

GeM - University of Reykjavík – November 2002

eBusiness Strategy of the Icelandic Group

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Overview

- The Icelandic Group
- Our Business
- elcelandic
- eAhead

Icelandic Group

- We are in Iceland: Sölumiðstöð hraðfrystihúsanna hf. or SH. Abroad we are called Icelandic Group plc.
- The Icelandic Group is a leading marketing and production company in frozen seafood.
 - Secondary processing factories in the US and UK and marketing and sales companies in the US, Europe and Asia.
- 2001: Turnover \$560 profit \$6,6m and 1.200 employees.
- History:
- Icelandic Group was a sales cooperative for producers until 1996, when it became a Ltd. company and from 1998 its stocks were traded on the Reykjavík Stock Exchange.
- Icelandic Group had exclusive sales and marketing contracts with producers in Iceland and abroad. They were all cancelled from 1.1.2000.

Icelandic Group, cont.

- Major restructuring in 1999.
 - Icelandic Group became a holding company,
 - Operation in Iceland reduced by half – from a centralized to decentralized organisation.
 - Icelandic Services founded, took over activities in Iceland apart from the Holding.
 - Marketing companies became independent profit centres.
- Business is directly between the marketing companies and producers.

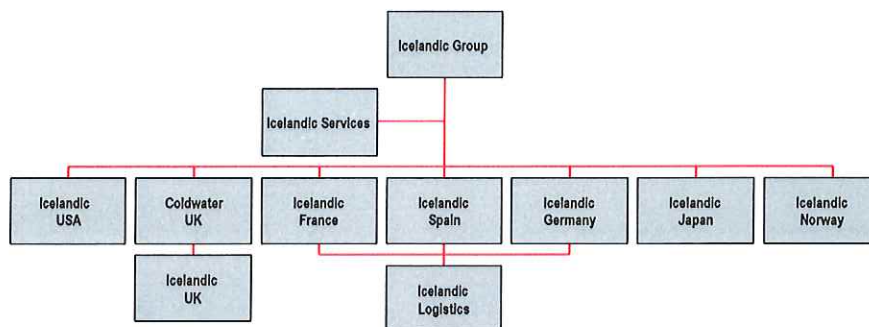
Icelandic Group, cont.

- One name and logo in 2002:
 - One name for all companies (almost) – Icelandic Group. Icelandic Germany, Icelandic USA etc.
 - Same brand name and look on most markets: Icelandic Seafood.



- Autumn 2002: Started in chilled seafood by buying a factory in the UK, Redditch, which supplies M&S with chilled ready dishes of the highest quality.

Icelandic Group plc.



Icelandic Group – Policy marked in 1999

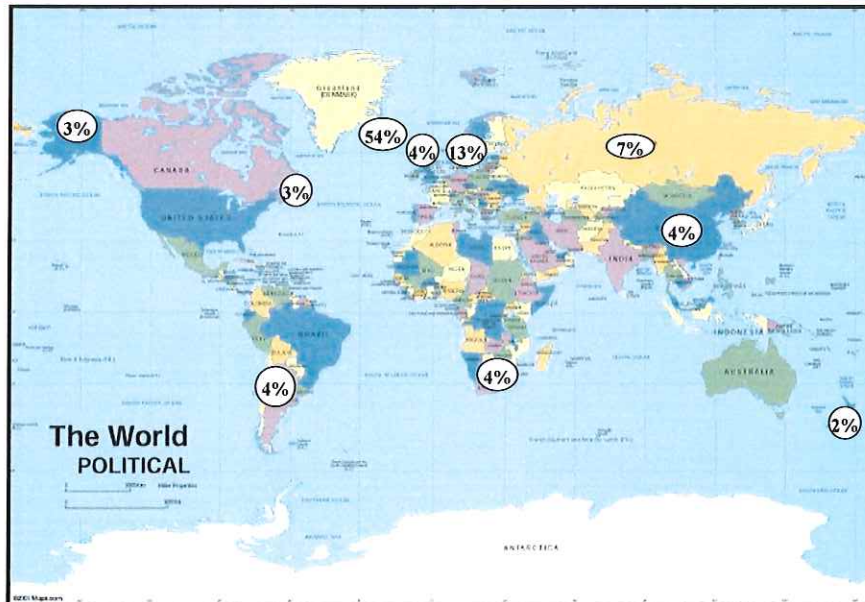
- The policy of Icelandic is to be a strong production- and marketing company in added value-, frozen- and chilled seafood where the company can add value which will support acceptable earnings.
- Growth will come from sales under own brands on the food service sector as well as using the opportunities in retail where the company can build up a leading position.

Icelandic Brand Marketing Network

N-America Turnover: \$175m Company: Icelandic USA Inc. Operations: Factory, coldstore, 50 sales brokers Main market: Food Service <i>Icelandic</i> , leading brand in frozen seafood Products: Breaded and battered fillets and portions, 5 lbs fillet pack, fas fillets.	UK & Ireland Turnover: \$155m Companies: Coldwater Seafood UK, Icelandic UK Operations: 3 factories, coldstore, food service. Main market: Retail sector, fast food, fish & chips, food service. <i>Icelandic</i> brand and own label. Products: Breaded and battered fillets and portions, c&p shrimps, fas fillets, lobster tails. New: chilled products.	Continental Europe Turnover: \$110m Companies: Icelandic Germany, Icelandic France, Icelandic Iberica. Operations: 3 marketing companies, 1 logistics company Main market: Food service, retail sector, home service, industry. <i>Icelandic</i> and customer brands. Products: Fillets and portions, c&p shrimps, fas fillets, h&g fish breaded fillets.	Norway, Russia Turnover: \$10m Company: Icelandic Norway Operations: Marketing company, Main market: Importers, industry. Sourcing for the Group. Products: Herring, capelin, fas fish, cooked shell on shrimps.	S-E Asia Turnover: \$110m Companies: Icelandic Japan, Marinus (Iceland) Operations: 2 sales companies. Main market: Trading houses, industry, food service, retail. <i>Icelandic</i> brand. Products: Fas h&g fish, capelin, herring, roes, fish heads, Nile Perch.
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Icelandic Sourcing: Origin of seafood 2001 150.000 MT, \$450m

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SERVICES LTD



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SERVICES LTD

Icelandic Services Ltd.

- Icelandic Services is a daughter company of the Icelandic Group.
- It is a service company for the Icelandic marketing and production companies. It is a cost centre except for packaging sales.
- There is a service contract with the marketing companies stating monthly payments or payments are based on usage.
- The main areas of operation are:
 - Quality Assurance, service to land and sea production.
 - Logistics services
 - eServices
 - Packaging sales to seafood processors.
 - Operations management for the Holding and other activities in Iceland.
- Main operation is in Iceland, but service is also provide to sourcing in other countries.

elcelandic – cont.

- The fishing industry in Iceland has always been technically advanced and development of machinery and software for the industry has been ahead of many other countries.
- Icelandic Group: No one strategy decided for the Group except the homepage. Icelandic Services had the opportunity to develop a strategy.
- We use it for B2B in sourcing: called *eServices*. It is a part of managing the Supply Chain.
- Implementation.
 - All companies are independent in their daily business.
 - Icelandic Services sold the idea to the marketing companies.
 - Each pay a monthly fee for the running of it.
- Icelandic Services has a Navision Financial (Microsoft Business Solutions) software and uses an ASP with a third party.
- Icelandic US has started a web based ordering system for their sales brokers.
- Icelandic Packaging will use the internet to sell and service their customers.

eServices

- *eServices* is an order processing and Supply Chain Information System.
- All software was written by companies in Iceland (Strengur).
- Started January 2000. It is based on HTML and the user only needs an internet connection and browser software to run it.
- Each user has his own userid and password.
- All Icelandic Group companies pay a part in running the system.
- Orders and shipments used by all companies for sourcing in Iceland except Icelandic USA which will most likely join soon.
- Buyers and sellers have access to the same contracts. There is no disagreement about what was agreed to!
- All data stored in the informix data base in Reykjavík.
- 5 marketing companies have a link between their Navision system and Icelandic USA can link *eServices* to their AS400.

eServices: Current use

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1. Orders are sent by the buyer and the producer confirms



3. ... the marketing companies are informed about delivery status



2. ... the producer and shipper is informed about what to deliver

Collection 0038

Item	Quantity	Unit	Weight	Value	Price	Notes
000001	1000	kg	1000	1000	1.00	
000002	1000	kg	1000	1000	1.00	
000003	1000	kg	1000	1000	1.00	
000004	1000	kg	1000	1000	1.00	
000005	1000	kg	1000	1000	1.00	
000006	1000	kg	1000	1000	1.00	
000007	1000	kg	1000	1000	1.00	
000008	1000	kg	1000	1000	1.00	
000009	1000	kg	1000	1000	1.00	
000010	1000	kg	1000	1000	1.00	

4. ...and receive shipping information

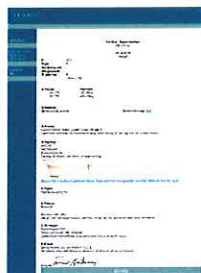
Dispatch SK00144

Item	Quantity	Unit	Weight	Value	Price	Notes
000001	1000	kg	1000	1000	1.00	
000002	1000	kg	1000	1000	1.00	
000003	1000	kg	1000	1000	1.00	
000004	1000	kg	1000	1000	1.00	
000005	1000	kg	1000	1000	1.00	
000006	1000	kg	1000	1000	1.00	
000007	1000	kg	1000	1000	1.00	
000008	1000	kg	1000	1000	1.00	
000009	1000	kg	1000	1000	1.00	
000010	1000	kg	1000	1000	1.00	

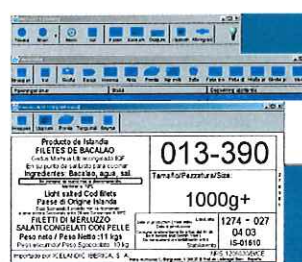
The Icelandic Brand Quality standards

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Product Specifications (internet)



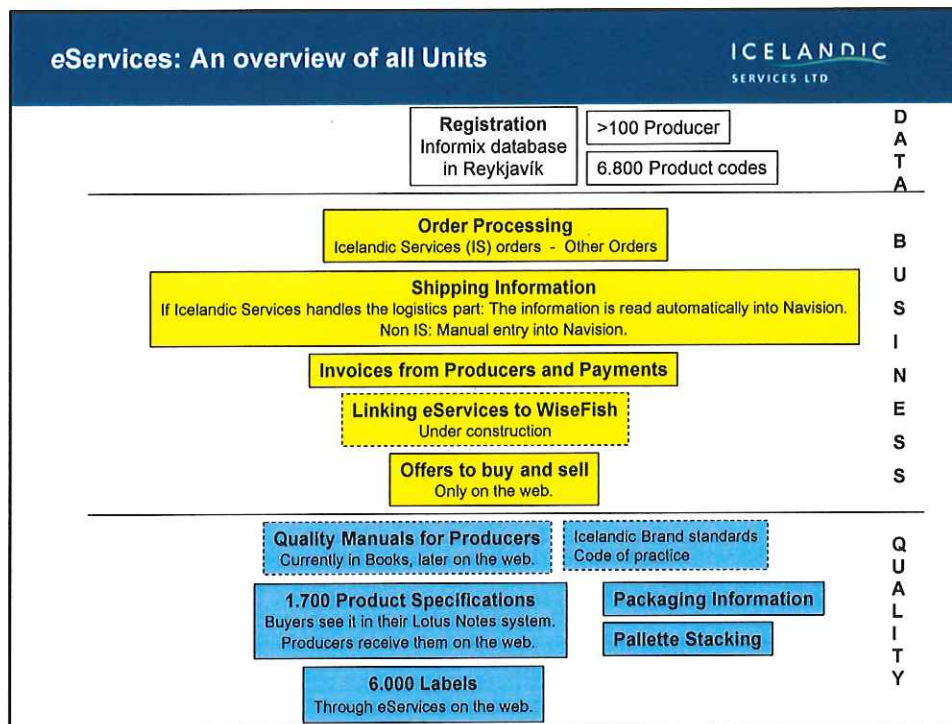
Labelling Instructions (internet)



Quality Manuals (books)



Producer and product
Inspections
People,
reports,
pictures via
e-mail.



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eAhead

- eServices is used for 50% of sourcing (Iceland). We are starting to widen it out to non Iceland sourcing.
- eTransfer of data within the Group. E.g. Shipping and custom information. Will use File Transfer.
- Developing an intranet is being looked at.
- eLink with the suppliers: WiseFish
 - Product Info and labelling, orders, delivery info, invoices, quality reports, etc.
- ASP and a single IT system for the Group?
- What if we can use the new technology to change the distribution, i.e. look at if it can shorten our way to the end user.
 - Will B2C be possible?
 - The use of the internet could change the rules of competition.

eAhead cont.

- Linking to customers – meet their demands.
 - Portals (WWRE, GlobalNetXchange,...)
 - XML transfer of data?
- Further links with logistic companies (transport, storage, custom clear.):
 - File Transfer,
 - INTTRA.com,
 - XML.
- An idea for ICEPORT – the Icelandic Group Portal.
 - A window towards customers and service companies.
 - Orders, delivery information, quality reports, product lists etc.
 - Release and delivery requests.
 - Custom and shipping information.

At last

- The Icelandic Group has successfully gone through major restructuring in 1999.
- Processing of the business information has always been extensive, based on high level of automation and need for reliability.
- The use of the internet and new software has been successful.
- eServices has given the Group a tool that has enabled it to save cost, increase speed, reduce mistakes and given it a stronger position with suppliers.
- Many possibilities lie ahead in further use of the internet and data transfer in our business.

The leading company
in frozen seafood



Icelandic Services
We e-serve you