



# Georgian wine producer set to grow revenue by 25% following ERP implementation

Winery Khareba was experiencing huge difficulties in trying to gather and analyze important business information, from financial accounting to manufacturing and inventories. Its data was often inaccurate and not timely. This was impacting on its business planning, making it difficult to accurately manage inventories and manufacturing while undermining supply chain and sales projections. To solve the problem it implemented Microsoft Dynamics NAV.

## Expectations

- Accurate cost calculations for manufacturing
- Improve supply chain logistics due to more accurate sales forecasts
- Greater efficiency in inventory management
- Estimated 80% time savings
- Anticipated 25% revenue increase and 25% cost savings

## Industry

Manufacturing

## Country or Region

Georgia

## Customer Size

300 employees

## Number of Users

Up to 40 employees

## Connect with Winery Khareba



*"...I'm proud to say we are the first wine producer in the Caucasus region to use Dynamics NAV. Across the region there are 80 companies like us. They will soon follow our example, because the benefits are too good to miss."*

Giorgi Imnadze, Chief Financial Officer, Winery Khareba

Winery Khareba is a Georgian-based wine producing company with a long history and established pedigree. Its wines are well-known in Georgia and beyond. The company was formally established in 1995 in a move designed to bring together modern technologies with ancient wine-making traditions. Its roots stretch back into the distant past and the company still uses time-honored methods. For example, some wines are stored in French made oak barrels which are considered the best for aging. It also uses a method that dates back to about 8,000 BC, making wine in earthenware vessels. In Eastern Georgia the company owns a 7.7 km storage tunnel carved in the stone massif of the Caucasian mountain range, that provides an average, all year round temperature of 12C – 14C.

## Vineyards

The company owns several large vineyards in both the Eastern region and Western regions of Georgia comprising a total of 745 hectares and it also operates factories in both regions. It has 300 employees.

In 2003 the company went through a sweeping reorganization and more recently launched an internal restructure to consolidate its operations within a single framework. While this was essentially a legal formalizing process, it also extended to internal business processes, such as inventory and financial accounting, manufacturing, sales and costs. Winery Khareba was having significant problems gathering data from the different regions and using this data to make informed decisions about its business.

Specifically, it was having difficulties in estimating how much wine to produce, the real cost of manufacturing, identifying how many people it



## Giorgi Imnadze

Chief Financial Officer, Winery Khareba

Giorgi Imnadze is CFO of the company and is responsible for strategic financial planning, including fund raising, and budgeting. He has more than 12 year experience of working in commercial banks and leading private companies as a manager and member of board.

Connect with Giorgi Imnadze



## Tengiz Chipashvili

Senior Financial Manager, Winery Khareba

Tengiz Chipashvili is senior financial manager. His contribution in ERP implementation process is significant, preparing the plans for action and controls at every stage of the project.

Connect with Tengiz Chipashvili



had working in the field at any one time, calculating the real expense of work, and establishing accurate sales forecasts.

### Inaccurate data

Giorgi Imnadze, Chief Financial Officer, Winery Khareba, said: “We were having big problems across accounting areas such as inventory and financials. We couldn’t get accurate reports so didn’t have the information we needed to make the correct decisions. As well as manufacturing we also have a lot of sales every month and it was difficult to plan correctly for this. We also struggled with establishing the true cost of inventory and manufacturing.”

Winery Khareba was using a local ERP system called ORIS. While this had served it well in the past it couldn’t provide the accurate and timely information that was now required. Data was fed into ORIS Excel spreadsheets but given the scope and amount of data that was required mistakes were inevitably made. “We were getting information very late and it wasn’t always accurate. This was adversely affecting our calculations,” added Imnadze.

To solve the problem the company assessed available ERP solutions that would enable it to centralize business processes and ensure the timely delivery of accurate data. One of the first it considered was SAP but Imnadze quickly concluded it was too expensive for the small and

### Dynamics NAV wins the day

Microsoft Dynamics NAV on the other hand was well supported and also offered sweeping ERP functionality. Furthermore, various Microsoft interfaces are widely used across the region so there is an immediate sense of working with something that is familiar. Winery Khareba’s IT partner, BIT, also said it could easily develop a Dynamics Navision agricultural module to manage cost associated with harvesting and agricultural products.

Microsoft Dynamics NAV was implemented over a seven month period, including the development of the bespoke agricultural module. The company began using it in April 2013 and focused specifically on financial management, supply chain management, manufacturing, H&R, and jobs and resources modules. Twelve licenses were initially deployed but the company is aiming to have total of 40 users.

The results to date have been transformative. Imnadze said: “We now have everything in one integrated system, all the different business elements are linked together from purchasing to inventory to customer sales and it’s all in real time.”

At a deeper level Winery Khareba can now establish accurate cost calculations for manufacturing, improve supply chain logistics due to more

## Winery Khareba Technology Environment

Servers	DELL R610
ERP system	Microsoft Dynamics NAV 2009 R2
Communications infrastructure	Cisco 881 Eth – 7 PCS
Line-of-business systems	Financial management, Inventory management, Manufacturing, H&R, Sales & Marketing, Purchase, and Jobs and Resources.
Desktop systems	Windows XP/Windows 7/Windows 8 Pro
Deployment strategy	On-Premise
IT organization	Partner (BIT)

accurate sales forecasts, and manage an inventory consisting of approximately 10,000 items, all with far greater efficiency. It receives analytical data in real time, from all areas of the business, so it can make decisions based on accurate and immediate insight.

### Big benefits

Imnadze adds it is too early for it to establish a return-on-investment given that it has only been running for seven months but that said, in terms of time spent gathering, collating and analyzing data there has been an estimated 80% saving. Imnadze also says up to 25% in cost savings and 25% increase in sales will be realized as a result of Dynamics NAV. The system is also being used to inform budget planning for 2014.

Imnadze further said: "Dynamics NAV has certainly made a big difference and is enabling us to carry much more accurate financial, inventory, cost and sales management. At a wider level this implementation is quite a big deal and to see the benefits we are reaping is very positive. There has not been a great deal of business development in this region and I'm proud to say we are the first wine producer in the Caucasus region to use Dynamics NAV. Across the region there are 80 companies like us. They will soon follow our example, because the benefits are too good to miss."

### Next Steps

- [Connect with Microsoft Dynamics](#)
- [Become a Dynamic Business](#)
- [Learn about partner solutions available in the Microsoft Dynamics Marketplace](#)

For more information about Microsoft Dynamics, go to:  
[www.microsoft.com/dynamics](http://www.microsoft.com/dynamics)

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