

GeoTraceability Platform for Palm Oil

USE CASE

THE CHALLENGE

For palm oil mills that rely on external suppliers, from farmers' groups to individual smallholders or agents, the task of effectively engaging, mapping and managing the supply base is a major challenge. There are many demands for palm companies: knowing your suppliers, **supply chain traceability**, mitigating environmental impacts and creating positive results for the local community, to name a few. At the same time, the palm sector works with narrow profit margins and has limited resources for activities that don't create immediate value for the business.

OPTEL's GeoTraceability solution is able to link two objectives: to collect and manage data on the smallholder supply base and to use the information to improve **supply chain efficiency** and **increase revenues**.

The GeoTraceability solution has been adapted specifically for the palm sector. In 2016, a prototype system was developed and tested at a Wilmar mill in Sabah, Malaysian-Borneo, with the support of IDH. The system development is now fully complete and established several firsts in the industry:

- First palm oil mill to have all independent smallholder suppliers mapped and surveyed through an electronic database
- First palm oil mill to demonstrate Fresh Fruit Bunch traceability from field to mill weighbridge for all independent smallholder suppliers (5,000+ FFB deliveries traceable back to a mapped field and farmer in the six months following project implementation)
- First palm oil mill to engage independent farmers in mapping and traceability by offering them software-powered analysis to increase productivity

Concerning the mill, the GeoTraceability solution offers cost-efficient tools and training for mapping and surveying external suppliers, combined with field-to-mill traceability, which allows mills to monitor individual farmers' output, overselling and underselling, FFB quality and speed of delivery.

On the other hand, the farmer gets an individual field productivity improvement plan, overseen by a professional agronomist and made for his specific fields and needs. This can be linked to agri-input subsidy or credit, to encourage loyalty and direct supply.

“ The **key** in the **GeoTraceability** solution is that it offers **value to the mill and the smallholder supplier** simultaneously. ”

Our **Farm Business Plan Builder** tool is a groundbreaking technology that magnifies the impact of palm company agronomists and allows the application of plantation-management techniques with independent suppliers.

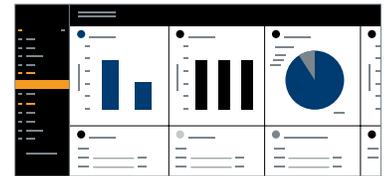


OPTEL is developing and implementing systems in multiple projects throughout Indonesia and Malaysia, involving some of the largest palm oil companies in the world, such as Wilmar, Cargill Tropical Palm and Golden Agri-Resources.

While each GeoTraceability system that OPTEL implements is designed to meet the client's objectives, they share the common idea of engaging smallholder suppliers and farmer groups in strategic long-term relationships to secure supply, based on a loyalty program and enhancements in raw-material quality.

GeoTraceability technology allows a new deal for palm growers and processors based on a mutual benefits strategy: The farmer agrees to participate in data collection and mapping, while the mill receives data allowing traceability back to mapped fields. The farmer agrees not to expand his farm beyond the mapped size, and the mill can assess the legality and estimate field output and loyalty. Finally, the farmer agrees to follow the productivity-increase recommendations, and the mill is encouraged to invest in independent farmers.

The goal is to put smallholders on the radar of processors and consumer-goods companies. The best way to do that is to give farmers the tools to help them exchange information with their buyers and to run their business more efficiently.



TECHNICAL SPECIFICATIONS

- Secure access to platform via web
- Direct link to existing mill software to capture all deliveries
- Adjustable dashboard to monitor KPIs, annual campaigns, etc.
- Android app for easy collection of all relevant supply chain data
- Training provided in the field for system users



GEOTRACEABILITY PROGRAM FOR PALM OIL

Ultimate goal: To include smallholder FFB growers in a sustainable and transparent palm oil supply chain

Mid-term goal: To achieve full traceability on all FFBs delivered to independent palm oil mills and establish a link between the growers and the plantations

Short-term goal: To gain visibility on the suppliers delivering FFBs to independent palm oil mills and gain insights on the different supply channels

KEY BENEFITS

- Support farmers to increase revenue and access to finance
- Quickly identify and target underperforming members or illegal activity

- Monitor deliveries from each individual farmer daily and compare to their expected output
- Increase FFB supply volume from external suppliers
- Measure ROI of supplier-focused programs



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