A Bluelink Case Study

DON'T WANT TO CHANGE YOUR BUSINESS PROCESS TO FIT AN ACCOUNTING PACKAGE?

By MICHAEL BURNS

Situation: Rutherford Controls Int'l Corp. (RCI) is a privately held company, with divisions in Virginia Beach, Virginia and Cambridge, Ontario. Established in 1923, RCI provides access control and door hardware solutions to the locksmith, architectural hardware and security industries.

RCI's critical success factors include customer service, technical expertise, innovative products, highest quality control and an extensive product offering. RCI has about 35 people at each of its two locations.

Five years ago, RCI was one half its current size and the existing system had problems including Y2K, old technology, multiple databases and an inability to post to prior or future periods.

RCI was looking for a system that met its financial, distribution, production and contact management requirements.

Objectives: RCI required a new system that was flexible, scalable (allowed them to grow rapidly) and enabled them to provide a high level of customer service.

Specific requirements included visibility of inventory availability at order entry with the ability to commit inventory in real time so that another sales representative wouldn't make a commitment to a customer that couldn't be met.

RCI had also developed a custom system for returns and wanted the new system to contain the same functionality. Flexibility was the key for RCI.

It did not want to adapt its business to a new system. It wanted the system to be capable of adapting to its specific needs, which the company knew would evolve as the business grew and changed.

Solution: When RCI conducted its search for new systems, RCI found systems that cost $100,000 to $150,000 that could have met their needs. They also found Bluelink Solutions offered them a low cost alternative and flexibility to customize the system. RCI purchased Bluelink Solutions for $7,000 and have spent approximately $60,000 in customizations so far.

They knew customization was a two-edged sword and that future upgrades would be more expensive. The deal with Bluelink was that 20 per cent of the customization costs would be payable on upgrading the software to new releases expected about every year.

Bluelink has about 450 clients and about 80 per cent of them have customizations. Bluelink guarantees that the customizations will be included in future upgrades.

The number of recent customizations to new customers has been declining as the Bluelink system has continued to evolve.

RCI has implemented Bluelink's financial, distribution, production and e-commerce system. The financials include general ledger, accounts payable and accounts receivable. RCI decided not to implement Bluelink's financial report writer. RCI preferred to keep their existing Excel spreadsheets and import the trial balance instead. The distribution system includes inventory control, order processing and purchasing. As well, RCI has recently implemented a bar-coding and scanning system to record receipts and count inventory. Production is limited to bill of materials and assembly of raw materials.

You won't see RCI's e-commerce site on their Web site. It is only available to their existing customers. Their customers can order online, check inventory availability or copy previous orders. e-commerce was only implemented six months ago and is not getting much attention from RCI customers partly because RCI has not marketed the new service but also because, for their larger customers, e-commerce is not an advantage for placing orders.

Today, e-commerce has been designed mostly for business to consumer (B2C) commerce. Consumers are given an easy-to-use, shopping cart approach to placing orders. However, larger businesses will already have their purchase orders in electronic format and they would need to re-key their purchase orders into RCI's Web site.

This is a common problem with most e-commerce sites today. The future belongs to those systems that are XML (eXtensible Markup Language) enabled allowing Internet transactions to be automatically translated and processed without re-keying.

Challenges: One of the first steps in the implementation was to convert the data from RCI's existing system. RCI was very pleased that all of their data could be automatically converted. However, RCI did experience a difficult conversion process. A parallel test was considered too onerous and they went live without conducting full system tests or prototypes.

RCI uses Maximizer for contact management. Bluelink provided one-way integration from their system to Maximizer allowing changes in customer records to automatically update Maximizer and also to provide Maximizer with sales history information.

However, RCI sales and marketing is not happy with Maximizer as they believe that it is not user-friendly and not customizable enough. RCI considered other contact management systems including ACT and Goldmine. However these systems didn't meet all their requirements.

RCI also checked out Siebel, Onyx, Saratoga and other high-end CRM (Customer Relationship Management) solutions. The problem was that these solutions would cost about $200,000 per site.

By now, you may realize that RCI has a penchant for doing it their way and, once again, they are about to develop a custom solution.

But this time, they are going to do it themselves. They have hired a developer to do the work and are in the process of creating their own solution that will be integrated with Bluelink.

Who knows — maybe Bluelink will like it so much and buy the product. RCI recognizes the inherent risks associated with developing their own solution including dependence on one individual.

Today, RCI has two separate systems for its two locations. The order desk must call the other location to see whether they have inventory to meet customer demands not met from their own location.

Customization is underway to synchronize inventory between the two locations. Initially, the synchronization will be done in batch mode and will not provide real-time inventory availability.

A configurator would be a welcome addition to RCI. A configurator allows an order taking department to configure a product on the fly and apply validation rules to ensure only deliverable products are configured. A configurator is useful for companies that have products that have many features and options.

One of the challenges was the performance of the Bluelink system as RCI grew. Bluelink is based on the Microsoft Access system which many think has limits as the number of users increase beyond five.

This is partly because Access is not a client/server system. When a user in a client/server application requests a report for one customer, the server only sends the one customer to the client/workstation requesting the data.

In a non-client/server application, the server could send the entire customer database to the client/workstation and the client/workstation selects the one customer for processing, which will cause the network to jam with unnecessary traffic.

A well-designed system will reduce the amount of data passed to the workstation and optimize network traffic. By optimizing Access, Bluelink is able to accommodate customers with 15 simultaneous users. However, when RCI reached 10 simultaneous users, there were performance concerns that were met in an interesting way by Bluelink.

RCI has implemented Citrix as a way to resolve the problem. Typically, Citrix is implemented for remote access reasons or to cut back on administrating multiple copies of the application to all the workstations.

Citrix requires a powerful server but you can save money by keeping older PC's as workstations. With Citrix, one application server does all the work that would have occurred at the work stations.

There is no need to jam the network with Access traffic. Citrix has given a 200 per cent to 300 per cent improvement in performance for RCI. Another approach to resolving performance issues would be to run Access programs with a Microsoft SQL server database, which is scheduled to be available by Bluelink in the first quarter of 2002.

Results: RCI is happy with the Bluelink customizations, which were on time and on budget. Some customizations were implemented and RCI was disappointed in the results. They didn't get what they expected, although they did get what they asked for. Bluelink now provides detailed specifications to ensure that these misunderstandings are kept to a minimum.

In 1997, RCI had 2 inside sales representatives in Canada. Now with revenues twice what they were then, RCI still has two inside sales representatives. Five years ago, they had four people in the accounting department and now they have only one more.

RCI is happy with Bluelink. They have a system that works exactly as they wanted. They also have an excellent relationship with Bluelink.

They give great ideas to Bluelink and Bluelink provides great service and price breaks on upgrades.

Bottom Line: So, does it make sense to spend $7,000 on an accounting package and $60,000 on customizations? You need to have requirements that are critical to your success that are not available elsewhere.

You also need patience and understanding as the developer builds your system. And you also need to agree with Frank Sinatra's philosophy in his classic "My Way," which ended with "The record shows I took the blows — And did it my way!"

Michael Burns, CA, MBA, is president of 180 Systems. 180 Systems provides objective consulting advice in the selection and implementation of accounting systems. Michael can be reached at 416-963-1296 or by e-mail at: *mburns@180systems.com*