

Welding Different Companies into a Business Powerhouse

Overcome merger and acquisition obstacles 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 growth via mergers and acquisitions (M&A). The pain points most often cited were non-integrated, overlapping systems, an inability to scale to support growth, the need for more functionality, 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 your company's growth via M&A and drive business success.

Introduction: Focusing on Growth via M&A

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 companies with more than 250 PCs that adopted Microsoft 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.”)

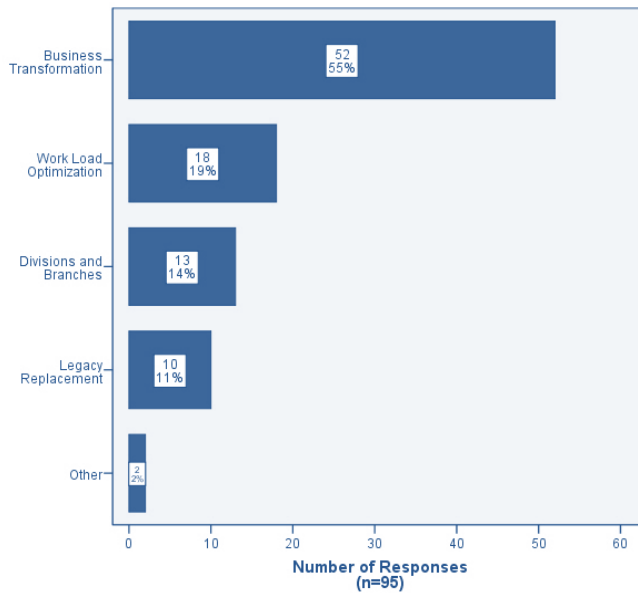


FIGURE 1: BUSINESS NEEDS DRIVING DYNAMICS IMPLEMENTATION

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 four pain points associated with growth via M&A, 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.

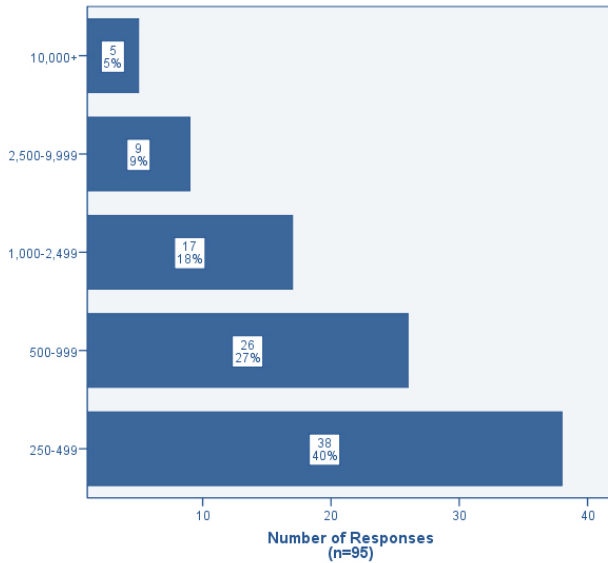


FIGURE 2: INTERVIEWED COMPANIES BY SIZE (NUMBER OF PCs)

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).

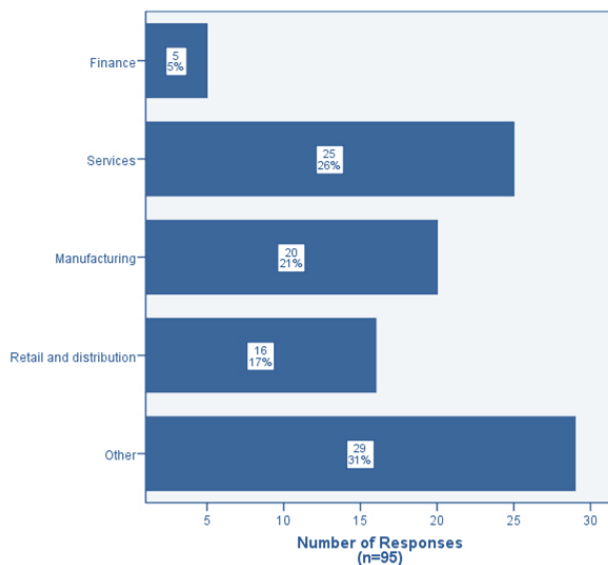


FIGURE 3: INTERVIEWED COMPANIES BY INDUSTRY

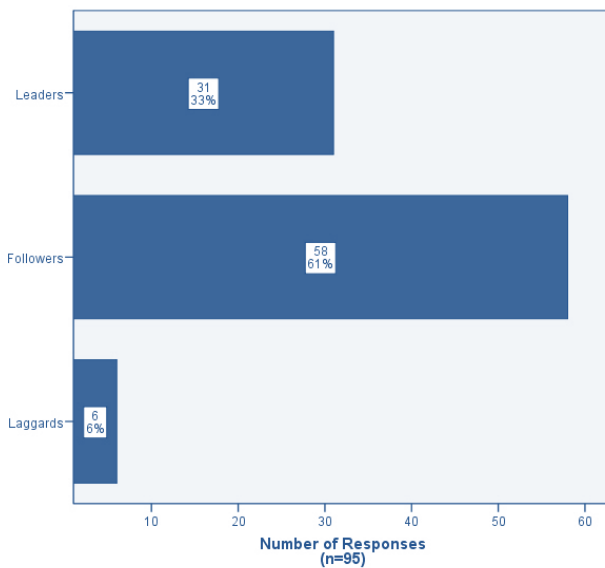
Of the 95 business and technology decision-makers interviewed, 60% make either the final technical decision or the final technical recommendation, and 58% make either the final business decision or the final business recommendation. At the companies surveyed, the leading participant groups in the technical 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 Growth Via M&A

The need to upgrade systems because of company mergers and acquisitions is a common purchasing trigger among Dynamics customers. The combination of once separate companies and their particular applications of IT to business processes can result in a patchwork of disparate systems that cannot communicate effectively. The information needed to make good business decisions is there, but there's no practical or timely way to assemble it in usable form. The specific challenges involved in growth via M&A are as varied as the companies involved, but our research reveals that they can generally be categorized under one of four closely-related primary pain points:

- Non-integrated, overlapping systems
- Inability to scale to support growth
- Lack of functionality (e.g., compliance issues)
- Lack of operational insight

As we shall see, these pain points are not independent of each other. For instance, relying on non-integrated systems that cannot communicate effectively is likely to result in both poor scalability and a lack of operational insight. 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.

Non-Integrated, Overlapping Systems

It's almost inevitable that a merger or acquisition will result in duplicate systems and processes, and integrating them can be one of the greatest challenges a company growing via M&A can face. It's impossible to realize the economies of scale offered by a merger or acquisition without consolidating critical systems such as ERP, yet choosing a solution that's insufficiently flexible, or requires specialized expertise to adapt to a company's specific needs and support further growth, can greatly increase IT costs.

Non-Integrated Systems

INTERVIEW COMMENTS

Reasons for replacing the previous solution or application

"We needed to standardize across the divergent landscape of many acquisitions." *Director, IT & Services, communication products distributor*

"We had too many accounting systems and wanted to consolidate into one, thereby simplifying our structure. We also wanted to simplify the process or integrating acquired companies by defining and developing a process to absorb their accounting system into ours." *Assistant Controller, healthcare services company*

"We wanted a product that would integrate with an important third-party application, as well as with our other Microsoft applications." *CFO, software consulting company*

"Our existing systems were old technology and none of them interoperated." *Senior MTS Project Manager, retail grocery chain*

"We had a series of disjointed systems tied together with custom programming, and it wasn't agile enough." *Director of IT, industrial automation consulting company*

Zurn Industries is a major manufacturer and distributor of commercial-grade plumbing products and accessories. Its 10 product lines are engineered by domestic and foreign vendors, manufactured across nine locations in the United States, and sold through 70 independent agents throughout the United States.

Due to the acquisition of new businesses, Zurn was running three disparate enterprise resource planning (ERP) systems. It was difficult and time consuming to share financial data across business units. Upper

management couldn't get a real-time view of sales and warehouse data, and the restricted flow of information made it difficult for Zurn employees to accurately cycle count inventory at manufacturing and distribution sites. In addition, accounts payable data had to be entered into two separate systems—a finance system and a sales order system. Zurn executives wanted a versatile ERP system that would address these challenges and meet changing business needs.

"To handle our current and future business requirements, we needed to find a complete and integrated ERP system that would adapt to our changing business needs and provide up-to-date accounting, inventory, and sales order data without redundant data entry," says Bill Masek, Director of IT at Zurn. "We have a very flexible supply chain system that is heavy on the distribution side. Without flexibility and full inventory and sales order visibility across all sites, we can't provide the quality of service our customers deserve."

Zurn was particularly concerned about the significant amount of IT resources and high total cost of ownership required to maintain and scale an ERP system. The flexibility and ease of customization offered by Microsoft Dynamics AX were important reasons the company chose this solution. "We were worried about high consulting costs throughout the lifetime of the system," says Masek. "We needed a powerful, yet simple and cost-effective, solution."

Moving from three incompatible ERP systems to Microsoft Dynamics AX significantly reduced IT costs at Zurn while boosting capabilities. "By using Microsoft Dynamics AX, we'll save around \$250,000 to \$300,000 per year in ongoing IT expenses," estimates Masek. It was easy to train employees to implement, fix, and customize the software with little or no assistance from consultants.

This ERP consolidation has also reduced redundancies across all business units in almost every application and business process. For example, the company has reduced its inventory by 20 percent and increased inventory turns by nearly one full turn, and has streamlined resources and reduced its payroll. Zurn is now also able to take full advantage of its material requirements planning system to automate its resource production and planning procedures. "Microsoft Dynamics AX, through its native advanced planning and warehousing capabilities, has enabled us to automate resource-planning processes and invoicing through batch jobs," says Masek. "We're now able to automatically run reports continuously."

Zurn uses Microsoft Dynamics AX to provide a real-time view of sales data, purchase orders, and inventory. This functionality boosts sales performance by giving the Zurn

sales team more predictable visibility into inventory so that they can better serve customers and shorten delivery time. "Dynamics AX has freed our employees to provide our customers with better and more efficient service," says Masek.

Polaris Industries, one of the world's largest manufacturers of all-terrain vehicles and the recognized leader in the snowmobile industry, found similar ease of training and customization in Microsoft Dynamics CRM, which not only supplies superior customer support capabilities, but integrates data from the company's disparate legacy systems. According to Neil Quade, Consumer Service and Warranty Supervisor, "With just twenty minutes of training, employees know how to use Microsoft Dynamics CRM, including navigation to Polaris legacy applications."

Now it's easy for support representatives to view dealer issues in a number of different ways, providing quick access to issue-related information and enabling timely resolution. "With the links provided in Microsoft CRM, I can research a dealer's issue more quickly and gain greater insight to deliver a higher level of service," says Bob Vonvett, technical service representative at Polaris.

Inability to Scale

A very common problem for companies growing via M&A is dependence on financial, customer relationship, or supply chain solutions that lack scalability. They find that systems that were adequate for smaller companies can't handle the demands of the new, larger organization. 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

"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*

Oldcastle Precast is a leading manufacturer of precast concrete products in the United States. Its products are wide-ranging, including small meter boxes, underground utility vaults for power and telecommunications companies, water drainage structures including pipe and manholes, and equipment enclosures and buildings for telecommunications companies. In recent years, Oldcastle Precast has grown rapidly through a series of acquisitions, investments, and internal developments. The company now operates at 73 locations across 26 states, as well as in Quebec, Canada.

The company had been managing its business processes using a 20-year-old UNIX-based software infrastructure, which, although it could still handle most of the company's operations, was close to its limits in terms of functionality, capacity, performance, and long-term financial viability. The company needed a new software infrastructure that was flexible, easily implemented, and easily customized to meet changing business needs. The company decided to deploy Microsoft Dynamics AX, as the other solutions evaluated were either too costly or too complex for the company's non-technical people to operate. "Microsoft Dynamics AX is a very robust 'out of the box' solution that is actually designed for fast, easy customization," says Bob Quinn, CFO of Oldcastle Precast. "The flexibility of the architecture convinced us that we can easily meet all our business needs."

The new business management system based on Microsoft Dynamics AX offers a central repository where management information from across the business is integrated. Enhanced visibility of operations has increased control over costs, reduced wastage and shrinkage, streamlined logistics processes, and improved customer service. The technology delivered deployment savings of U.S.\$2.8 million and operational savings of U.S.\$3.5 million annually.

"Using critical data stored in the Microsoft Dynamics AX system, we can now monitor and control our raw material costs, known as Bill of Material (BOM) costs, much more effectively," says Quinn. This combined with reduced waste and shrinkage across the operation has delivered savings of one per cent per year, equating to

U.S.\$2 million annually.” Another U.S.\$1.5 million per year in procurement savings has resulted from improved buying processes.

The scalability, easy customization, and ease of operation of Microsoft Dynamics AX has made it much quicker and easier for Oldcastle Precast to integrate new companies. “Microsoft AX gives us the ability to immediately install our business processes and add value to the companies we acquire,” says Quinn. “We can begin improving their reporting performance effectively from day one. The technology integrates with any existing system, supporting the extraction and reuse of data across the company. This means that we can report on the overall performance of our company, even if we are working with newly acquired operations.”

“Finally, the system is ideal for us because most of the organizations we acquire are small and typically have not invested much in IT.”

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 Functionality

Growth via M&A 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. With public companies, there can also be increased compliance demands: for instance, for consolidated financial reporting across all the divisions that were once separate companies. Furthermore, to realize maximum value from acquisitions, it is usually necessary to preserve unique business processes, rather than forcing every division into a common mold.

All of this demands a versatile and easily customized solution that can grow with the business, as well integrating easily with and across existing systems in the companies acquired (or merged with) as well as with third-party solutions offering industry or process-specific functionality.

Lack of Functionality

INTERVIEW COMMENTS

Reasons for replacing the previous solution or application

"We didn't have an enterprise system. It was built from niche players and applications that were part of acquired companies." *Enterprise Architect, global engineering and consulting company*

"With numerous field offices all running different systems, we needed a product that provided additional functionality to address our needs." *Director, IT & Services, communication products distributor*

"We wanted better reporting tools and remote access." *Senior Director of Accounting, satellite bandwidth reseller*
"Our existing application had very limited functionality, and our users had to change their practices to work with it." *Vice President, IT, personal and sport optics manufacturer*

W-H Energy Services provides products and services that help customers drill and produce oil and natural gas wells. The company mainly focuses on customers located in or near the Gulf of Mexico from its headquarters in Houston, Texas, but is expanding its operations internationally into other areas, such as Brazil and the Middle East. Acquisitions have helped fuel the growth of W-H Energy, which currently boasts more than 10 subsidiaries, all of which operate as autonomous companies—for the most part. Each has its own management team and operations; however, IT operations and support are centralized, as are corporate financials.

To manage these processes, W-H Energy needed a business management system that standardized financial process and support needs, while being flexible enough to meet the differing needs of each subsidiary. "Our subsidiaries each focus on a different aspect of drilling and producing oil and gas, so each has unique business requirements—and requires different features from its business management system," says Ila Patel, VP of Audit and Information Services at W-H Energy. "Our system had to support the needs of a diverse group of businesses."

To consolidate financial processes and simplify support, W-H Energy uses Microsoft Dynamics NAV across the entire enterprise, standardizing on this innately flexible, yet comprehensive business management solution. It provides unified financial processes, making routine tasks and year-end auditing efficient. In addition, standardizing

on a common enterprise resource planning system allows W-H Energy IT to streamline IT support and optimize operations. "Microsoft Dynamics NAV is inherently easy to maintain," says Ila Patel. "And having a single business management system to support the diverse needs of our subsidiaries relieves a huge burden. We're able to quickly and accurately address any issues that arise."

The financial consolidation delivered by Microsoft Dynamics NAV made compliance easier. "W-H Energy is a publicly traded company, so we have to report financials in a consolidated manner," says Yogesh Patel, Systems Applications Manager at W-H Energy Services. "Each installation of Microsoft Dynamics NAV connects back to the corporate office, sharing data with the corporate ledger account."

Yet Microsoft Dynamics NAV also provides W-H Energy with the flexibility it needs to satisfy the specific requirements of its subsidiaries. "Our subsidiaries are so diverse," says Yogesh Patel. "The customization potential of Microsoft Dynamics NAV was extremely compelling. We were able to customize databases and features to fit a variety of needs." For instance, Pathfinder Energy Services, a subsidiary which makes tools and products for drilling, uses the manufacturing module in Microsoft Dynamics NAV. This technology provides that team with a robust tool to manage manufacturing process and optimize material usage, improving its ability to track production orders and to provide better costing. "We have another subsidiary that we'll be bringing into the manufacturing module within the next six months, because of the benefits Microsoft Dynamics NAV offers," says Yogesh Patel.

Tooltechnic Systems, LLC found its growth limited by its ERP system. The company is the United States distributor for Festool, a German company that is the seventh largest power tools manufacturer in the world, but the ERP system couldn't support international operations, or the complex demands of a growing business. "It couldn't handle multi-currencies or multiple warehouse locations," says Lars Fackler, Manager Sales Office West for Tooltechnic Systems.

Tooltechnic chose Microsoft Dynamics NAV support its growth. "Microsoft Dynamics NAV was selected because of its scalability and flexibility," says Fackler. "We desperately needed a system that would grow with us, rather than restricting business. Microsoft Dynamics NAV proved to be the right choice." The versatility and ease of customization of Microsoft Dynamics NAV enabled the company to implement customized order taking, freight calculations, and handling of return orders, as well as database integration to support shipping goods based on zip code information. The system also interfaces with

Tooltechnic's remote warehouse system locations at the West and East Coast to ship and track products, and supports an extensive ecommerce website where customers can place orders and track their progress.

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."

"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. 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."

Lack of Operational Insight

Whether it arises from poorly integrated systems in acquired or merged companies, 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 via M&A. 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 and IT support costs.

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*

Blackhawk

BlackHawk is a fast-growing company that develops and sells tactical gear such as packs, knives, and holsters to the U.S. military, law enforcement, and recreational hunters worldwide. The company employs 250 people in the United States, maintains manufacturing centers in North Carolina and Idaho, and operates a research and development facility in Montana. BlackHawk also sources products from Asia and Western Europe. The company sells through an extensive dealer and distributor network, through contracts with governmental agencies, and directly to the public through its Web site.

BlackHawk acquired several gear manufacturers and a research operation over the past several years, and inherited four disparate enterprise resource planning (ERP) systems. BlackHawk's core business system accommodated the new growth with difficulty. "We had increasingly disconnected operations and no integrated solution to handle intercompany transactions, shared processes, and shared inventory," says Scott Ferros, CFO of BlackHawk. The company struggled to keep track of inventory and manufacturing costs, especially when multiple facilities were involved in producing a product or shared items. Customer service suffered, and management couldn't easily discern the purchasing patterns of customer segments in the different channels. "Because we sell directly to government agencies, through dealers, and to the public on the Web, channel support and management are very important to us. We needed a solution that tied together data from all our operations and offered tightly integrated reporting tools," says Ferros.

Blackhawk evaluated a number of solutions before selecting Microsoft Dynamics AX. Some of the other solutions had the functionality required, but were expensive, inflexible, and required significant IT resources for support. The company was also concerned about the long-term viability of any solution they chose.

"It was clear to us that Microsoft Dynamics AX would continue to scale to meet our needs five or 10 years down the road. The combination of scalability, the ability to streamline processes, and a familiar interface people already know made Microsoft the clear choice," says Mike Noell, CEO of BlackHawk.

The General Ledger for Microsoft Dynamics AX pulls in transactional data from throughout the operation in real time, and allows inventory analysts to manipulate their view of the data to easily determine real costs. For reporting, BlackHawk uses many of the standard reports packaged with Microsoft Dynamics AX, which provide extensive drill-down capabilities and the ability to change core reporting requirements as needed. The company has also integrated some powerful third-party solutions to support specialized data analysis and EDI transactions.

Now that all of Blackhawk's operations share a common business management solution, the company has a much deeper and accurate view into details of the business. Microsoft Dynamics AX is structured so that employees can easily drill down to more detailed information regarding any transaction, equipping people with the insight they need to confidently make decisions. For example, the transfer order process in Microsoft Dynamics AX that puts in-transit items into a virtual warehouse lets BlackHawk sales representatives and resellers confidently tell customers when new inventory will be available.

BlackHawk also gains insight into its sales channels and buying patterns of specific customer types using the dimensions feature in the General Ledger for Microsoft Dynamics AX to build targeted reports by pulling data from several dimensions. This capability was not possible before implementing Microsoft Dynamics AX. "Microsoft Dynamics AX provides the common foundation for our different sales channels. We can build on top of that with data analysis and correlate customer buying patterns with our brands," says Ferros.

But despite the extensive functionality and highly customized nature of the company's Microsoft Dynamics AX implementation, Blackhawk finds it easier than ever before to hold together its increasingly distributed operations. "Microsoft Dynamics AX provides a solid base for our company's growing operations. From an IT standpoint, distributed operations are no longer a significant challenge for us—thanks to Microsoft Dynamics AX and the complementary Microsoft products we've deployed."

At H-E-B Grocery Company, one of the largest independent grocery chains in the nation, one of the cornerstones 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 a lack of insight into warehouse stocks that slowed turnaround and impacted the freshness of products, an important factor in the retail grocery industry.

H-E-B implemented Microsoft Dynamics AX, which was extended with the food industry-specific extension, Junction F/B, which 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 product turnaround in H-E-B warehouses. 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."

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 the applications in the Microsoft Dynamics line give you the tools to overcome many of the problems caused by growth via mergers and acquisitions.

You may be faced with the operational inefficiencies imposed by duplicate systems and processes inherited from multiple companies. Integrating critical systems such as ERP is a necessity if your company is to realize the economies of scale and other benefits of a merger or acquisition, but implementing, scaling, and maintaining such systems can require a significant amount of IT resources and impose a high total cost of ownership. Microsoft Dynamics tremendous flexibility, ease of implementation and customization, and the training and support benefits of the familiar Windows® interface. You get increased efficiency, higher productivity, and lower IT costs without sacrificing the functionality you need to weld formerly different companies into a single business powerhouse.

Or perhaps 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.

You're also likely to 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. If you're a public company, there will likely be increased compliance demands, such as consolidated financial reporting across all the divisions that were once separate companies. Furthermore, to realize maximum value from your acquisitions, you'll want to preserve unique business processes, rather than forcing every division into a common mold. Microsoft Dynamics offers hundreds of modules to cover virtually every functional need. And it is designed to integrate easily with third-party solutions for even more specialized operations.

Finally, one of the biggest benefits of the integration and automation that Microsoft Dynamics can deliver is unlocking the business data you already possess—in disparate IT systems or the experience of managers and staff—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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