



# An ERP Switch Improves Efficiencies and Lowers Costs for R.L. Hudson and Company

## >> Customer Overview:

Many of America's largest manufacturing companies look to R.L. Hudson & Company for highly engineered custom-molded rubber products. Headquartered in northeastern Oklahoma, the company has seen its sales increase by 75% in the last five years.

## >> The Challenge:

An early adopter of automated business processes, R.L. Hudson & Company has always recognized the need for optimum efficiency in its operations. That's why in 1999 the company deployed its first comprehensive ERP system. Over the next several years, however, as the company began a period of very strong growth, it became evident that their ERP system was falling short of the company's requirements in several critical areas. The migration to ERP was difficult from the beginning; it required the integration of multiple third-party applications ranging from labeling software, to shipping management to EDI interfaces -- as well as establishing support from their respective vendors.

According to R.L. Hudson's Director of Information Technology, Roux Carroll, it took nearly two years of grueling effort to synchronize all the necessary modules before the system went live -- and then only with limited functionality. "Despite all the work, we still didn't have complete work flow through the system," said Carroll. "And because we were dealing with six different vendors, it was virtually impossible to pin down accountability for all the shortcomings we were experiencing."

As the company tried to bring the system up to standards, such challenges called for modifications and fixes that had to be handled by this disparate group of vendors. It became a costly and disruptive routine.

Overall, extensive customization drove up the system's cost by more than 150 percent. The financial moment of truth came at year three, when the company had to decide whether or not to invest in current ERP's upgraded version. "The price tag was equivalent to the cost of a whole new system," explained Carroll. "That's when we decided we'd had enough, and started looking for a better solution."

## >> The Solution:

Carroll and his team opted for Microsoft's Navision ERP solution because it provided seamless end-to-end functionality and came with single-vendor accountability. Tapped for managing the system deployment, initial customization and training was Texas-based Integrated Systems Technology, Inc., an enterprise integrator widely respected for its experience in ERP generally and Navision in particular.

The integrated solution included modules for general ledger, sales order and accounts receivable, purchase order and accounts payable, inventory, relationship management and warehouse management from Microsoft, as well as tightly integrated ISV modules for distribution, shipping and EDI. The cut-over to Microsoft Navision began in 2003, and took a little over six months, which also included complete data conversion as well as training for approximately 45 users.

The solution also came complete with customization tools that empowered R.L. Hudson to manage routine modifications in-house. "It was particularly important for us to take full ownership of the system," said Carroll. "With Microsoft Navision, we can add or change tables and reports, or change properties to make fields editable or fixed. It removed a major cost factor and eliminated much of our frustration."

# An ERP Switch Improves Efficiencies and Lowers Costs for R.L. Hudson and Company



## >> The Results:

Much to Roux Carroll's delight, the first day R.L. Hudson's new Microsoft Navision ERP system went live, all modules operated well and in sync. "The best evidence of the new system's effectiveness was the fact that on day one, the entire day's set of pick tickets and orders were completed accurately and on time," said Carroll. "That was a satisfying experience."

Carroll stated that his ROI analysis demonstrates that R.L. Hudson is now saving approximately \$90,000 per year in ERP-associated costs, including support, modifications and maintenance. He also pointed out that the Microsoft solution eliminated much of the uncertainty the company was experiencing with the old system. "We're now managing modifications in-house, which already saves us a lot of money," explained Carroll. "But there's also long-term savings because Microsoft's architecture assures that up to 75% of those modifications won't be impacted by future system upgrades."

Carroll estimates that his warehouse shipping and receiving operations have gained at least 60% in efficiency, with functions that are faster, more seamless and with fewer steps. For instance, the system eliminates waiting time for the output of reports and labels by routing them directly to local clients where the work is being done. Also, the new inventory system replaced one that incorporated applications from different vendors, which sometimes created conflicting data. "The tracking system and the associated value tables often failed to correspond," said Carroll. "When you can't trust your inventory numbers, it affects your entire accounting system. With our new system, that's no longer a problem."

On-time delivery standards are especially important in the markets served by R.L. Hudson. Even though it experiences an in-bound on-time delivery rate of 70% from vendors, the company has always maintained a 99%+ on-time delivery rate to customers. "Managing that gap is much easier, now that we're using Microsoft Navision," said Carroll. "Plus, we're actually managing 25% more volume, without having to add personnel."

As for customer service, account managers can now address customer inquiries with easy-to-access information that is far more complete and current. Shipment notifications can now be emailed to customers automatically. And because the system also interfaces with the company's document imaging database, those notifications can even include copies of original order forms, packing slips, and invoices.

Because the old system also required frequent modifications and patches from third-party vendors, it was routinely required to log all users off to reboot the servers, causing up to 30 minutes of downtime with each episode. This equated to 30 to 45 man-hours of lost productivity every week. "There hasn't been a single such instance of unscheduled downtime since the Microsoft system went on line," said Carroll. "Now, all system patches and modifications are performed as part of normal, scheduled maintenance."

## >> Highlights:

- > Direct software-related savings of \$90,000 per year
- > Productivity savings of approximately 2,000 man-hours per year, due to elimination of unscheduled downtime
- > 60% productivity improvement in shipping and receiving
- > Management of 25% greater order volume while maintaining 99%+ on-time delivery rate - all without increasing staff
- > Improved inventory/accounting accuracy
- > More automated customer service

## >> About Integrated Systems Technology, Inc.

Integrated Systems Technology, Inc. has had answers for distributors for over 20 years and today provides superior distribution software and information systems for our e-commerce economy. Recognized for top features and customer support, IST provides a comprehensive answer to the automation needs of today's wholesale distribution industry.

IST's Enterprise Supply Chain Software provides an end-to-end solution for your distribution business. From the front counter to the shipping dock, all of your distribution functions are integrated in one common database insuring the completeness and integrity of your data.

### For more information, please contact:

Integrated Systems Technology, Inc.  
1925 W. John Carpenter Freeway, Suite 300  
Irving, TX 75063

E-mail: [sales@istserve.com](mailto:sales@istserve.com) Website: [www.istserve.com](http://www.istserve.com)  
Phone: 800.633.5583 or 214.630.4379  
Fax: 214.630.0448