

исх. № 1468/2848 от 15.12.2011

на № _____ от _____

Subject: Reference on the Operation of *Milavitsa* Information and Analytical Management System Based on Microsoft Dynamics AX

Put into operation in November 2008, the *Milavitsa* Information and Analytical Management System (IAMS) comprises basic Axapta 3.0 functionality and the functions that IBA developed at the request of JV JSC *Milavitsa*.

IAMS is integrated with other management systems functioning at *Milavitsa*. These systems are based on FoxPro and Delphi/MS SQL (export/import of files of a preset size). The total number of management systems with which IAMS is integrated is five.

IAMS provides the following features:

Product Lifecycle Management

Product description and databases on the basic steps of the product lifecycle with time frames, material consumption norms for all modifications of each model, creation dates, commission dates, production withdrawal dates, and sales dates.

CRM

Generation and distribution of offers to wholesale customers, export to Excel, import of responses to IAMS, generation of a database of demand for the company's products broken down by product size.

Sales Management

Building and maintaining contracts; price lists, including special prices for groups and individual clients; additional agreements; and client orders, including automatic generation of orders from CRM applications. Automatic integration of prices from price lists in client orders.

Reservation of goods at warehouses, taking into account order priority and shipment dates; and management of supplies from warehouses by client order. Partial and full shipment of goods. Building and maintaining cargo customs declarations (CCD) and preparation of data for export to the Declarant Automated System.

Warehouse Management

Management of seven warehouses with the use of scanner technologies that retrieve bar codes and locate where a product is stored. One warehouse serves as a distribution center that provides shipment of client orders and is connected with electronic scales that print labels and manage a sorting line to filter clients' order waves. Using scanners, the system identifies contracts and orders, warehouse personnel, documents (printed in line with bar codes), and warehouse operations, including acceptance from production, distribution, intra and inter-warehouse movements, stock consolidation, full or partial inventory, processing of errors in distribution and selection, order completion, and shipment. The total amount of goods at warehouses is up to 10,000,000 items and the nomenclature is about 200,000 types.

Production Planning

On a monthly or quarterly basis for a period of up to two quarters. Interactive preparation of order packages, assignment of work to each production stream at all workshops (2 proprietary and 23 contractors' workshops), the total number of employees being more than 4,000. Automated calculation of the date of order completion, time of delivery, and amount of raw materials for each technological process.

Production Management

Control of the execution of production orders based on a scanner or manual acceptance of goods at the warehouses of finished goods.

Purchase Management

Maintaining contracts; protocols of price negotiations, including those specific for groups or individual clients; additional agreements; and purchases by suppliers. Maintaining CCDs with import of data from the Declarant Information System. Full and partial acceptance of purchases with automated control of nomenclature, amount, and prices. Returns to suppliers.

Accounting of Purchases

Automatic calculation of debit prices for commodity and material assets at warehouses and generation of relevant statements in the Ledger in line with settings. Distribution of arrivals at the user command and generation of accounting reports (statements and order logs in line with the laws of Belarus).

Management of Commodity and Material Assets (CMA)

Control of CMA arrivals at two warehouses of the main production and a warehouse of auxiliary materials; and control of movements of raw materials and semi-finished goods across the stockrooms of seven workshops of the main production and 10 stockrooms of production cooperation. Managerial accounting of CMA movements (nomenclature, amount, inventory price) and automatic generation of reports.

HR Management

Full accounting of human resources in compliance with the requirements of the normative acts of Belarus, generation of more than 30 types of memoranda, and automatic integration of relevant information in the employee cards (more than 2,500 employees) and timesheets, generation of a list of staff members, accounting of sick leaves, and export of data to the system of personal accounting. Generation of roughly 100 HR reports stipulated by the laws of Belarus.

Currently, up to 300 users utilize IAMS in a three-shift mode. Database server: Oracle Database 10g Enterprise Intel Xeon 2.667 GHz, RAM 12GB. Two AOS servers: Intel Xeon 3.0 GHz RAM 3GB. Data storage: HP EVA4400.

IBA provides warranty support for IAMS free of charge and without time limit.

The amount of service operations executed by IBA (consulting, software modifications, and correction of user errors) in 2009 accounted for less than 4% of the contract value (cost of implementation and Axapta 3.0 licenses), about 1% in 2010, and about 1% in 2011.

Given a certain level of servicing for DBMS Oracle and server equipment, Milavitsa has no complaints about the reliability and performance of IAMS.

The IAMS implementation enabled us to:

- Optimize the movements of raw materials through automatic calculation within a technological process. The legacy automated systems were capable of calculation within a production order and could not provide the required efficiency and precision of movements of raw materials and semi-finished goods. The introduction of the new system allowed us to abandon the use of limit-collection cards.
- Manage warehouses of finished goods. The legacy automated system did not provide the required level of management efficiency for a growing number of warehouses.

Dmitry Dichkovsky

Chief Executive Officer

JV JSC Milavitsa



A handwritten signature in blue ink, located at the bottom right of the page.