

**Internet-based communication between the co-
operative and its members:
Lantmännen Direkt (www.lantmannen.se)**

Robert Ihrsén

Svenska Lantmännen
Lantmännen Direkt
745 84 Enköping
Sweden
robert.ihrsen@lantmannen.se

Abstract: Lantmännen, the Swedish Farmers Supply and Crop Marketing Association provides an extranet for its members and customers. By doing this both parts, Lantmännen and the farmer, gain benefits.

1 Lantmännen, the Swedish Farmers Supply and Crop Marketing Association

Lantmännen, the Swedish Farmers Supply and Crop Marketing Association, is one of the largest farming and food industry groups in Europe. It is owned by 52 000 members.

The Lantmännen Group currently comprises 140 companies with a total turnover of 28 billion SEK. This means Lantmännen is now one of the very largest agriculture and food companies in the Nordic region.

Lantmännen Lantbruk (Agribusiness) market farming commodities such as seed, fertilizers, plant protection products and feed for animal production. The crop is delivered to Lantmännen to be stored, refined and sold to the market.

To give the farmers access to information and business applications from Lantmännen Lantbruk over the Internet, the co-operative provides an extranet.

The Lantmännen Lantbruk has fifteen geographic sales areas throughout Sweden, which have responsibility for the contact and trading with members and customers. There are three divisions providing the sales areas with products, information, and sales tools. The Feed division develops and produces the feed. The Crop husbandry division does the purchasing of planting seeds, fertiliser and pesticides. The Grain division sells the grain from the farmer on to the market.

2 The development of using the extranet

The first extranet, similar to what is today, was founded in 1999. From the beginning on the main idea, the combination of information and ordering, is still the philosophy Lantmännen follows also with its development and provision of new services. In 1999 Lantmännen consisted of eleven different co-ops. After a merge in 2002 the extranet was rebuilt and released within all sales areas. In February 2002 the extranet have had 3300 users; the amount of users today is 6600. It takes time for the customers to adapt to the use of the extranet. During the last two years the average usage has increased by 70% each year.

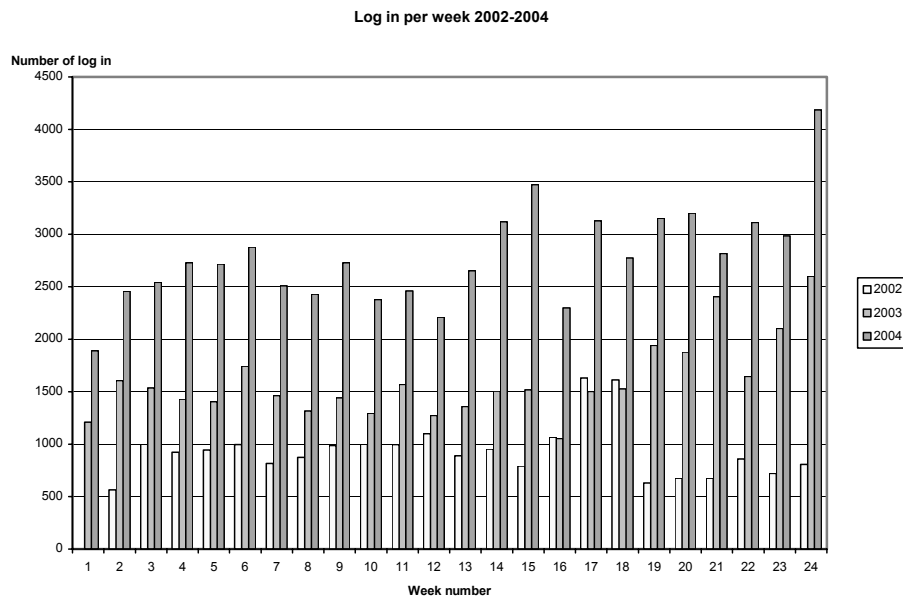


Figure 1: The number of login on Lantmännen Direkt first six month 2002-2004

3 Content of the extranet

The extranet consists of information-, ordering-, and “internet banking” services.

3.1 Information services

The provision of the information services is realized in two ways:

- The local sales areas, divisions, and Lantmännen Information department have the possibility to publish news on the extranet. One or more persons update the news on their page on the extranet.
- The information is generated by the production computer systems and published within the extranet. For example the farmers can see the weight and analyses of the grain they deliver. They can sum up their purchases for a certain period of time, see the invoices from their purchases from Lantmännen and the payment for the grain.

3.2 Ordering service

Of course the farmers can do their purchases on the extranet. So far feed is the product which is mostly and frequently ordered and bought. The orders are forwarded directly to the ordering system.

3.3 “Internet banking”

The farmers have different accounts for their bills, payment of grain, savings, and shares at Lantmännen. This enables the provision of an account related services. The status and transaction of each account is visible within the extranet. Within the near future (September 2004) the extranet will be connected closer to the ERP-system (Enterprise Resource Planning), so transactions will be done directly.

4 Benefits by providing the extranet

By providing an extranet together with a call centre for the farmers without Internet connection, Lantmännen implements a more efficient way of having contact with the members and customers. Based on this there are benefits for both the farmers and Lantmännen.

4.1 Benefits for the farmers

One of the benefits for the farmer is the possibility of receiving information and doing ordering even after (or before) office hours. Therefore he is able to use the time more efficient [An03]. In some sales areas the farmer gets a discount for doing the orders over the extranet. By being more transparent from the Lantmännen part, the farmer gets a better overview of the business relations with Lantmännen.

A case study of the co-operative's extranet shows that the farmers have not gained any transactions costs in trading over the service like it is today [An03].

4.2 Benefits for Lantmännen

One of the benefits for the co-operative is the release of time for the salesmen. By letting the farmers do their frequently orders and make them get i.e. the weights of their deliveries of grain themselves the salesmen have more time for their actual sales work.

Another benefit is the reduction of the administration time for Lantmännen, i.e. the farmers do the transactions of money themselves. In addition the use of digital signing of the farmer's grain delivery contracts is another service which raises the co-operatives benefits by streamlining the processes.

4.3. Benefits for the farmer as a member and the co-operative

As the Lantmännen co-operative covers nearly whole Sweden there might be a communication problem between the members and the co-operative. To resolve this problem and to create a mix of the co-op's local information and information of Lantmännen in general also the local sales area uses the extranet for providing information. A user survey from 2002 shows that 54% of the person's login is dealing with reading the news from the local sales area [Or02].

By offering more efficient ways of doing business the costs for the co-operative will decrease, and therefore the costs for the members as well.

Literature

- [An03] Andersson S: Internethandel med insatsvaror för lantbruket – En fallstudie av Lantmännen Direkt via nätet (E-commerce for trade in agricultural inputs - A case study of "Lantmännen Direkt via nätet.") SLU (Swedish University of Agricultural Sciences) 2003. Download at www.andersson.se/internethandel
- [Or02] Orange interactive research: "Besökarkartläggning, October 2002" Internal Paper