



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



Casual Laborers for Equator Seeds Ltd. check their mobile money balances on their phones

Photo Credit: YLA



An Equator Seeds Ltd. Warehouse manager inputs inventory data on the Sage platform

Photo Credit: YLA

Supporting a seed company's transformation to a data-driven organization

The Feed the Future Uganda Youth Leadership for Agriculture (YLA) Activity implemented by Chemonics International from 2015 to 2020 focused on increasing economic opportunities for 350,000 Ugandan youth. As part of its strategy to promote youth involvement in agriculture, YLA partnered with Equator Seeds Limited (ESL), one of the fastest growing seed companies in Uganda to streamline ESL's supply chain and extension system.

ESL's business grew from handling 8,000 metric tons (MT) to 15,000 MT between 2016-2017. In the face of inadequate internal controls, the growth in business posed additional challenges in terms of cash payments to farmers and record-keeping. Given ESL deals with various out-grower farmers, agro-dealers, and sales agents, across several warehouses and processing plants, this network created dispersed cost centers through which cash transactions occur and led to significant financial losses because of the company's inability to track inventory and payments effected along its value chain. YLA advised ESL on the procurement of an enterprise resource and accounting platform (Sage), a farmer information management and mobile money payment system (Mobipay Agrosys Ltd.), and digital scales to be used in its warehouses. ESL staff were equipped with computers at select warehouses and were trained on the different systems.

The Sage platform and digital scales were rolled out first. They immediately improved ESL's ability to monitor inventory and seed procurement. Warehouse staff entered data on inventory into Sage in real time. This provided ESL's management improved visibility and current data which informed decisions on selling and procuring seed. Using this data, ESL accelerated its procurement cycle increasing its demand for seed from their smallholder suppliers. The improved transparency also helped ESL more accurately forecast buyer demand, which doubled the amount of seed ESL issued on credit. ESL used the data generated on the Sage platform to secure credit for its own operations that it used to accelerate sales by 20 percent in the second half of 2019.

Following integration of the digital scales and Sage platform, ESL launched the Mobipay Agrosys platform. ESL used this system to create profiles of over 10,000 smallholders now accessible through the platform. ESL plans to use the system and current profiles to build production profiles on its smallholder producers. These enhanced profiles will inform ESL's decisions in targeting extension resources. Through the Mobipay Agrosys platform, ESL plans to migrate from cash to digital payments to pay their smallholder suppliers directly. ESL has seen the cost saving of digital payments already. Before the YLA activity closed, ESL began paying its casual laborers who sort seeds at its warehouses with mobile money – producing a cost savings of 32 percent.

While there were many benefits realized through digitization, the digital integration had its challenges. Being a data-driven organization means you need to set standards to produce quality data. Data entry broke down in many warehouses due to: 1) a lack of training and digital capacity of warehouse staff to use computers and 2) a lack of network and electricity access at warehouses.

A key lesson learned from ESL's initial year of digital transformation is to ensure that the way the organization is collecting data has the lightest digital touch possible. For instance, instead of deploying laptops for data entry, perhaps warehouse staff could have simply used a data capture application on their smartphone, a more familiar digital device and one dependent on a network signal to function. While the rollout of digital tools in ESL was not without its challenges, the company plans to continue iterating and using supply chain management and digital financial services products to continue their journey towards becoming a data-driven organization.