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# The Integrator

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## The Role of Business and Industry Software Solutions in Ethanol Plants

Business and industry software solutions in an ethanol plant play an integral part in the overall efficiency. There are many systems that plants can utilize to:

- Increase production
- Reduce administrative costs
- Eliminate duplicate efforts
- Organize and improve employee performance

The primary role of business software is to collect and retain data in an organized way allowing users to securely access information anytime, anywhere.

When it comes to selecting the right type of software solution for your plant it usually comes down to economics—are the benefits greater than the costs? As operating margins narrow, this becomes increasingly important. The use of technology in an integrated manner will increase productivity and decrease time spent on business processes by eliminating duplicate tasks or non automated procedures.

Properly implemented integrated systems will also increase

employee satisfaction, as users can access real time information and make better business decisions on their own without relying on others. Information like inventory levels and lab analysis reports provide selective positive feedback. With the proper tools, employees are empowered to make proactive choices to increase **efficiency**, **productivity** and most importantly **profitability**.

Right hand doesn't know what the left hand is doing? Can you relate to this? Whether it's head office who receives inaccurate, information or customers being processed through an administrative maze, integration of all systems helps employees to take action and make confident business decisions.

Wasting dollars on outdated business solutions is comparable to building an ethanol plant with 20 year old technology. The software simply cannot keep pace with the demands of staff, directors, shareholders and

customers. Technology has raised the bar of expectations to have answers and results immediately – in a word 'efficiency'. The role of software is to deliver on those expectations. As technology becomes more mature, the costs are reduced. We are now at a point where mid-size organizations can show immediate value for the costs of sophisticated systems that until recently could only be afforded by large corporations.

Today's reality is that plants cannot survive without utilizing these types of resources. Employees expect it, shareholders demand it, and customers value it. Software is truly the backbone of your organization. If your systems are disjointed the impact can immediately effect the profitability of your plant through loss of efficiency.

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## Guidelines for Selecting the Right Software Solution and Vendor

*To Improve the Operational Efficiency of Your Plant*

Selecting the right type of software to manage your plant may seem overwhelming at first. Some common questions that may come to mind include; is the investment worth the money spent? Are the benefits greater than the costs? What type of maintenance, training, support, enhancements and/or upgrades is involved? Can we customize the system to fit our business needs today and beyond? How many licenses do we receive?

It's important for plants (at **all** stages of growth) to think beyond their current business needs, take a closer look at the 'long term' business plan and execute against the plan right from the start. By doing so, plants will not only **save time and money** but also realize a substantial **return** on every dollar invested in technology.

To help you make a confident decision regarding the technology

needs for your plant, consider the guidelines below:

**(1) Make a list of possible software solutions and vendors including general and industry focused.**

One advantage to industry focused software is that it offers greater functionality for your current and growing needs. Industry focused vendors have the knowledge and expertise to recommend the right technology suitable for your business saving you time and building trust knowing you are partnering with an experienced team.

Explore all of your product choice options. Refrain from focusing solely on generic, mainstream products or what other companies are using to operate their business as each plant has different business processes and therefore require technology specific to their needs. To compensate for the limited software functionality in generic

products, additional money will be required to spend on customizations. The key is not to get trapped in the "change order" methodology that some vendors use to increase costs every time a new requirement or change is made to the software setup.

The vendor should be clear about all costs related to your technology requirements from the beginning to avoid any unplanned expenses.

**(2) When evaluating different software SOLUTIONS consider the following:**

- What is your budget? Does the software pricing include licensing, add-on modules, implementation, enhancement/maintenance, support and hardware?
- Does your system require modules or customization to streamline your processes?
- Is the software fully integrated?
- How current is the software? Is it evolving with technology?

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## About The Integrator

The Integrator was specifically designed to provide insightful and informative information to ethanol plant owners and managers on how they can improve the operational efficiency of their plants with innovative software solutions.

If you'd like to add, modify or remove contacts to the newsletter please send an email to: [reap@encorebusiness.com](mailto:reap@encorebusiness.com).

## National Ethanol Conference February 25-27, 2008

Are you attending the National Ethanol Conference in Orlando, Florida? If so, make plans to meet with an Encore representative to learn how you can improve your operational efficiency with innovative software. This year Encore is proud to be a **Conference Sponsor**.

To schedule a one-on-one meeting before or during the conference, contact:

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## Ethanol Capacity in U.S. Reaches 7.5 Billion Gallons

The U.S. ethanol production capacity has risen **40%** to **7.5 billion** gallons per year suggesting an impeccable industry growth rate. Currently, there are 136 U.S. ethanol distilleries including 63 plants under construction and 8 undergoing expansions. Providing this planned construction occurs, the total U.S. capacity will be approximately 13.3 billion gallons per year.

## About Encore Business Solutions

As a dynamic leader in helping organizations implement value added business management solutions for **17 years**, Encore has consistently been recognized in the Microsoft Dynamics community for delivering innovative, quality products. With an excess of 100 years of combined experience in the agriculture industry, we understand the pillars of successful implementation to improve the efficiency and economics of ethanol production.

## CFO Corner

According to the Internal Revenue Code Section 179, businesses can expense certain business property (i.e. off the shelf software) in the first year of acquisition. With creative financing structures customers can receive tax benefits for one year and begin payments the next. Learn more about creative financing structures in the next issue of The Integrator.

- How much research and development is invested in developing and improving the solution?
  - Is the software scalable? Can it be installed across many plant sites, integrated and configured to your changing and unique business needs?
  - Does the software allow for easy access to reports? Can the user generate reports in multiple formats? Does the software include alerts and different email options? How accurate is the data managed in the system?
- (3) When evaluating different software VENDORS consider the following:**
- Does the vendor have industry knowledge and experience?
  - Does the vendor have the proper infrastructure, knowledge and resources to support your company as you continue to evolve and grow.
  - Does the vendor have the technical experience, resources and project management processes in place to handle the implementation? Do they have strategic partners in the industry to leverage added resources?
  - What type of training does the vendor offer? Do they use the "train the trainer" approach where one person from your company is in charge of training others?
- How long has the vendor been in business? Have they earned a good reputation?
- (4) Communicate exactly what you expect from a product demonstration.** For example, do you want to receive a high level overview of the software or do you want to focus on specific functionality such as reporting or inventory control? Prepare a list of questions that you'd like to have answered during the demo and send those to the vendor in advance so they can prepare. Each vendor should receive the same list of demo requests as this will make it easier for you to compare and select the right one. Allow each vendor the chance to showcase their advantages and differentiators as this will help you to decide whether they are a good fit.
- (5) At the negotiation stage consider the following as it relates to total cost of ownership:**
- How many software licenses are included in the initial cost? What is the cost for additional users or modules?
  - What are the implementation costs? Implementation costs are generally estimated as a ratio of the cost of software (anywhere from .75 to 1 to 1 to 1). Whatever amount you spend on software, expect to spend the same on implementation. Integration and

- customization can increase your cost.
- Is there an annual fee charged by the vendor to maintain, support and upgrade the software package?
- Do you require hardware? Hardware costs should be comparable from vendor to vendor due to the relatively narrow margins. What is more important is to make sure you buy hardware that meets or exceeds the software specifications to avoid problems with performance.

## (6) Do you want a vendor or business partner?

Generally, a vendor will sell the software, set it up and leave having little or no interest in your future. A partner on the other hand wants to ensure you have a competitive advantage over other companies through efficient tools and processes unique to your business. A partner will also provide ongoing support, training, future upgrades and will continue to work with you to address future changes in business operations.

Like all business agreements, all parties must feel comfortable with the final contract and the terms they are accepting. By following these guidelines you will find the right software and vendor for your plant and eliminate any future surprises.

## Fueling your Environment

### Technology that Ethanol Plants Need to Know More About

Built on Microsoft Dynamics™ technology, REAP™ is a comprehensive commodity procurement and business management software solution for the ethanol industry.

This integrated software solution will help you successfully manage:

- Commodity Procurement
- Investors
- Construction and Expansion Projects
- Lab Information
- Inventory
- Accounting and Finance
- Workflow
- Recipes

To learn more about REAP  
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