safety, Nutreco



Business Benefits

"Practical experience shows us it can take days to trace all [the] elements in our complex supply chain," says Roel Bakker, Nutreco's director of information management. "With our new traceability system it will take just minutes to get a complete overview. Most food manufacturers and processors have a mix of fragmented systems that monitor individual steps in the supply chain, but they lack total integration."

"That's what we've created with Lawson. A parent system that uni[fi]es and takes information from these individual systems and instantly tracks back and [forth] to identify any deviations."

Bakker adds that customers will get access to the system via a portal that will significantly reduce costs associated with providing information for audits on aspects such as feed content.

The new traceability system, NuTrace, is based on Lawson Trace Engine and is the only one that currently complies with the EU's new traceability legislation to be introduced in January 2005.

"The new legislation places primary legal responsibility for ensuring food safety on the shoulders of food and feed business operators," says Bakker. "This means that traceability will become a 'license to operate', and without it companies will be excluded from the food chain."

Kees Bink is information manager at Nutreco, a Benelux-based agriculture company that rears livestock and processes pork and poultry as well as produces a major portion of the feed for the animals. Bink says the new system makes it possible to identify the source of any problem quickly and address it before it becomes a major public incident.

"We can follow the trace line[s] for animals and feed used and quickly [pinpoint] a problem to a small batch. It's a powerful combination, and it means we can give retailers fast answers and the ability to [remove] a problem product quickly with little fuss," he says, "and avoid costly mass recalls."

He cites the well documented Perrier recall that involved pulling 160 million bottles off retail shelves and cost the company USD 35 million plus a further USD 40 million in lost sales. The problem was eventually traced to just 13 bottles containing a toxic chemical harmless to humans.

Bink says the traceability system also has a number of marketing benefits, the main one being closer partnerships with customers.

"Information is just as important as the product itself," Bink explains, "and to provide it in such detail at the touch of a button gives us a big competitive edge. It demonstrates to customers [that] we have tight day-to-day transparency and control of the whole value chain, and this breeds trust and confidence."

According to Bink customers in subsequent processing industries can connect to NuTrace and add their information, which extends the complete trace beyond Nutreco. "They [customers] can brand the information and present it as their own," he says. "The information generated by NuTrace will [create] considerable added value and confidence in our products."

Dr. Reid Hole is Nutreco's corporate director of food safety. He is categorical in his views about the safety of food. "It's a given," he says, "not an option. Safety is integral to quality, and that's what we all want."

In 1999 Nutreco decided to become one of the first in the industry to respond holistically to the growing crisis over food safety. He explains, "NuTrace Tracking & Tracing is one of four building blocks in a safety model we are developing, which we believe will put us at the forefront. The other three are NuTrace Monitoring, NuTrace Certified Quality and NuTrace Risk Management."

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Roel Bakker, Director of Information Management, Nutreco

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Roel Bakker



"Food safety is both a social and a commercial necessity," Hole explains. "We committed at an early stage to implement new systems and processes, and give retailers, and ultimately consumers, information that will build trust and confidence in the safety of the food they eat. Our ultimate aim is to achieve this through better control systems and shorter recall procedures."

Hole says further development of NuTrace (based on Lawson Trace Engine) and the Lawson M3 collaborative enterprise system, which is also being implemented, is a high priority for Nutreco to retain its competitive edge. "We'll undertake this development in collaboration with our customers to make sure it's driven by market needs.

"These two Lawson systems working together will give us a competitive edge in our relationships with retailers and send strong, positive messages to all our stakeholders that we won't compromise on our desire to establish world-class standards throughout our supply chain."

The Company

Nutreco's core business is contained in two business streams, Aquaculture and Agriculture. These focus on fish and animal feed production as well as fish, pig and poultry farming and processing. Combined, the two business streams include eight business groups comprised of a number of business units made up of operating companies.

While it has competitors in both aquaculture and agriculture, Nutreco has no comparable rival that spans both markets. As a result its vertical integration covers a large part of the supply chain from field to fork.

Why Lawson?

"Lawson is innovative, and it understands the issues of the food industry," says Roel Bakker, director of information management at Nutreco. "The company is working with us in close partnership and is adding considerable value to our [way of] thinking."

Bakker says that Lawson's global support structure also played a big part in selecting the collaborative enterprise solutions provider. He adds that because it develops and implements its own software, it has direct accountability.

The Implementation

Nutreco's Aquaculture business stream ran two evaluation pilots for the system in Norway and the UK. It is also being rolled out to 170 salmon seawater sites in Norway, Scotland, Ireland, Canada and Chile.

At the Aquafeed business, a pilot ran at three sites in Norway before the main rollout to other plants in Scotland, Ireland, Canada and Chile.

At Agriculture, the system is implemented at the feed and pork business in the Netherlands. It will also be implemented at feed and processing plants in Spain and Belgium. Farmers will have access via a Web portal. A similar system will be developed for the poultry business in Spain and Benelux.

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**Kees Bink,
Information Manager,
Nutreco**

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**Dr. Reid Hole,
Corporate Director of Food Safety, Nutreco**



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Future Plans

Nutreco is exploring the option of creating early warning functionality on top of the traceability engine. By modeling integral production column knowledge—for example using farm history and records about the effects of feed on animals—substandard combinations can be dealt with at a very early stage to improve final customer product quality.

(A production column is comprised of several steps. For example in terms of pork meat these could be breeding, multiplying or growing farms, and processing and packaging plants leading to delivery to the retailer. Specific feeds are used at all steps in the process.)

About the Solution

Lawson Trace Engine is a trace and decision support system and the foundation for a company-wide quality system. It has been developed to conform to the European Union's proposed food legislation on traceability that becomes law in January 2005.

Lawson Trace Engine is system-independent. It can be connected to any ERP, laboratory, veterinary and transport systems. It acts as a parent and has built-in intelligence that self-checks and validates information. It is also highly configurable via standard Microsoft VBA or JavaScript and recognizes local processes and languages.

Together with Nutreco, Lawson is investigating future developments in the optimization process of the system, such as a crisis management component prompting specific actions and responsibilities for a crisis team in the event of an accident. They will also explore the ability to optimize the system with benchmarking tools linked to key performance indicators.

As part of a company-wide quality system, Lawson Trace Engine will become extremely valuable when an integrated data warehouse is added, enabling the system to run what-if scenarios, conduct quality benchmarking and analyze the effects of quality on price.

The system has XML input and output, and information can also be entered manually using a Web interface.

Lawson Trace Engine is a rule-based system that rejects and sends out an alert if information from a particular part of the main or subsidiary processes does not conform to agreed values. It also identifies the origin and carrier of data as well as the systems and databases in which the data is stored and how it can be accessed.

About Nutreco

Nutreco Holding NV is an international company that is a leading producer of high quality food for human and animal consumption. The company plays a role in various stages of fish, poultry and pork production chains.

Nutreco's activities are organized as Nutreco Aquaculture and Nutreco Agriculture. Within these business streams, there are eight business groups. Each group is made up of business units that together have more than 120 production and processing units and a workforce of approximately 13,000 people in 22 countries.

Since it was introduced on the stock exchange in June 1997, Nutreco has made acquisitions in the Netherlands, Spain, Germany, Canada, Poland, Chile, Portugal, France, Scotland, Belgium, Hungary, Norway, Australia and the United States.

Nutreco's sales in 2002 were EUR 3,809.6 million.