

# Sourcing and Dispatch Optimization for a leading Agri Trading Company



## SITUATION

The customer needed sourcing and dispatch optimizer due to the growing complexity of the market.

## IMPACT

Due to complex and dynamic structure, there were high chances of sub-optimal elements in the supply chain network.

## RESOLUTION

We devised the network optimization model considering the end-to-end cost elements to prevent sub-optimal buying, and to generate the efficient dispatch plan.

## The Customer

The customer is a leading Indian Agri-Trading Company. They focus on domestic and export trading of products like soya meal, wheat, shrimps and prawns, fruit purees/concentrates, IQF/frozen fruits, organic fruit products, coffee etc. The customer also procures wheat and supplies it to the largest wheat flour company in India.



## The Need

Complexity of the Wheat business had increased multifold over last 3 to 5 years, due to increase in sourcing and 'dispatch to' locations and significant increase in volume handled. The Wheat availability in India is highly seasonal leading to procurement of 75% of requirement in seasonal period. Along with seasonality, the prices are highly dynamic with daily variations at marketplaces, complex tax structure and uncertainty in space requirement at different hubs. All these challenges lead to a complex structure, so the optimized network to service the customer flour mills keep changing, and thus there are high chances of sub-optimal buying by the customer.

- Best network to serve the flour mill's demand based on daily prices
- Selection of best transportation mode for various factories
- Estimated reduction in 7-8% of outbound costs
- Warehouse space requirement estimation at different hubs
- Optimized dispatch planning on a weekly bucket basis

## The Solution

Solution included a sourcing optimizer, which helped the customer in deciding the best network to serve the demand based on the prevailing prices in the market. We devised the network optimization model that considered the end-to-end cost elements in the supply chain, i.e. basic costs, different taxes, labor charges, bagging charges, warehousing charges, inward and outward freight charges; thereby reducing sub-optimal buying.

Our solution suggested best locations to hold stocks before dispatching and the space required for each of them, providing a defined warehouse-booking framework. This helped the customer decide the best market network and mode of transport for various supply and warehouse locations. It also provided weekly dispatch plans based on the existing stock at various locations and monthly demands of the 'dispatch to' factories.

## Business Benefits

- Consideration of all cost elements preventing sub-optimal decision making
- Estimated savings of 2-3% of costs in this low margin business

### About ITC Infotech Business Consulting Practice

The Business Consulting Group (BCG) at ITC Infotech is a converging point for business & IT solutions. We aim to transform business performance, bringing a strategic perspective on process improvement and IT enablement. Our team blends domain experts and consultants, bringing unique capabilities to discover and resolve business concerns of the day.

Our expertise spans Consumer Goods, Retail, Process Industry, Logistics & Transportation, across key business functions such as product development, production, supply chain management, sales and marketing management, field force management, and customer relationship management.

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