Mulch & Soil Council Annual Meeting

Choosing the Right Business Software

Team with Ultra to Drive
Business Performance
Improvements

October 22, 2015

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Agenda

- Introduction
- Ultra Background
- What Is ERP?
- ERP Costs
- ERP Vendors
- What Is Cloud?
- The Ultra Value

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George Trudell

- **30+ Years Experience**
- 15 years in Industry
    - ERP Implementation Mgmt
    - Corp Director of Supply Chain
    - Planning Manager
    - Strategic Planning
    - Master Scheduler
- 15 years in Consulting
    - Brought BPI to Ultra
    - ERP Selection: 30+ Companies
    - ERP Implementation Management
- Education & Certifications:
    - BBA : University of Michigan-Ross School of Management
    - MBA: Northwestern Kellogg School of Management
    - APICS CPIM

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Rob Henry

- **18+ Years Experience**
- ERP industry marketing veteran
- Marketing leadership for other industries:
  - Systems integration
  - Cloud management
  - Software manufacturing
  - Industrial asset management
- Change Management lead on ERP implementation projects
- Certified Change Management Practitioner, ADKAR methodology
- BA: DePauw University
- MBA: North Central College

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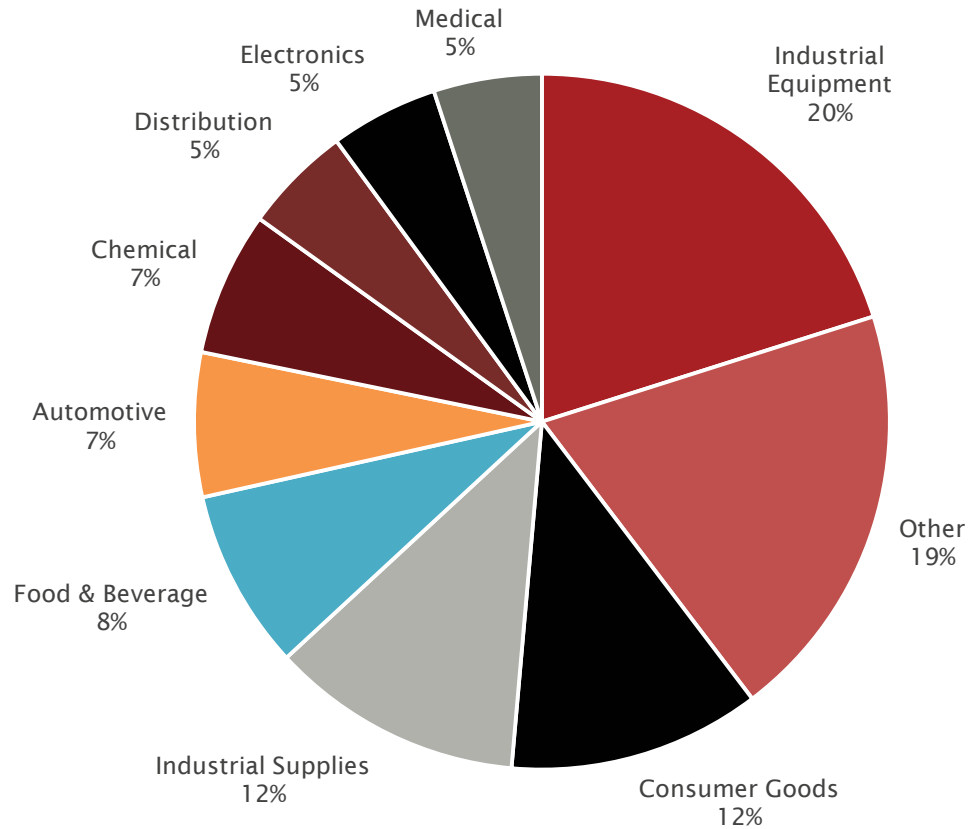
Ultra Background

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Ultra Focus

- North American clientele
- Chicago headquarters
- <u>Business Process Transformation</u>
- Vendor independent
- 25 person team

Ultra Focus

- **Manufacturing and Distribution**
- **Mid-market: $25M to $2B**

Industrial Equipment 20%

Other 19%

Consumer Goods 12%

Industrial Supplies 12%

Food & Beverage 8%

Automotive 7%

Chemical 7%

Distribution 5%

Electronics 5%

Medical 5%

300+
Client Projects

20+
Different Vendors Selected & Managed

40+
Vendors Considered

Other Industries:
- Aerospace & Defense
- Dealerships
- Fabrication
- Furniture & Furnishings
- Grain & Feed
- Metals
- Paper converting
- Plastics
- Services
- Telecommunications
- Wood

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Ultra Team

Education
Bachelors Degrees
Masters Degrees

Certifications
APICS
Lean
Six Sigma
PMP/PMI

Average Industry Experience
20+ years

Function Disciplines

Quality	*Marketing*
Logistics	*Sales*
Finance	*Engineering*
Human Resources	*Supply Chain*
Information Technology	*Production*

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Ultra Clients by Industry

Industrial Equipment	Chemical	Consumer Goods	Industrial Suppliers	Food & Beverage	Distribution	Electronics	Automotive	Medical Devices

							Aerospace & Defense	Plastics	Furniture & Fixtures	Metal Fabrication

What Is ERP?

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Introduction

- ***Enterprise Resource Planning (ERP)*** – integrates all departments and functions throughout an organization into a single software solution used to manage enterprise wide business operations

Business Process Focus vs. Siloed

From siloed departments to an integrated business model…

Marketing

Sales

Engineering

Planning

Operations

Services

Finance

Marketing

Sales

Finance

People, Processes, Technology

Services

Engineering

Operations

Planning
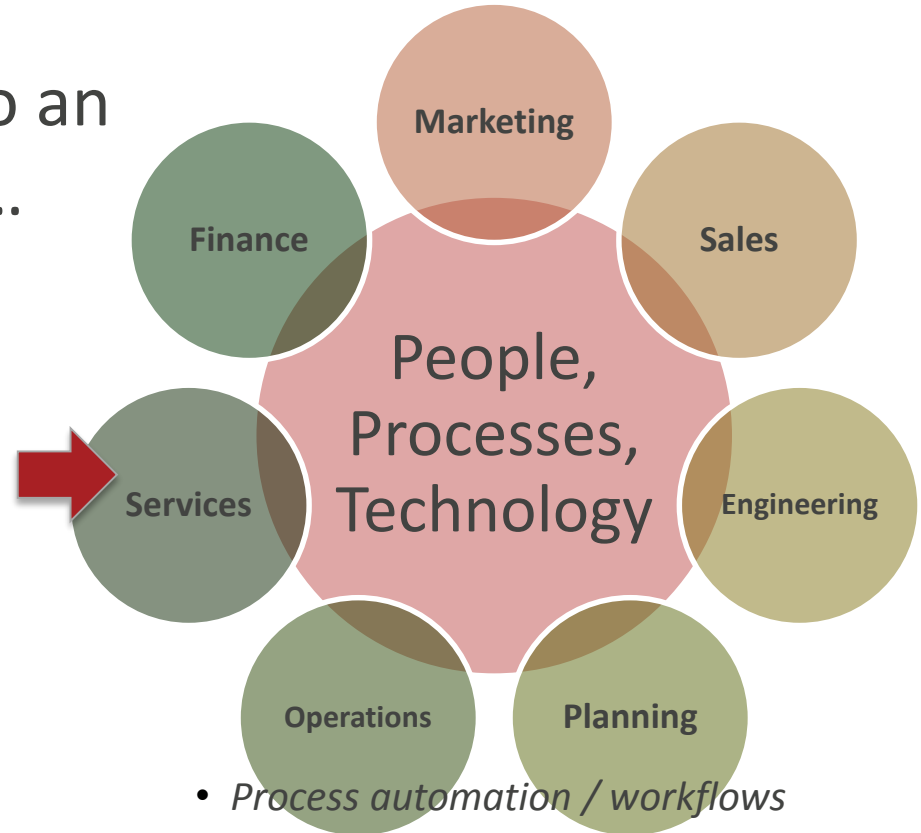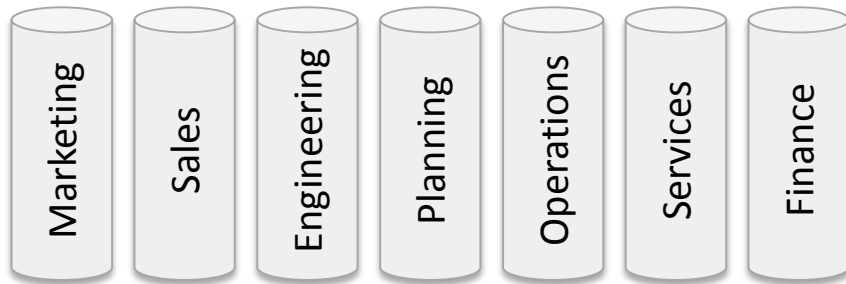
- *Manual processes with data re-entry*
- *Transaction level management*
- *Inconsistent/difficult to access data*
- *Process inefficiency*
- *Resource intensive growth*

- *Process automation / workflows*
- *Data driven decision making*
- *Consistent processes & efficiency*
- *Scalable platform for effective growth*
- *Best practices & risk mitigation*

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What is ERP? … 1, 2, 3, 4!

ERP = 1 Database

2 Types of Information
- Dollars
- Inventory Units

3 Order Types
- Customer
- Purchase
- Manufacturing/ Replenishment

4 Master Records
- Customer
- Supplier
- Item
- BOM/Routing

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Scope of ERP Today
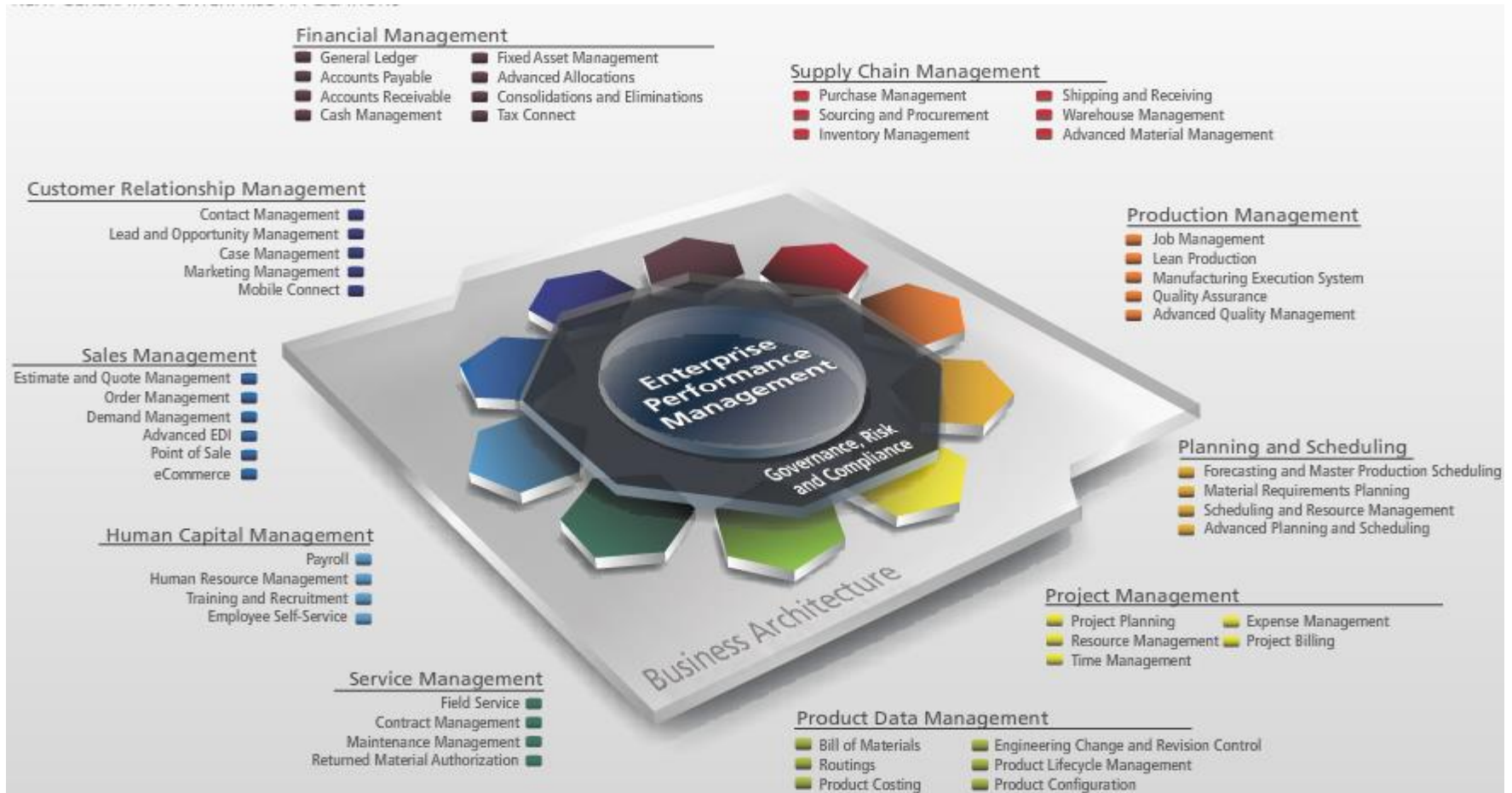
ERP Costs

ERP Acquisition Cost Projections = Software + Services + Hardware

- <u>Rule of Thumb</u>: Total Cost: 1% – 3% of Revenues
- <u>Second Rule</u>:
  - Software Cost: $2,00 to $3,000 Per Named User
  - Annual Maintenance: 18% – 22% of Software Cost
  - Implementation Cost:
    - Tier III = Software Cost x 0.75 – 1.0
    - Tier II = Software Cost x 1.0 – 2.0
    - Tier I = Software Cost x 2.0 – 5.0
  - IT Infrastructure = ?
- <u>Cost Variable</u>: 3rd Party and Customizations (CRM, APS, etc.)

ERP Costs By Tier (Example)

	Tier I		Tier II		Tier III
Core ERP Suite					
# of Named Users	50		50		50
License Cost	$ 3,000	$	2,500	$	2,000
Single Application Module					
# of Other Users	25		25		25
License Cost	$ 1,000	$	750	$	500
Additional "Base" Software					
License Cost	$ 100,000	$	75,000	$	50,000
Software Costs					
Sub-Total	**$ 275,000**	**$**	**218,750**	**$**	**162,500**
Software Maintenance					
Annual Cost 20%	**$ 55,000**	**$**	**43,750**	**$**	**32,500**
Implementation Services					
# of Days	600		300		150
Billing Rate	$ 1,440	$	1,440	$	1,200
Sub-Total	**$ 864,000**	**$**	**432,000**	**$**	**180,000**
Total Spend (Year 1)	**$ 1,194,000**	**$**	**694,500**	**$**	**375,000**
Year-Over-Year Spend	**$ 55,000**	**$**	**43,750**	**$**	**32,500**

Assumptions:
- *ERP Suite: Named users, **not advanced** modules: BI, CRM, APS, HR, WMS etc.*
- *Estimates do not include internal staffing, disaster recovery, hardware, hosting, PC's, and handhelds.*

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ERP Vendors

Process to Determine Vendors

Manufacturing

Distribution

Service

Process

Discrete

"Dealership"

Stocking

Make To Order

Make to Stock
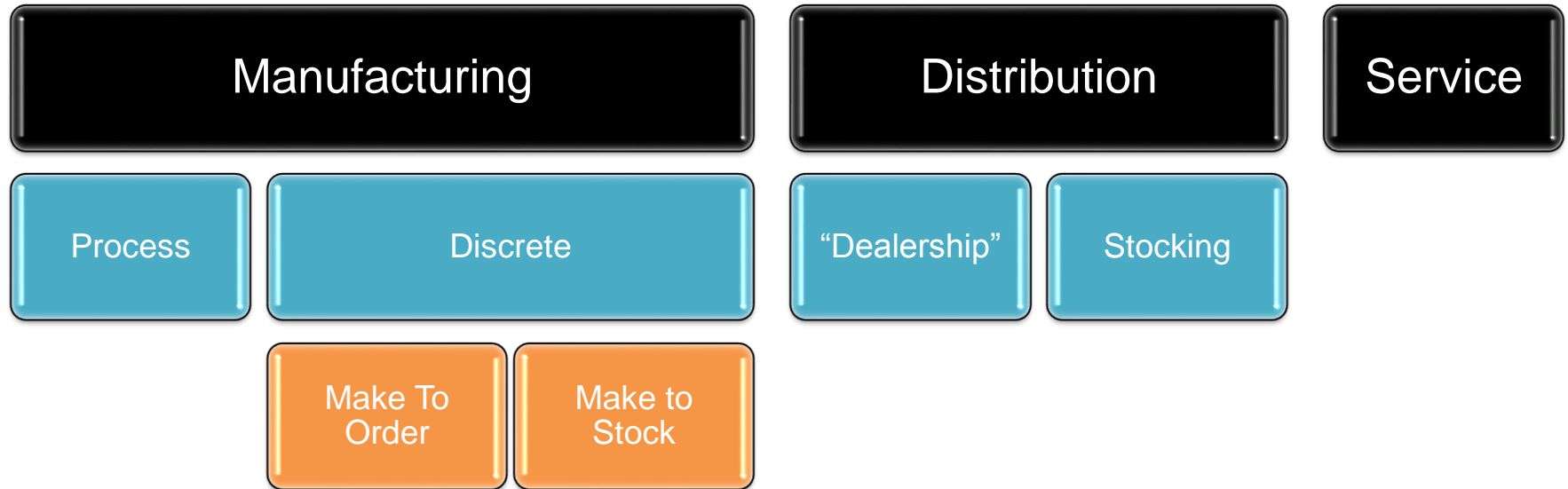
Distribution Industry ERP Vendors by Tier

Tier I	Tier II	Tier III
SAP	IBS (Sweden)	SysPro
Oracle - EBS	NetSuite (SaaS)	TGI
Microsoft – AX (IBIS)	Microsoft - NAV	Microsoft – GP
Infor - M3	Infor – SXe	WinMan (UK)
Oracle - JDE	Epicor – P21	Epicor - Eclipse
	QAD	
	Sage - X3	
Complex	Medium complexity	Tailored to Industry
Higher cost of ownership	Medium cost	Specific Functionality
Greatest functionality	Vertical focus	Smaller Organizations
	Integrated Solutions Providers	Limited Scope

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Process Industry ERP Vendors by Tier

Tier I	Tier II	Tier III
SAP	Plex (SaaS)	Deacom
Oracle - EBS	NetSuite (SaaS)	SysPro
Microsoft – AX	Microsoft - NAV	Process Pro
Infor - M3	Infor – Syteline	TGI
Oracle - JDE	QAD	IQMS
IFS	Sage - X3	
Complex	Medium complexity	Tailored to Industry
Higher cost of ownership	Medium cost	Specific Functionality
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Make to Stock Industry ERP Vendors by Tier

Tier I	Tier II	Tier III
SAP	NetSuite (SaaS)	TGI
Oracle - EBS	Microsoft - NAV	SysPro
Microsoft – AX	Epicor	Microsoft - GP
Infor – LN & M3	Infor - Syteline	Kenandy
Oracle - JDE	QAD	Rootstock
IFS	Sage – X3	Many More

Complex	Medium complexity	Tailored to Industry
Higher cost of ownership	Medium cost	Specific Functionality
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Make to Order Industry ERP Vendors by Tier

Tier I	Tier II	Tier III
SAP	ABAS	Aptean
Oracle - EBS	Epicor	Exact
Microsoft – AX	Microsoft - NAV	Microsoft - GP
Infor – LN & M3	Infor – Syteline	Infor - Visual
Oracle - JDE		GlobalShop
IFS		
Complex	Medium complexity	Tailored to Industry
Higher cost of ownership	Medium cost	Specific Functionality
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What Is Cloud?

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What is Cloud?

Cloud Formations

- Three Aspects:

    1. **Delivery Model –** On Site vs. Off Site

    2. **Upgrade Method –** By the Business vs. By the Vendor

    3. **Payment Method –** Ownership/Lease vs. Subscription

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Cloud Formations Matrix

Attributes	Not Cloud		Almost Cloud	True Cloud		
	On Premise/Co-Located	Virtual Private Cloud	Virtual Private Cloud	Cloud 1.0	Cloud 2.0	Cloud 3.0
On-Site	√					
Off-Site		√	√	√	√	√
BYOL	√	√	√			
Subscription				√	√	√
Hosted by non-ERP Provider		√				
Hosted by ERP Vendor			√			
Upgrades by Primary Business	√	√				
Upgrades by ERP Vendor			√	√	√	√
Single Tenant (auto upgrade)				√		
Multiple Tenant (auto upgrade)					√	√
Multiple data centers with capability to sync databases worldwide						√

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Why Should Business Leaders be Interested in the Cloud?

A. Save money

B. Reduce risk

C. Improve productivity

A. Save Money

- Support for Internal Staff
  - Applications/Upgrades, Databases, Middleware, Uptime, Backups, Redundancy, Operating System, Virtualization, Servers, Storage, Firewall, Networking, Facilities

- Employee Training and Turnover

- Hardware Upgrades

Your business process changes are allowed to happen incrementally over time, as the Cloud Software is updated, you will simultaneously upgrade your business.' - Ultra Consultants

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B. Reduce Risk

- **Security**
- **Uptime** – SLA (Service Level Agreement)
- **Staff** – Vacations, Turnover, Currency
- Hardware Needs
- 24 Hour Support
- Version Control

2014 Gartner Report: 47% of organizations surveyed planned to move their core ERP systems to the cloud within 5 years.

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C. Improve Productivity

- Limit the need for "bolt-on" solutions

- Flexibility and ease of use with latest look and feel

- Organizational ERP Currency

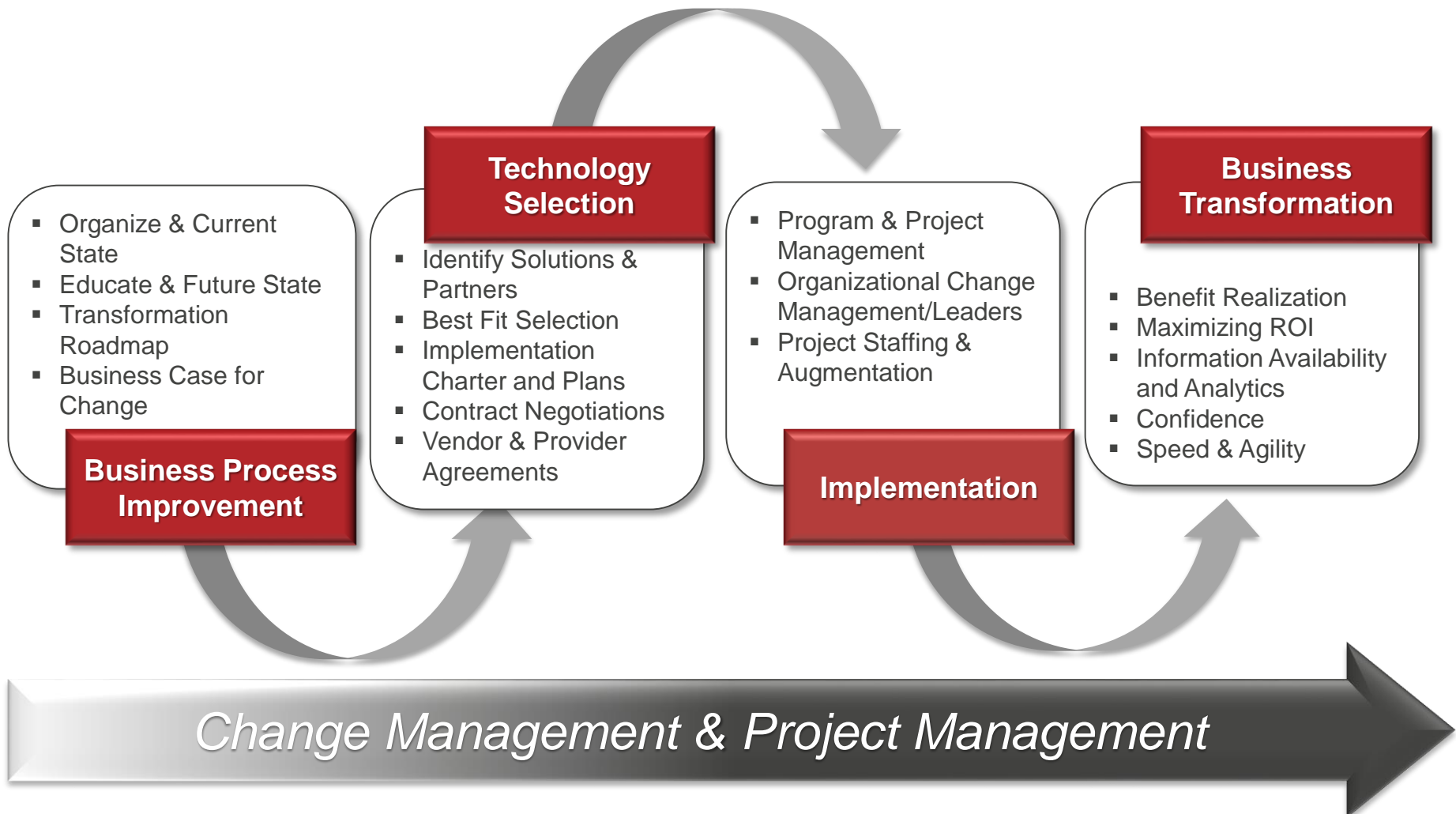 - Your company is current on any monthly, yearly improvements to the ERP

'With your ERP applications in the cloud, it is easier to attract talent that is interested in being part of a forward looking company, where the business is supported by up-to-date technology that is current.' – Ultra Consultants

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The Ultra Value

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Ultra Services – Transformation Lifecycle

Business Process Improvement
- Organize & Current State
- Educate & Future State
- Transformation Roadmap
- Business Case for Change

Technology Selection
- Identify Solutions & Partners
- Best Fit Selection
- Implementation Charter and Plans
- Contract Negotiations
- Vendor & Provider Agreements

Implementation
- Program & Project Management
- Organizational Change Management/Leaders
- Project Staffing & Augmentation

Business Transformation
- Benefit Realization
- Maximizing ROI
- Information Availability and Analytics
- Confidence
- Speed & Agility

Change Management & Project Management

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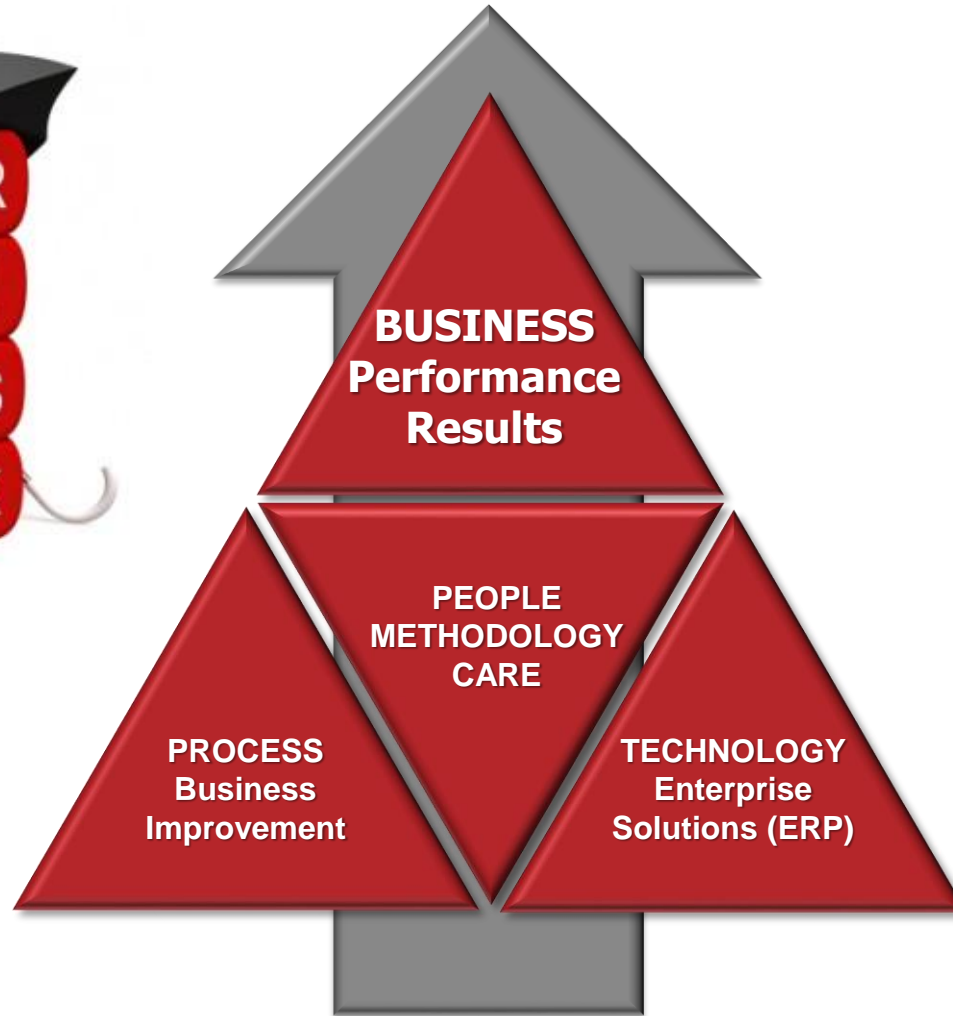
The Journey

High Risk

High Costs

Complex Project

55% – 75% of all major ERP initiatives fail
to meet key objectives (Gartner)

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Ultra's Value Proposition – Delivering Performance Improvements

BUSINESS
Performance
Results

PEOPLE
METHODOLOGY
CARE

PROCESS
Business
Improvement

TECHNOLOGY
Enterprise
Solutions (ERP)

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Value Statements = ERP ROI

- Risk Mitigation – Business Impact / System Failure

- Reduce Inventory and Improve Turns (3X)

- Increase Team / Company Productivity by 15%

- Improve Days Sales Outstanding by 1 Week

- Improve Fill Rate by 10%

- Drive Performance & Financial Improvements
  - 3X to 5X+ ROI for Total Cost of Ownership

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Thank You!

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