

# COMMODITY Trading & Manufacturing for Dynamics AX



Microsoft Dynamics AX

## Flexibility and Control

Organizations who buy and sell commodities, either as a physical trading company or as a consumer of raw materials in their production process, need a solution that satisfies the conflicting requirements of flexibility and control.

Flexibility is required from an operational perspective to cater for changes in the fast-moving commodity market and control from both a contractual and financial viewpoint.

Commodity Trading for Dynamics AX satisfies these demands uniquely in one fully-integrated solution by adding industry specific functionality to Microsoft Dynamics AX.

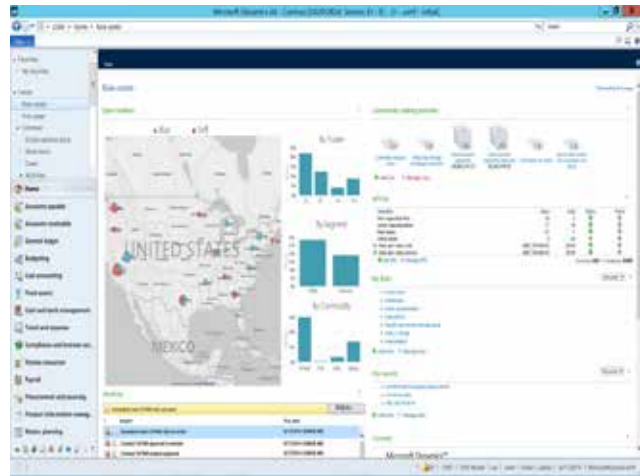
## Control and Management

Whether trading commodities or purchasing commodities for consumption in a manufacturing process, the challenges for an organization are very similar:

- **Manage all aspects of a Contract Lifecycle** from negotiation through shipping and transportation of a contract
- **Track and Control** all additional costs (on-costs) associated with a contract
  - Required for budgeted costs and profitability
  - Calculate landed cost of inventory
- **Manage risk** associated with the commodity
  - Futures hedging
  - Foreign exchange management
  - Position reporting
- **Visibility of all contract and logistics** information across all departments in an organization
- **Financial ledger processing**
  - Invoicing
  - Accruals
  - Payments
- **Integration with production demand** for manufacturing organizations.

## Contract Management

In many industry sectors the volume of commodities traded or consumed is high but the margins are small. It is therefore essential to have an easy mechanism to record and track costs associated with contracts throughout their lifecycle.



The commodity core is built around management of contracts. Record the initial contract details in a streamlined entry form, through the execution of contracts to calculating or capturing the financial result, the contract information is visible to all departments in the organization. All transactions are available within the contract management form removing the need to look in multiple places for the information. Non-Fixed-Price contracts fully supported.

Standard workflow functionality can be used to define contract approval procedures.

## Logistics and Shipping

Timely execution of contracts is essential whether arranging to ship commodities globally or arranging delivery of a commodity to a factory to meet just-in-time production demand.

By centrally recording all shipping/transportation instructions trading and production departments can see what has been planned.

Use the **AX Alert** process to automatically be reminded of tasks that must be performed or completed.

## Risk Management

Different organizations have different risk strategies. CT for Dynamics AX provides a framework to help manage the risk strategy:

- Real-time management of open commodity positions
- Hedging of exchange traded commodities
- Management of foreign currency exposure
- Workflow escalation procedures and alerts for contracts, shipping, logistics and financials
- Mark to market reporting for commodities.

COMMODITY Trading & Manufacturing for Dynamics AX

AMERICAS

T: +1 (719) 237 9595

EMEA

T: +44 (0) 15778 40675

APAC

T: +61 (0) 7 3851 7300

info@scalableax.com ■ www.scalableax.com

# COMMODITY Trading & Manufacturing for Dynamics AX



Microsoft Dynamics AX

## Invoicing

The invoicing processes use the shipment or load information to either generate invoices or check the values of invoices received from suppliers and producers.

Automatic quality price and quantity adjustments calculated based on user defined quality specification formulae e.g. moisture content or oil content of a load.

- Sales invoices
- RCTI/self-bill invoices for producers and suppliers
- Invoice reconciliation routines for supplier commodity invoices and on-cost invoices.

## Production Demand

A simple process helps determine the commodity contracts or inventory holding to be used to satisfy production's commodity requirements based on the output from Dynamics AX Master Planning.

- Allocate contracts or inventory holdings
- Use standard CT process to arrange transportation of commodities to the production plants
- Information available to all departments
- Provisional invoicing with multiple interim adjustments before final invoice production
- Prepayments for both purchase and sale contracts.

## Commodity Examples

<b>Chemicals</b>	Fertilizers, Nitrates, Ammonia
<b>Nuts and Oils</b>	Spices, Nuts, Seeds, Essential Oils, Botanicals, Edible Oils, Fine Chemicals
<b>Food and Pharmaceuticals</b>	Breweries & Distilleries, Pasta Manufacturers, Meat & Poultry Processors, Snack Foods, Fruit Juice, Bakers, Dairy, Animal Feed, Tea, Coffee, Drug & Cosmetic Companies,
<b>Metals</b>	Aluminium, Copper, Zinc, Magnesium, Manganese, Gold, Steel, Scrap
<b>Agri-Commodities</b>	Grains, Cereals, Oilseeds, Soya, Pulses, Nuts, Seeds
<b>Energy</b>	Bio-Fuels, Coal, Woodchips
<b>Softs</b>	Coffee, Cocoa, Sugar, Cotton, Wool

## Key Features

- One source of data for all functions
- Visibility of all financial, trading and production information across the organization
- Strong financial and inventory management
- Workflow approval reflecting your internal processes and procedures
  - multi-step approval
  - escalation procedures
- Automatic alerts and reminders to ensure timely execution of tasks
- Integration with the Microsoft stack
- Ease of use for users with familiar Microsoft Office UI
- Provide financial controls but with the flexibility demanded in a trading organization
- Streamline internal and external communications
- Manage all aspects of trading, raw material procurement
  - Contract management
  - Cost tracking
  - Logistics planning
  - Quality analysis
  - Invoicing
  - “Non-Fixed-Price” contracts
- High level snapshot of contract status with ability to drill down to all contract related information from one place
- Plan and schedule transportation and shipping requirements
  - Flexible procedures to suit different methods of operation
  - Manage logistics costs at shipment level
  - Document production
- Manage risk
  - Financial – credit limits, accruals
  - Trading – futures and foreign exchange hedging, open positions, mark to market reporting
- Document management
  - Contract and logistics related documents held electronically with the contract
- Record the data once and have it available throughout the solution
- Real time updating of information

COMMODITY Trading & Manufacturing for Dynamics AX

AMERICAS

T: +1 (719) 237 9595

EMEA

T: +44 (0) 15778 40675

APAC

T: +61 (0) 7 3851 7300

info@scalableax.com ■ www.scalableax.com