

# »» SUCCESS STORY ««



## THE RESULTS OF THE MICROSOFT DYNAMICS NAV 2018 IMPLEMENTATION PROJECT AT KERNEL

### ABOUT KERNEL

The digital history of Kernel began many years ago. In 2004, the company's finance department implemented the first **Dynamics NAV ERP** system.

Later, many different digital projects and innovations in agribusiness were added and combined into a single innovative agricultural production system – **DigitalAgriBusiness**.

However, in this success story we will focus on the implementation of the ERP system Microsoft **Dynamics NAV 2018** – a powerful and capacious project that lasted more than **4 years**, and despite the Covid crisis and full-scale war, was completed on time.



Kernel is Ukraine's largest grain producer and exporter, the world leader in sunflower oil, a major supplier of agricultural products from the Black Sea region to world markets, and №1 operator of grain export terminals. Kernel exports its products to over **70 countries**.

The Kernel team employs **11,000 people**. Since the first days of the full-scale invasion, the company has been helping the military and civilians. The total amount of support has already exceeded 2.1 billion UAH.



## THE BACKGROUND

Preparations for the project began in the first decade of 2018. At that time, the company had been using and developing one of the previous versions of the system for almost 15 years. The main prerequisite for the transition to the new ERP system was the desire for Kernel to have a modern tool for accounting and controlling the activities of the company, which over 15 years has become the largest player in the Ukrainian agricultural market.

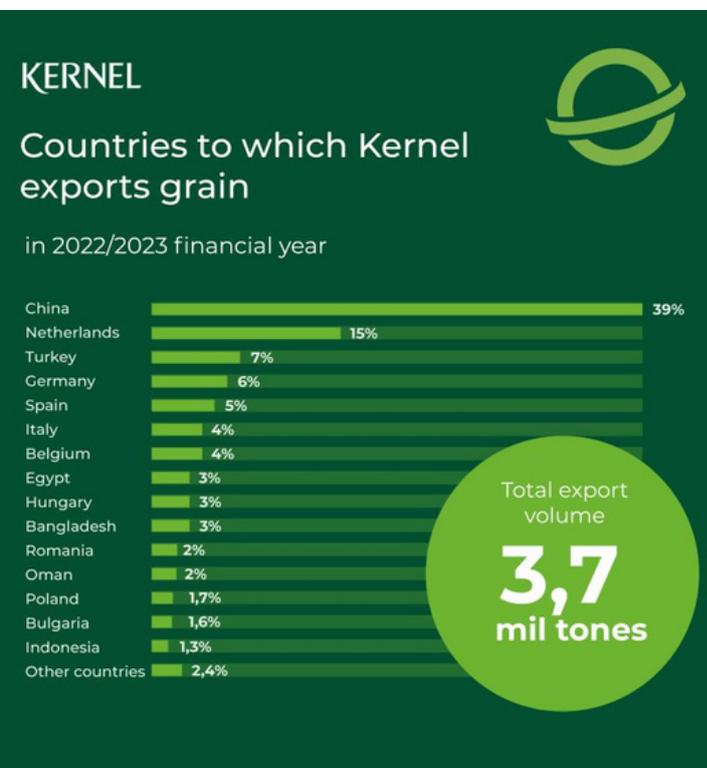
So, in 2018, the current version of the ERP system was outdated – there were technological limitations to its development, and many processes and controls in the system no longer met business requirements. The company created a new internal group for the future project, which carefully worked through various scenarios for a new platform.

The decision was made in favor of a new version of Dynamics NAV – Microsoft Dynamics NAV 2018. The main reason was the best price/performance ratio and the similarity of the new version to the old one in terms of functionality, architecture, and user interface, which would save time for training many Kernel employees.

An experienced team of Dynamics NAV specialists has been selected for the ERP implementation project, most of them are now key consultants and team leads at Clarity Ukraine.

## AN APPROACH

Implementing an ERP system in a company of Kernel's size required answering the question: How should the project be structured? Should it be to build a new system and roll it out all at once, or should it be a phased implementation? After weighing the potential risks and benefits of each approach, it was decided to proceed in stages.



## »»» PROJECT STAGES

Relatively small projects were implemented first as “pilot” projects: “Cashflow Management” –and “Counterparty Risk Management” – integration with YouControl and YouScore counterparty screening services. These projects helped us to realize the possibilities of Dynamics NAV in practice, to work out the interaction with the partner’s team, and to train the internal team. The implementation of these projects took about 6 months.

The phased implementation allowed us to take a balanced approach to the overall project, continue operations on the current ERP, and gradually introduce changes to the business.

Kernel is Ukraine's largest grain producer and exporter and a leader in the global sunflower oil market. The company accounts for approximately 8% of global sunflower oil exports. The company is a leader in introducing innovations to the Ukrainian agricultural sector. IT technologies are used at all stages - from the cultivation of raw materials to the sale of finished products.

kernel.ua

# KERNEL

After that, the next stage began – the implementation of Procurement management processes. These were based on a unique business model for working with grain suppliers: from creating a price bulletin and managing settlements with suppliers to managing loan applications and integrating with the KernelEDocs electronic document management system. The payment management function for settlements with suppliers was also extended to include a chain of payment approvals depending on various conditions. The implementation of this phase took us 9 months.

After the successful launch of procurement activities in the new system, we immediately started planning and launching the next stage – Inventory and Sales management. This sub-project included the sales of grain, bulk sunflower oil, and bottled products, as well as the planning of oil production in the oil processing plants. The complexity of this stage was due to the large number of people involved, their geographical dispersion, and the variety of sales scenarios. It took almost a year to implement the system at this stage. In parallel with the procurement, inventory, and sales management phases, Kernel's internal resources worked on a sub-project to manage transport logistics.

The last stage that allowed us to disconnect from the old system was the Financial Management and Accounting subproject, which includes accounting and tax accounting, fixed assets, accountable persons, costs, and all financial and accounting reports. This phase took another 9 months.

## »»» THE CHALLENGES

A project of this scale is very difficult to manage and synchronize the requirements of different stakeholders and users. The phased transition also requires the development of complex temporary “bridges” between the old and new systems. These challenges were overcome through professional project management, an internal team incentive system, and the direct involvement of the company's top management in overseeing the project and resolving various disputes during implementation.

## DIGITIZATION – IS THE PATH TO SUCCESS

### Implementation results:

The time required to prepare financial statements was reduced by an average of 5 days.

The number of transactions with risky counterparties was cut in half.

Purchases from grain suppliers were processed 3 times faster.

All operating expenses were recorded automatically, 20% of which were recorded manually before the project.

*“This project seems to be one of those that can cause anxiety at the beginning because of its size and complexity, but once it is completed, you feel proud.*

*During the implementation process, there were moments when I doubted the timing of the project or its components. Still, now I can say that with the right preparation, thanks to the high professional level and the involvement of motivated employees and partners, such projects are completed.*

*I am grateful to our entire team and partners who have devoted a lot of energy to this significant activity for the company.”*

For example, in 2020, the COVID quarantine occurred, which completely changed the paradigm of implementation tactics. Whereas before all meetings between members of the joint team took place physically offline, and some user groups were sent to the central office for training, during the quarantine period everyone switched to online work. Fortunately, the high professionalism and motivation of the project team allowed us to master a new way of communication, and the quarantine did not worsen the expected project timeline.

An even greater challenge was the period of Russia's full-scale invasion of Ukraine, which occurred during the final stage of implementation. The hostilities in the territories where Kernel's assets are located and the blocking of the sea logistics route could have been a powerful lever to freeze the project, but the company's management decided to continue the project.

The project team regrouped and completed the final stage without missing the overall deadline.



**Anastasia Usachova,**  
**Member of the Board of Directors at Kernel**  
 (during the implementation period she was a  
 CFO of the Group)

## ➤➤➤ RESULTS OF THE IMPLEMENTATION

Today, all the employees of Kernel Trade work in a single information environment of Microsoft Dynamics NAV 2018 with the KernelEDocs document management system based on SharePoint.

## ACHIEVEMENTS

The ERP system helps to effectively manage procurement and sales processes, provide employees of various levels with the necessary information online through BI reporting, and simultaneously solve management and accounting tasks. The total number of Kernel users working in the system exceeds 700 employees. If we talk about the specific results that Kernel has achieved after implementing Dynamics NAV, the list looks like this:

- Reducing the time needed to prepare financial statements – by an average of 5 days.
- Reducing costs of financial statement audits due to the controls implemented in the system.
- Minimized financial, tax, and reputational risks through centralized counterparty screening – the number of transactions with risky counterparties was reduced by approximately half.
- Ability to manage liquidity and plan cash flow.
- Speed and transparency of purchases from grain suppliers – 3 times faster on average
- Ability to record trade transactions and monitor contract performance.
- Planning and accounting for all commodity costs – previously, 20% of certain costs were not automatically included in accounting and planning.
- Ability to create financial and analytical reports online with built-in BI reporting.

## CURRENT SITUATION

The development of information technology does not stop. Currently, the descendant of the Dynamics NAV system is the cloud-based Dynamics 365 Business Central.

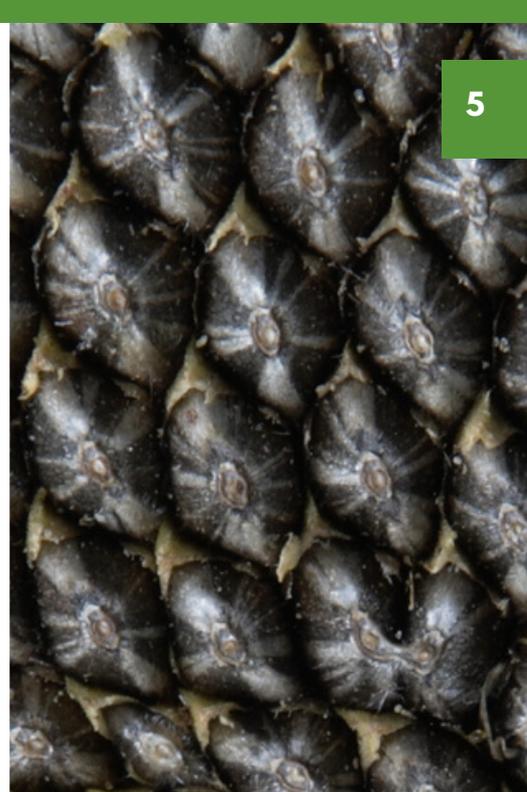
Kernel has launched a series of projects to implement Business Central in its foreign subsidiaries. The first such successful launch was in Switzerland. As a logical step in the future, it is also planned to gradually switch from Dynamics NAV to Business Central for the entire Kernel Trade management company.

## BEFORE THE PROJECT

Adherence to the strategic implementation plan and expected performance of such a complex project is not only respectful but also interesting in terms of the factors that contributed to this success.

In addition to the synergy and professionalism of the Kernel and Clarity Ukraine teams, Oleksandr Rachiba, Project Manager of the Finance function at Kernel Digital, points to several factors.

Oleksandr directly managed all the above-mentioned stages of the Dynamics NAV 2018 implementation project and is now implementing Dynamics 365 Business Central in Kernel's foreign offices.



Clarity Ukraine is a specialized IT consulting company focused on the implementation of Microsoft Dynamics 365 Business Central (NAV) ERP system.

The company enables its clients to grow and scale by automating their business processes in a modern ERP system and Microsoft 365 and Power Platform application environment.

[clarity-team.com](http://clarity-team.com)



## »»» SUCCESS FACTORS OF THE IMPLEMENTATION PROJECT

The adherence to the strategic implementation plan and the expected performance of such a complex project is not only admirable but also interesting in terms of what factors influenced this success. In addition to the synergy and professionalism of the Kernel and Clarity Ukraine teams, Oleksandr Rachiba, Project Manager of the Finance Function at Kernel Digital, who managed all the stages mentioned above of the Dynamics NAV implementation project, notes the following key factors:

1. Genuine support and involvement of top management in the project.
2. Develop a strategy to motivate the internal project team, including incentives for the timely completion of project tasks, as this is usually an additional burden for employees.
3. Create a culture of automation and process improvement, training in the change process. Effective training helped reduce employee resistance to change and the introduction of new technology.
4. Active involvement of users at various levels in the implementation of the system. The initiative should not come only from a limited number of people involved in the company.
5. Understanding of business processes and business needs of the company by key people in the company. How dynamic and consistent the requirements for the new system are formed will affect the timing and cost of its implementation.
6. Identify the risks associated with the implementation of the ERP system and develop measures to minimize them.
7. Choosing the right partner. A reliable partner with relevant experience and commitment to results in the face of difficulties is the key to success.

*“Kernel sets the highest standards for everything – both for the work of contractors and for their team. I have rarely seen anything like this in my 17 years of ERP projects.*

*This is impressive considering the size of the entire project team, which at certain stages reached almost 40 consultants and developers. We are proud of this cooperation, and the trust and mutual respect that has developed between us over the years. But above all, we are driven by our involvement in the global economy, whose ethical principles and development vectors motivate and inspire us.*

*Currently, we have completed the Business Central implementation project at Kernel's subsidiary in Switzerland and are planning further projects for the Ukrainian agricultural giant”*



**Taisiya Bondar, CEO of Clarity Ukraine**