Electronic Contract Management

CENTRAL ILLINOIS COOPERATIVE ELIMINATES A LOT OF HAND ENTRY WITH SOFTWARE

Pam Jarboe, assistant manager for TopFlight Grain Co. in Bement, IL, demonstrates the use of eGrain electronic price-later contract documents. Photo by Ed Zdrojewski.

Like most farmer-owned cooperatives, **TopFlight Grain Co.**, Bement, IL, strives to maximize the services it offers to farmer-customers. In the area of grain merchandising, the cooperative tries to offer a variety of forward contracting tools.

Once those contracts have been entered into, however, keeping track of them can be complicated. Documenting the contract and its terms and getting the producers acknowledgment are essential steps to ensuring the cooperative has an enforceable document. The various steps are spelled out clearly in documents such as the National Grain and Feed Association (NGFA) Grain Trade Rules, but it still can be a lot of detail to track.

"Right now, we have about 1,200 price-later or deferred-price (D/P) contracts outstanding with our producers," says Assistant Manager **Pam Jarboe** (217-678-2261), a 29-year veteran of TopFlight's grain accounting operations.

"At the moment, the cost of a D/P contract is cheaper than storage rates," she told *Grain Journal* in mid-December 2009.

However, tracking names, bushel amounts, delivery dates, and all of the other components covered under a D/P contract by hand is time-consuming, and sometimes errors can creep in.

Electronic Approach

According to Jarboe, in 2009, TopFlight, which operates 10 elevators in central Illinois, was approached by **eGrain Inc.**, Springfield, IL (800-278-6799), about trying out the supplier's electronic warehouse receipt (EWR) documents.

The company was the first provider of electronic documents to the U.S. grain industry approved and bonded by the U.S. Department of Agriculture (USDA).

The eGrain^SM System is a web-based central filing system that is easy to use and accessible 24 hours a day, seven days a week. This system is a highly secure ASP.NET application hosted by King Technology Inc.

It allows users to sort data for electronic warehouse receipts (EWRs) and electronic contracts instantly. The system allows for EWRs and electronic contracts to be created, issued, signed, transferred between parties, cancelled, and archived in a secure, totally paperless environment.

The eGrain technical staff performs regularly scheduled preventive maintenance, monitors system capacity, and offers quick troubleshooting services when necessary. Since the eGrain System is web-based, it is not necessary to purchase any software or deal with upgrades.

Advantages

Since TopFlight has had access to eGrain electronic documents since the fall of 2009, Jarboe has noted several advantages.

"We don't have to order a stack of paper D/P contracts for each of our locations, trying to guess what we'll need at each location for harvest," she says. "It also saves on labor.

"We don't have to run more timely reports companywide. On our computers, we can call up any outstanding contract at any location, which is something we couldn't do before."

Jarboe adds that customers have the opportunity to access their own contracts at any time through a secure password, though so far, only one or two producers have done that.

While the eGrain documents are approved by USDA, the Farm Service Agency has not yet updated its own software to handle EWRs and other electronic documents from eGrain, she notes, though that capability is expected within months. However, several major lending institutions, including CoBank, do accept eGrain documents for collateral purposes.

Ed Zdrojewski, editor