



CF Industries, Fertilizer Manufacturing and Distribution, Deerfield, Illinois
Transforming Business Operations
with SAP® Business Planning
and Consolidation

» itelligence was familiar with our business and projects, and their project team was very involved. They understood how we worked and were amazing to work with. It was really nice to have that expertise – realizing it's not always like this. At the end of the day, we were in the driver seat with itelligence's guidance, and that was really helpful. «

– Joe Nagel, Director, Financial Planning & Analysis, CF Industries

Prior to CF Industries' journey with SAP, the company's five-year strategic plan and monthly forecast process utilized much of the same data as the budget. The statements were calculated in separate Excel files using different models. Because budget submissions were all static Excel "forms," creating alternate views or performing analysis of the data was a manual effort. CF Industries needed a unified solution built on one centralized data base. A change in personnel and maturation of product offerings soon spurred an entirely new evaluation process, and the company knew they needed a solution that expanded beyond budgeting and planning to consider future improvements of the consolidation, reporting and analysis processes.

The Right Partner

After interactive meetings, product demos and analyst calls through their search for a unified Enterprise Performance Management (EPM) solution in 2009, CF

Industries chose the SAP® Business Planning and Consolidation application to give them a consistent view of their business performance across the organization. itelligence was selected to do the initial install of SAP Business Planning and Consolidation primarily as a result of their approach of instilling their knowledge and expertise into the business. The tool was owned and managed by the business at the end of the project, which provided flexibility when it came to making subsequent changes, updates and improvements. A critical factor for CF Industries in choosing the right implementation partner was the need for different departments to become self-sufficient. CF Industries ultimately chose itelligence to achieve their EPM goals. With the solution in place, CF Industries was able to quickly capture the level of detail needed to determine cost of sales by type and better position themselves to take on extra work after acquiring other companies.

CF Industries, Fertilizer Manufacturing and Distribution, Deerfield, Illinois

Founded in 1946 as a fertilizer brokerage, CF Industries has grown to become one of North America's largest manufacturers and distributors of nitrogen and phosphate fertilizer products that provide essential nutrients to increase the yield and quality of crops. The company is headquartered in Deerfield, Illinois. Through its CF Industries, Inc. subsidiary, it operates seven nitrogen fertilizer manufacturing complexes in the central U.S. region and Canada, and a network of fertilizer distribution terminals and warehouses, located primarily in major grain-producing states in the U.S. Midwest.



Name:
CF Industries (NYSE: CF)

Headquarters:
Deerfield, Illinois

Locations:
Illinois, Iowa, Louisiana,
Mississippi, Oklahoma and
Canada

Products / Services:
Nitrogen fertilizer and other
nitrogen product manufactur-
ing and distribution

Employees:
2,800

Annual Revenue:
\$5.4 Billion

Web site:
www.cfindustries.com

- Results:**
- Able to create cost of sales by expense type report in weeks versus months
 - Continuity to manage the product on their own
 - Allow employees the flexibility to locate and sort through data

With the SAP Business Planning and Consolidation application, CF Industries today can more accurately forecast bottom-line profit to produce a more accurate projection of earnings per share. The company also can easily compare production cost per ton across the organization. Cost differences between plants producing the same product are easily identified, allowing CF Industries to recognize barriers and identify opportunities to improve efficiencies. Management and capital resources are then leveraged to provide operating units the ability to become lower-cost providers of fertilizer products.

CF Industries then took the remaining plants that they had acquired, which doubled the company size in 2010, and helped them understand the planning process. Until then, they had been sending files offline and all of the work was being done in SAP Business Planning & Consolidation. Through this new process, CF Industries was able to build in common templates for the plants and help bring everyone up-to-speed using the system the same way.

In 2013, when the implementation was mostly complete across all target locations, CF Industries began an upgrade to NetWeaver from a previous Microsoft solution. To reach this point, the company had to determine who was involved, who handed off data to whom, who the experts were, and where the information resided. The CF Industries team looked at the opportunity holistically and considered the ideal state for planning and forecasting from timing and resource involvement perspectives.

Continued Momentum

CF Industries determined to move from the 7.5 Microsoft version of Business Planning & Consolidation to Business Planning & Consolidation 10.0 NetWeaver in order to get to a common SAP NetWeaver based platform and take advantage of the inherent integration aspects, as well as new capabilities available in the upgraded BPC version.

Intelligence representatives helped CF Industries through a system analysis and showed them where they needed improvement to bridge the gaps. In early 2014, CF Industries officially approved the project. The company started to work from the bottom up, and began to migrate and upgrade their six models used in BPC.

Lastly, CF Industries knew the supply model would need to be tackled separately. They put a strong emphasis on the supply model, which was the most complex of the modules as it housed all of the sales data and essential costing logic that translates production cost into cost of sales on the income statement. The supply model receives all production cost details from the department detail model and converts it into cost of sales data by applying the associated production cost to each ton of product sold based on when that ton of product was produced.

In order to accomplish this task, the original logic that was written in BPC was deconstructed and rebuilt to provide improved traceability to each cost component as it moves through inventory layers. This becomes important as variable cost inputs increase or decrease significantly in any given month. Other key improvements to the Supply model include enhanced distribution cost, planning and reporting, and data integration development that enables the Supply model to include actual data in cost of sales and gross margin by product.

Outcomes

Today, CF Industries' employees are able to run reports faster and more easily grow the existing user base. Employees are now able to enter the system and easily pull the information they seek.

The redesigned supply model fostered a more strategic regional sales structure which will allow for industry price benchmarking analysis. The functionality of forecasting and planning – like scenario planning – has made a profound difference. CF Industries worked to determine the right mix of support, especially considering BPC was implemented when the company only had three plants, and had since expanded to seven.

CF Industries plans to go live with the new system in early 2015. The primary goal is to better understand how to improve the processes now that the functionality and technology are in place and poised to support them. With all of the data in place, the team is now working to collaborate between plants and determine the best plan of action. The CF Financial Planning & Analysis team is one step closer to becoming a true business partner that provides real time operational analysis with less emphasis on accounting support.