

Overcoming Your Company's Growing Pains

Remove obstacles to company growth and drive business success with Microsoft Dynamics™

Microsoft® recently researched the experience of nearly 200 companies with more than 250 PCs that have deployed one or more of the applications in the Microsoft Dynamics line of business management solutions. Among these companies, whose attitudes to technology tended to be more forward looking than usual, a common issue was rapid growth. The pain points most often cited were manual processes that cause mistakes and inefficiencies, the need for more functionality, an inability to scale to support growth, integration problems, especially with the growing number of customer and partner systems, and a lack of operational insight. This white paper explores the experience of these companies in more detail to help you understand how you can use Microsoft Dynamics to support rapid growth and drive business success.

Introduction: Focusing on Rapid Growth

Microsoft Dynamics is a line of integrated, adaptable business management solutions that help companies automate and streamline financial, customer relationship, and supply chain processes to drive business success. The applications and services included are used by a wide variety of companies in many different industries, among them wholesale and retail, manufacturing, and services.

To better understand what drives the selection of Microsoft Dynamics among companies in so many different industries, we recently interviewed 95 business and technology decision-makers in organizations with more than 250 PCs that adopted Dynamics within the last three years. The interviews used a combination of multiple-choice and open-ended questions as the foundation for discussions that drilled down into specific needs, purchasing triggers, and pain points. From the results of those interviews we constructed an analytic framework that we applied to an additional 95 relevant case studies and deployment reports, giving us 190 data points about Microsoft Dynamics selection and deployment in a variety of industries.

What emerged from this research were four primary high-level business drivers for implementing a Dynamics-based application or solution:

- **Business Transformation:** the application is crucial for enabling a comprehensive and integrated platform to drive productivity, efficiency, and strategy
- **Work Load Optimization:** the application is needed for functional, department or area support, e.g., supply chain
- **Divisions and Branches:** the application is needed for consolidation of applications in branches, divisions and subsidiaries
- **Legacy Replacement:** the application is needed to replace legacy software that lacks support, needs extensive customization, or imposes excessive IT costs for other reasons

Figure 1 shows the actual breakdown of responses. (Legacy replacement was not a choice on the original survey question, but was written in by over 80% of those who initially chose “Other.”)

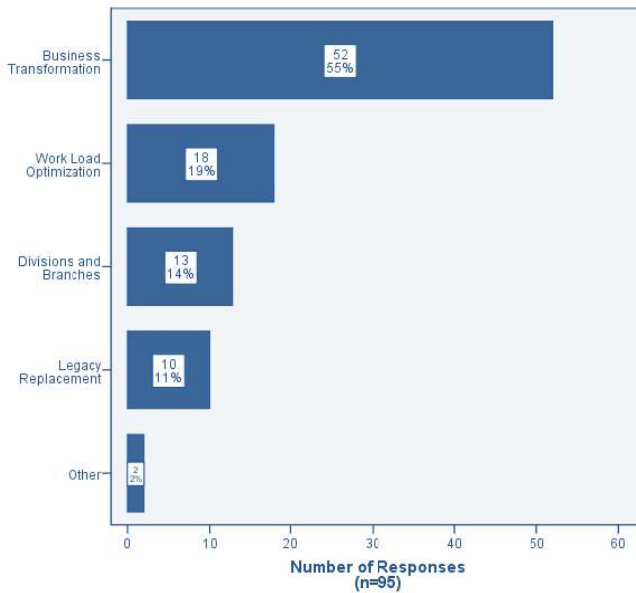


FIGURE 1: BUSINESS NEEDS DRIVING DYNAMICS IMPLEMENTATION

Drilling down further, both in the interviews and in the analysis of case studies and deployment reports, revealed more than a dozen factors that led companies to consider, select, and implement a Microsoft Dynamics solution:

- The need for modern systems
- Rapid internal growth
- Growth via mergers and acquisitions (M&A)
- Better Financial Management
- Better Business Analysis
- Better CRM
- TCO
- Centralized Operations
- Change in Business Models
- Compliance—Government Regulations
- Global functionality
- Single functional need across multiple divisions/branches
- Web as an integral part of the business

This white paper focuses on the third of these, growth via mergers and acquisitions, and is intended to help you understand how Microsoft Dynamics enables companies like yours to upgrade their financial, customer relationship, and supply chain processes to meet the challenges they face.

After a brief review of the interview demographics, this white paper reviews the top five pain points associated with rapid growth, and how Microsoft Dynamics addressed them for the companies involved. The white paper concludes with a summary of the research findings.

Demographics: Forward-Looking “Big IT” Companies

As noted above, the data collected from the 95 recent-adoption interviews were used to construct an analytic framework that could be applied to already-existing case studies and deployment reports. The resulting synthesis represents a detailed picture of the reasons why “Big IT” customers—those with 250 or more PCs—consider, select, and deploy Microsoft Dynamics, and in particular, the pain points that Dynamics addresses for them.

Participation in the interviews was limited to companies with 250 or more PCs or notebooks in the organization. 32% of the respondents work for organizations with more than 1,000 PCs. Figure 2 shows the breakdown.

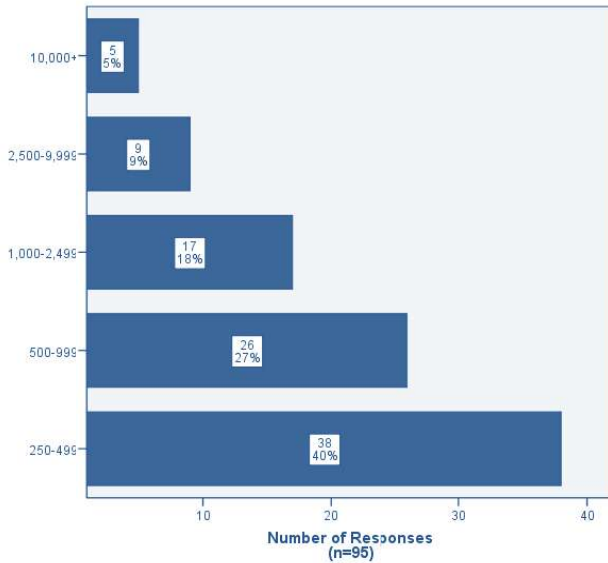


FIGURE 2: INTERVIEWED COMPANIES BY SIZE (NUMBER OF PCs)

Of these companies, 26% were in services, 21% in manufacturing, 17% in retail and wholesale distribution, and the balance in a wide variety of industries (Figure 3).

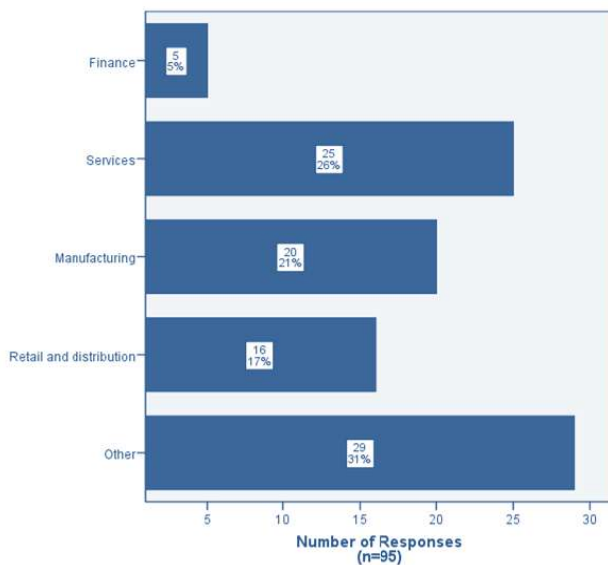


FIGURE 3: INTERVIEWED COMPANIES BY INDUSTRY

Of the 95 business and technology decision-makers interviewed, 60% make either the final technical decision or the final technical recommendation, and 58% make either the final business decision or the final business recommendation. At the companies surveyed, the leading participant groups in the technical decision are operations infrastructure or an internal applications group, while the leading participant groups in the business decision are a user within a line of business (LOB), an executive team CEO/CIO, or operations infrastructure.

A particularly interesting outcome of the interviews was how respondents describe their company's place in the technology adoption lifecycle, which reveals Microsoft Dynamics customers to be more forward-looking than usual. Respondents were asked to choose which of three statements best describes their company's technology style:

- **Leader:** technology-driven, using technology to gain a competitive advantage (early adopter)
- **Follower:** adopts technology when it is proven to be beneficial
- **Laggard:** technology risk-averse and sensitive to price

As Figure 4 shows, only 6% chose the "laggard" category, compared to the 15-20% that would be expected in a typical sample of similar companies.

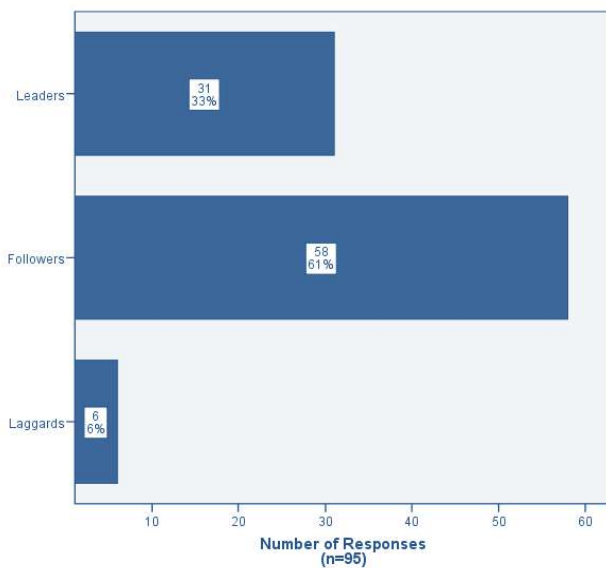


FIGURE 4: INTERVIEWED COMPANY PLACE IN TECHNOLOGY ADOPTION CYCLE

The Pain of Rapid Growth

Rapid growth is a common issue among Dynamics customers. Systems that can't keep up with changing business demands impose increasing operational inefficiencies that can severely impact a company's bottom line and limit its expansion. The specific situations that lead to a recognition of the need to update a company's business systems to support rapid growth are as varied as the companies involved, but our research reveals that they can generally be categorized under one of five closely-related primary pain points:

- Manual processes that cause mistakes and inefficiencies
- The need for more functionality
- Inability to scale to support growth
- Integration problems with internal and external systems
- Lack of operational insight

As we shall see, these pain points are not independent of each other. For instance, manual processes are often necessary because systems aren't well integrated, resulting in lack of operational insight and excessive staffing demands that limit scalability. If you're facing one of these pains, the chances are that you're suffering to some degree with one or more of the others.

Manual Processes

In many rapidly-growing companies, IT systems and the business processes they support end up as “islands of automation” whose only linkage is through manual data entry by employees. This situation often arises simply because the company’s concentration on growth leaves IT scrambling to keep up. Various business units may undertake independent IT initiatives without central coordination, solving a pressing growth-related problem without reference to other parts of the business. Or, even with IT coordination, the problems of growth can be so pressing that a short-term, manual solution is all that can be managed. However it arises, this dependence on what might be called “manual application integration” is a source of costly mistakes and general inefficiency, both of which act as brakes on a company’s growth.

Manual Processes

INTERVIEW COMMENTS

Reasons for replacing the previous solution or application

“Our users had to change their practices to work with the system, and report generation took too long.” *Vice President, IT, personal and sport optics manufacturer*

“The system was homegrown and had no transaction balances, so it required manual transfers.” *IT Manager, Contact Center Applications and Service Desk, telecommunications service provider*

“It was tedious to generate reports, sometimes taking up to a week.” *Manager, Sales Administration Systems, oil field equipment manufacturer*

“We needed ways to transfer the data among our systems.” *Accounts Analyst, Outsourced Technical Support Call Center*

“It took three separate systems to enter the same data.” *Project Manager, food service software developer*

Consider the case of Benefit Cosmetics, a subsidiary of French-owned Louis Vuitton Moët Hennessy. Benefit’s transition from an independent cosmetic brand operating out of a single store to a world leader in beauty products with 450 employees put intolerable stress on the company’s manual sales processes. Selling wholesale beauty products to leading department stores comes with strict packaging, labeling, and shipping requirements—

and failure to comply with them can result in costly penalties. “Our processes involved a lot of manual work—people running around with bits of paper. We were receiving a large amount of charge-backs, where money was actually deducted from our invoice, for not meeting the retailers’ requirements,” says Osh O’Crowley, the Vice President of Information Technology at Benefit Cosmetics.

In addition, since Benefit manufactures its own beauty products, it wanted to create more efficient manufacturing processes. The company hoped to gain a solution that could accommodate its increasingly complex inventory management and material resource planning needs, in addition to enhancing the effectiveness of everyday processes. “Benefit Cosmetics is a manufacturer, retailer, and wholesaler, and we wanted a single solution that would address all of our needs. Other software packages met one or two of our requirements, but Microsoft Dynamics AX was the only solution that addressed each one,” states O’Crowley. In addition, other solutions would have required Benefit Cosmetics to make a greater investment in IT resources. Says O’Crowley, “Our main goal is to focus on growing the business, not the IT department and the company’s technological infrastructure.”

Microsoft Dynamics AX addressed the company’s most pressing pain points, including integrated order fulfillment, shipping, and customer inventory management. It enables Benefit Cosmetics to support a range of retail partner integration options, including support for an Electronic Data Interchange system to communicate more effectively with outside retailers. The software manages the electronic orders the company receives from large department stores while automatically providing three-way financial validation and invoicing. Benefit Cosmetics employees are now able to meet higher volume order and fulfillment requirements, so relationships with large-scale vendors are better because of the company’s ability to comply with vendors’ requirements and to streamline communications.

“Today, we work with a highly manageable and flexible solution. Microsoft Dynamics AX facilitated a systematic approach to shipping, something our trading partners greatly appreciated. The number of charge-backs we’re receiving is reduced by 80% and our retailers are much happier doing business with us,” says O’Crowley. In addition, Benefit Cosmetics is increasingly able to compete with large, well-established cosmetic companies, which has helped transform them from a specialty brand into a global player. “We’re expanding on all fronts, doubling in size every two to three years,” says O’Crowley. “We’re confident that Microsoft Dynamics AX will allow us to continue to grow and expand into the markets we need to enter.”

Canadian General-Tower (CGT), which supplies vinyl auto interior parts for 85 percent of cars and light trucks sold in North America, was also struggling with inefficient manual processes. The company's manufacturing facilities are state of the art, but the company managed its supply chain with several disconnected systems that required costly, time-consuming data entry. When a shipment left the warehouse, a worker faxed the bill of lading to the main office, where another employee typed it into the accounts receivable system and created an invoice.

"We have 24 truckloads leaving our plant every day, and each truckload carries multiple shipments. We used to have one person spend their entire day taking paper records and typing up the entries into the system," says Tim Armstrong, Vice President Corporate Systems at CGT. But when the company deployed Microsoft Dynamics AX, they saw notable improvements in supply chain productivity. For instance, the person responsible for typing shipment records into the system has been reassigned to higher value tasks. The implementation has also improved purchasing and supplier management.

"We're still implementing Microsoft Dynamics AX, and it's already transforming our business. We couldn't be happier with our new system," says Armstrong. He estimates that the eventual cost savings will total CDN\$850,000. The purchasing department is particularly happy. "I've personally saved an hour or two a day ever since the new system has been up and running," says Joan Hanrahan, Corporate Senior Buyer. "I used to have to reconcile 5 to 10 invoices a day with price discrepancies. In the old system, we had to back out the receipts, change the price, and re-enter the receipt. That was a big chunk of my day."

Need More Functionality

Growth often imposes the need for new functionality, much of it related not just to growth, but to the geographic dispersion that usually accompanies growth. Better reporting, remote or web access, localization (multilingual capabilities)—the possibilities are virtually endless. This demands a versatile and easily customized solution that can grow with the business, as well integrating easily with third-party solutions offering industry-specific functionality.

Need More Functionality

INTERVIEW COMMENTS

Reasons for replacing the previous solution or application

"We needed more functionality to support multiple sites." *Accounts Analyst, Outsourced Technical Support Call Center*

"Our growth to from a single location to multiple sites required better reporting tools and remote access." *Senior Director of Accounting, satellite bandwidth reseller*

"As a rapidly growing company, we needed a complete set of business software capabilities." *Financial Systems Director, oil and gas industry services company*

"Our rapid growth overseas demanded a solution with international capabilities." *CIO, international non-profit TV and radio ministry*

Tooltechnic Systems, LLC, is the United States' distributor for Festool, a German company that is the seventh largest power tools manufacturer in the world. But its original ERP system couldn't support international operations, or the complex demands of a growing business. "The ERP system couldn't handle multi-currencies or multiple warehouse locations," says Lars Fackler, Manager Sales Office West for Tooltechnic Systems. "It wasn't flexible enough to cope with the various discounts we offered for dealers who expected to know what was happening with their invoices and what was happening with their commission checks. We couldn't adapt it to our own business model, or modify it to the way we wanted our business to be. We desperately needed a system that would grow with us, rather than restrict business."

As a result, Tooltechnic has added only minimal staff despite phenomenal growth. "We have been almost doubling sales every year since the implementation of Microsoft Dynamics NAV. We have been able to achieve this growth by using Microsoft Dynamics NAV as our back-end system to accommodate our new requirements and ever-growing distribution network, rather than adding new staff."

Tooltechnic has also achieved a transformation in the way it runs its financial operations by using Microsoft Dynamics NAV as the backbone for managing all financial processes. By automating its core processes such as online ordering, productivity has been improved within the organization, and the company's ecommerce business is experiencing tremendous growth.

Customers go directly to the website and place orders real-time, which go directly into Microsoft Dynamics NAV's database and are sent real-time to the warehouse for fulfillment. Using NAV-to-NET, end-users can manage the website themselves. Any updates on pricing or product information take place in Microsoft Dynamics NAV, and are immediately reflected on the website. Tooltechnic uses Microsoft Dynamics NAV's Application Server to translate between Microsoft Dynamics NAV and the website. By driving everything out of Microsoft Dynamics NAV, it reduces the need for data management and system management.

"Customers in the United States have high expectations and demand a high level of service, so we're pleased that three-quarters of our online business is repeat business," says Fackler. "Premium customer service that matches the premium quality of our products is the main focus for us. In the area of e-commerce, we are outperforming most Festool subsidiaries around the world as a result of the best practices we have achieved with Microsoft Dynamics NAV."

At H-E-B Grocery Company, one of the largest independent grocery chains in the nation, a cornerstone of the company's success has been the popularity of its more than 3,000 H-E-B "Own Brand" private-label products. These are produced at eleven manufacturing plants, among them an ice cream plant, a tortilla plant, and three industrial bakeries. But the company was suffering from inventory management problems and needed to automate its material handling processes.

H-E-B implemented Microsoft Dynamics AX, which was extended with the food industry-specific extension, Junction F/B. This enhances its functionality by adding capabilities for the food industry, enabling manufacturers to accommodate complex variables such as seasonal supply, fluctuating market demand, and variable ingredient qualities. The company also installed touch-screen monitors and bar code readers throughout H-E-B facilities, which enable employees to immediately locate purchase orders (POs) and process the receipts when a shipment arrives. This technology also allows workers to start work orders to use ingredients, ship finished goods, and invoice the receiving warehouse using processes that are paperless, fast, and accurate.

The resulting improvement of insight into inventory and scheduling enables H-E-B warehouses to ship products more efficiently to the stores and has doubled their product turnaround. The faster inventory rotation is also apparent with baked goods and other H-E-B private-label products. For example, by leveraging efficiencies gained through Microsoft Dynamics AX, on-hand inventory in the company's ice cream plant has been reduced by over fifty

percent. "We've passed along improved freshness to our customers, says Bob McCullough, Group Vice President of Manufacturing at H-E-B. "And, in the grocery business, freshness makes a huge impact on taste and customer satisfaction."

Inability To Scale

A very common problem for rapidly growing companies is dependence on financial, customer relationship, or supply chain solutions that lack scalability. Quite often, this lack of scalability manifests itself as excessive staffing requirements as the company grows, or excessively costly customization or support. Or, the system may simply be unable to keep up with the increasing quantity of information being processed.

Inability to Scale

INTERVIEW COMMENTS

Reasons for replacing the previous solution or application

Reasons for replacing the previous solution or application

"We had outgrown our previous system; it couldn't keep up with the growth of our business." *Program Manager, Online Games Developer*

"Our previous system couldn't scale." *Accounts Analyst, Outsourced Technical Support Call Center*

"Our accounting system was only designed for a single location. We now need a robust system that can handle multiple locations." *Senior Director of Accounting, satellite bandwidth reseller*

"We needed a more flexible system that was scalable and would enable us to plan for expansion." *CIO, international non-profit TV and radio ministry*

"We wanted to migrate to a standard system rather than depending on custom work, to give us the ability to scale." *Vice President of MIS, online learning provider*

The Systems Depot sells burglar and fire alarm systems, closed-circuit television systems, access control systems, and similar security products to system installers across the United States. The company had been increasing revenues by 20 percent and opening a new branch every year for five years, but its business and inventory management system and its customer relationship management (CRM) system could not scale to support such rapid growth. The inventory system in particular

required considerable manual intervention to support demand planning and sales forecasting, and the company's growing Web store, with more than 40,000 stock keeping units (SKUs) to keep track of, was rapidly outgrowing the system's capabilities.

"We wanted to rejuvenate our business operations by implementing a solution that would encourage continued growth," says Brent Weldy, Chief Financial Officer for The Systems Depot. "We needed a comprehensive solution that fulfilled all of our business, customer, and inventory management needs." Most of the products considered did not align with the company's list of functional and customization requirements. One option, however, tied all the requisite features together into a comprehensive, flexible business management solution—Microsoft Dynamics AX

Only nine months after beginning implementation, 130 employees at The Systems Depot headquarters and 11 branch offices were using Microsoft Dynamics AX to run all aspects of the company's distribution business. Employees manage and track an end-to-end sales process (including ordering, shipping, and billing), customer and product information, inventory, the Web store, and more. Every day, Microsoft Dynamics AX supports over 1000 transactions a day. And as Weldy explains, this represents a significant increase over its old system. "Microsoft Dynamics AX helped us achieve 30 percent growth in the first year—and we did it with minimal additions to our staff," says Weldy. Moving forward, the company will implement demand-planning functionality to automate an intelligent forecasting process.

The streamlined processes made possible by Microsoft Dynamics AX have also greatly improved the handling of sales orders, especially in cases where products were being shipped directly from the vendor to the customer. Instead of manually submitting and tracking purchase orders, including substitutions and back order, the process is entirely automated. Purchasing sends POs through e-mail messages to vendors, and their response (e.g., backorders and shipping dates) is saved automatically to the Microsoft Dynamics AX database so The Systems Depot sales team can access the information easily.

"Microsoft Dynamics AX supports an automated PO process so we don't lose orders and can communicate up-to-date order status to customers—this is a significant accomplishment and improvement for us," says Laura Keller, Vice President Materials for The Systems Depot.

And Microsoft Dynamics AX has helped The Systems Depot improve the service it delivers to customers and vendors alike. "We created a Web interface to our

Microsoft Dynamics AX database that allows vendors to update product information on their own," says Weldy. "This significantly reduces the time it once took us to collect this information." And the database helps support up-sells by offering sales representative a list of additional, compatible, or required components for the product they're selling. As a result, the customer is assured of getting all the necessary items for a security system in a single sales call.

"With Microsoft Dynamics AX, our customers get more complete shipments and receive one invoice for each shipment—even if each component in an order came from a different location," says Weldy. This is an improvement over the separate invoices that used to be generated if a single order contained components that had to be shipped from multiple locations.

BTD Manufacturing, one of the largest metal parts job-shops in the United States, produces metal parts and assemblies for Arctic Cat snowmobiles and all-terrain vehicles, Toro lawn and garden equipment, Cybex exercise equipment, home construction, and other markets. The company was aiming to grow, both organically and through acquisitions, but did not believe its current ERP system would scale to handle this. BTD also struggled with limited data visibility. People in planning roles spent extra time looking for information to validate what the system reported, and because people could not easily find data to do their jobs, management overhead was high. For example, BTD employed six planners and schedulers to track various aspects of production in the system.

BTD Manufacturing chose Microsoft Dynamics AX to support its growth without worrying about obsolescence or support. "With Microsoft Dynamics AX, we know the solution will be supported for a long time to come, and we are pleased to see improvements, such as in Microsoft Dynamics AX 4.0," says Dave Welte, Director of Finance, BTD Manufacturing.

The new system offers powerful, integrated functionality and is easier for employees to use, which has translated into some surprising efficiency gains. Because of improved planning and scheduling functions in Microsoft Dynamics AX, BTD reduced the number of people assigned to those tasks from six full-time employees to one master planner with three people on the shop floors who help coordinate daily scheduling. BTD reassigned the extra schedulers to other tasks. "Microsoft Dynamics AX allows our people to complete their routine tasks faster and encourages them to dig deeper to uncover areas where we can improve our planning and scheduling," says Marty Kiebke, Director of Materials and Systems at BTD

Manufacturing. “It provides them with a ‘cockpit’ from which they can view all their critical data without having to navigate through menus and switch screens.”

As a result of personalized, integrated views of data, people trust the Microsoft Dynamics AX system more than BTD’s previous system. “Because Microsoft Dynamics AX allows people to easily investigate where numbers are coming from, they’ve learned to trust the system. Before, people would spend unproductive time cross-checking data,” says Kiebke

Lack of Integration

When a company’s business systems don’t integrate well, they are unlikely to efficiently support critical business workflows—in fact, they may render needed workflows simply impossible to accomplish. The company ends up adapting its business practices to the software, rather than the other way around, a sure way to strangle growth. The inability to exchange data can also make it difficult to deliver needed information to business partners in a streamlined fashion. Again, the specter of manual data-entry inefficiency rears its head.

Qosina provides disposable medical components to the medical and cosmetics industries. These components include several thousand products that range from caps, masks, and rubber gloves to valves and clamps. Qosina also supplies custom parts manufactured to specific requirements. The bulk of Qosina’s business comes from medical device companies and cosmetic distributors that request samples to incorporate into products in development. If a product goes into production, Qosina expects to receive ongoing orders for the life of the product, so sending out samples is core to the company’s success.

However, the company’s outdated contact management system that could not meet the needs of its rapidly growing business. The company’s customer service representatives had difficulty managing the sales process, which required switching between five stand-alone databases to access customer data. Because the contact management system could not integrate with Qosina’s other IT systems, the sample-sending workflow was enormously complicated and time-consuming, involving a great deal of manual data entry and re-entry. Customer data was often entered in more than one database, leading to duplicate entries—often with conflicting data. This complexity made it impossible to develop a formal workflow for tracking sales activities. And, because data was stored in so many different places, simple modifications like a change of address could require data entry in multiple systems, leading to a high error rate.

Qosina had tested a number of customer relationship management (CRM) solutions, none of which proved satisfactory. “We tested a lot of solutions using 5-user or 10-user licenses,” says Gerry Quinn, COO of Qosina. “But we felt that only Microsoft CRM could provide the customer management we needed while integrating with Microsoft Great Plains.” (Microsoft Great Plains is now Microsoft Dynamics GP.) Qosina deployed Microsoft® CRM (now part of Microsoft Dynamics) and consolidated its databases into one Microsoft SQL Server™ 2000 database.

Microsoft CRM enhanced the company’s customer relationship management capabilities and enabled it to build a sales process around sampling, leading to improved sales activities, increased productivity, and close to a 20 percent reduction in time to process samples. When a potential customer calls to request a sample, the customer service representative fills out a Microsoft CRM form. The order then is funneled into a queue for another customer service representative to fulfill simply by printing a shipping label, packing slip, and letter directly from the Microsoft CRM screen. After the order has been filled, the CRM system automatically

Integration Problems	
INTERVIEW COMMENTS	
<i>Reasons for replacing the previous solution or application</i>	
“We wanted a product that would integrate with an important third-party application, as well as with our other Microsoft applications.”	<i>CFO, software consulting company</i>
“We needed to be able to integrate student information into other applications.”	<i>Application Systems Manager, marine engineering college</i>
“Our existing systems were old technology and none of them interoperated.”	<i>Senior MTS Project Manager, retail grocery chain</i>
“We had a series of disjointed systems tied together with custom programming, and it wasn’t agile enough.”	<i>Director of IT, industrial automation consulting company</i>
“Integration was a mess.”	<i>IT Division Manager, non-profit charitable organization</i>
“We wanted to gain efficiencies by integrating with other Microsoft products.”	<i>Director of Finance, non-profit human services organization</i>

schedules a follow-up sales call, which appears on the original customer service representative's screen on the day of the call.

In addition, the company can now create detailed reports to see which customers are ordering samples and has the opportunity to improve its marketing efforts with targeting mailings or promotions. "The ability to view reports and gain visibility into our customers' activities is a huge benefit of Microsoft CRM," says Quinn. He is confident that Microsoft CRM will meet the company's needs for years to come—regardless of growth rate. "We're using only a small percentage of the capabilities of Microsoft CRM right now," he says.

Gibson Guitar Corporation, famous for its electric guitars that have rocked the music industry for more than four decades, also suffered from the pain caused by non-integrated systems. Its outdated warehouse and financial systems could not integrate with each other to share vital financial and distribution information. With several thousand invoices to process each month, Gibson needed an innovative software solution that could integrate its financial and warehouse management systems (WMSs) to meet growing demands and stay competitive.

After investigating their options, Gibson made the decision to upgrade and extend its Microsoft Dynamics GP solution based largely on the fact that the transition could be done in a fraction of the time and at a fraction of the cost it would take to implement an alternative solution. In the summer of 2006, Gibson upgraded to Microsoft Dynamics GP 9.0. Now Gibson's warehouses, spanning from Bozeman, Montana, to the Netherlands, manage their inventory as well as their order processing and invoicing functions through Microsoft Dynamics GP. Dealers can pay and apply credits to their invoices online. And, because many of the company's users and dealers are musicians first, having the familiar, predictable, and easy-to-use Windows® interface was critical for the company.

Microsoft Dynamics GP has helped Gibson develop and deploy new workflows that help keep the company on top of the music business. "We've used Microsoft Dynamics GP to build new user forms, modify Windows, and automate and streamline a lot of processes," says Michael Johnson, CIO of Gibson. "Through ADO [ActiveX® Data Objects] and the connection to the SQL data layer, we can integrate Microsoft Dynamics GP with our own stored procedures and tables and other systems. We've really leveraged that to an extreme."

With Microsoft Dynamics GP, Gibson now has real-time insight into its inventory at every stage of production. With this improved supply chain integration, Gibson can

now do more sophisticated sales forecasting because employees can look at all the data, instead of fragments, to help them make more confident scheduling and business decisions. "We're in the entertainment industry, so finding the next big 'hit' is critical. We look to analyze and collect information every day so that we can capitalize on new hits as they're emerging, as well to extend the life of our existing products. We do that by looking at the data we collect through Microsoft Dynamics GP," says Johnson.

Lack of Operational Insight

Whether it arises from poorly integrated systems, or simply growing beyond the ability of manual processes to handle the demands of customers and partners, lack of operational insight can be one of the worst obstacles to company growth. The information needed to make good business decisions may be there—in disparate IT systems or the experience of managers and staff, but there's no practical or timely way to put it together in usable form. This can cripple sales and production forecasting, materials scheduling, inventory management, and many other critical processes, and also increase required staffing levels

Lack of Operational Insight

INTERVIEW COMMENTS

Reasons for replacing the previous solution or application

"We didn't have the visibility we needed, because it couldn't support both sales and the call center. There was no way to track reports." *Director of Sales Operations, high-technology marketing software developer*

"We needed to improve our sales reporting ability." *Project Manager, food service software developer*

"Consolidating data was important for dealing with government compliance requirements." *Controller/Chief Accounting Officer, semiconductor test equipment manufacturer*

"We wanted increased control over our process flow and capabilities." *Internet Development Director, car dealership*

"It needed to be easier to access data about account status to ensure we were following through." *Manager, Applications, major paper company*

Eureka Lighting is a fast-growing supplier of designer light fixtures to architects and interior design firms, but its growth was putting severe strains on its ability to track its extensive inventory. "Our true value lies in delivering quality and attractive products to customers as quickly as possible. Because we specialize in made-to-order products and can literally sell whatever a customer wants us to make for them, we need to be flexible, innovative, and have an ability to deliver quickly," says Patrick Foley, Vice President of Operations, Eureka Lighting. "Staff on our shop floor had to rely on our customer product catalog and static bills of materials or assembly drawings printed on paper. Given the number of product changes or improvements that occur, employees had to literally guess what the components of a particular order would be. Then they would ask staff to pick inventory. But that picking wasn't being tracked. This had an impact on everyone from our accounting staff to our employees on the floor. We managed all this as best we could when we were a small company, but as we began to grow, it became increasingly difficult."

The company offers literally millions of possible product combinations, but without a reliable ERP system, Eureka couldn't track inventory accurately. Orders were taking longer to fulfill, and customer delivery times became less predictable. Inventory was steadily growing, with some of it becoming obsolete in the warehouse. There was no clear picture of order numbers or status.

After considering a range of options, the company chose Microsoft Dynamics AX, largely on account of its flexibility. "We were impressed by how easy it was to customize Microsoft Dynamics AX. ERP is a major investment and a very serious decision for a company like ours. We needed to make sure the solution we chose worked exactly the way we wanted. Using Microsoft Dynamics AX, we can leverage the market expertise we've built over 15 years and make it flexible and responsive to our needs," says Foley. The system integrates with a range of critical third-party solutions, most notably those that link to courier and shipping firms for shipment status tracking. With it, dealers can also log on to a secure transactional Web site to generate personalized quotations, build their own configured lighting fixtures, and receive a picture of the end product with the price.

Since implementing the Microsoft Dynamics AX solution, Eureka has been able to cut its inventory load and reduce customer delivery times. Employees are able to view up-to-date stock and order information and make adjustments based on real-time information, not on calculated guesses. This has led to much faster order fulfillment times and increased customer satisfaction. With the clear view of inventory that Microsoft Dynamics AX

helps to provide, Eureka has also been able to shave nearly CDN\$2 million in inventory costs since the solution went live, including permanently ridding itself of CDN\$800,000 in obsolete parts. The company has also been able to reduce its staff time spent on administration tasks such as hunting for inventory and tracking orders by 20 percent. Prior to implementing the Microsoft Dynamics AX solution, eight dedicated staff members were needed to manually oversee the inventory cycle count, procurement, and distribution process. Four of those staff members have since been reassigned to more strategic areas of the company.

"[Microsoft] Dynamics AX has helped to make our organization much more efficient, and that saves us time and money. We've been able to focus more attention on growing our company and helping our customers," says Foley.

Haldex, a supplier of proprietary vehicle technology solutions, has four major business areas: commercial vehicle brake systems, hydraulic systems, traction systems, and high-precision steel springs used in combustion engines. But the company's rapid growth had left it with 11 different enterprise resource planning, order-management, manufacturing, and financial systems around the world. Many of these systems did not connect across business units. This lack of connectivity limited information and material flow between operations, and as a result, Haldex struggled with lengthy lead times, high buffer inventories, and a need to drive greater productivity in its manufacturing operations. To make matters more complicated, these systems used aging technology and were difficult to change. To solve these problems, Haldex needed an integrated business management solution that accommodated its diverse operations and supported lean manufacturing practices.

The company implemented a continuous improvement framework called "The Haldex Way" and began looking for a business management solution to support it. An international team considered a number of products, and decided on Microsoft Dynamics AX. "We put together a series of functional tests and then had the vendors come in and explain how their package would handle those requirements. Microsoft Dynamics AX proved the best solution for us because of how it combines comprehensive capability, flexibility, ease-of-use, and low total cost," says Donovan Dean, IT Director at Haldex.

With Microsoft Dynamics AX, the company has been able to move to a "lean manufacturing" stance, where demand triggers production. "One of our objectives was to increase the efficiency of the supply chain internally," says Dean. "For example, we have several plants in North America that produce brake parts, and we have regional

service centers where our customers' trucks are actually fitted with these brakes. Now, with our Microsoft Dynamics AX solution, our entire supply chain is linked so that we are manufacturing replacement parts in our plants as brake shoes are being installed. Instead of us manufacturing according to estimated demand, we are manufacturing to meet actual demand—there is a pull from the point-of-sale to the manufacturing facility.”

Other benefits include faster response to customer demand and reduced waste for lower costs. “Eliminating waste is a core aspect of The Haldex Way strategy. Microsoft Dynamics AX helps us implement lean principles—we’ve been able to reduce our inventory by one-third while improving our manufacturing productivity 30 percent,” says Dean.

Summary

Microsoft Dynamics gives organizations the ability to modernize their financial, customer relationship, and supply chain processes to meet the challenges they face today. The wide range of capabilities offered by Microsoft Dynamics applications give you the tools to overcome many of the problems caused by rapid growth.

Your present solution may be dependent on manual processes that cause mistakes and operational inefficiencies, dragging down your productivity and raising costs. Microsoft Dynamics, by giving you the ability to automate the coordination and communication between multiple business units, or with customers and partners, can greatly increase productivity and reduce costly errors, increasing both employee and customer satisfaction.

Or perhaps you need more functionality than your current system delivers, not just because your company is growing, but to support the geographic dispersion that usually accompanies growth. Microsoft Dynamics offers hundreds of modules to cover virtually every functional need—reporting, remote or web access, localization and more. And it is designed to integrate easily with third-party solutions for even more specialized needs.

Often the problem is one of scalability. Your current system may present costly customization, support, and integration issues that hobble your company's growth. Microsoft Dynamics is designed to scale to support the largest enterprises, and Microsoft's enterprise commitment, along with our extensive network of partners with expertise in virtually every industry, mean that your Microsoft Dynamics solution can be cost-effectively customized to meet your needs and will be supported going forward, no matter how large your company becomes.

Another obstacle to growth are solutions that don't integrate well with other systems, whether your own or those of business partners. Microsoft Dynamics is designed to integrate easily with a wide range of other solutions to give you a unified view of the information you need to manage your business. You can also link your partners into your processes more easily, to streamline everything from sales to support. And, of course, the familiar Windows user interface and natural integration with critical productivity applications like Outlook® will give your users a big boost.

Finally, one of the biggest benefits of the integration and automation that Microsoft Dynamics can deliver is unlocking the business data you already possess but can't access in a timely or practical fashion. With Microsoft Dynamics, the information you need to understand business trends and respond to competitive challenges is at your fingertips. Hundreds of customized reports make up-to-date business data easily available to users—no more complex reporting processes that only experts can use. Reduced staffing costs and faster access to data both help your company grow.

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