

NUCLEUS
RESEARCH

ROI: 185%
Payback: 0.5 Years

PLEX, BY ROCKWELL AUTOMATION BEST MAID

ANALYST

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THE BOTTOM LINE

Regional food product provider Best Maid achieved a 185 percent ROI and recovered its initial investment in 0.5 years following its Plex deployment. Notable tangible benefits from its Plex deployment include operational improvements around inventory and delivery, enhanced planning visibility, an expedited financial close, accelerated financial reporting, and retired legacy costs. Specific quantitative benefits cited include eliminating a \$50,000 annual loss to mislabeling, a 75 percent time reduction for the financial close process, avoided delay penalties, and a three percent increase in annual sales through improved understanding of costing and profitability with Plex's reporting capabilities.

THE COMPANY

Best Maid is a regional food products manufacturer founded in 1926. It is the largest pickle manufacturer in Texas and specializes in various pickled products, including pickle juice and niche pickled vegetables. The organization has 135 employees.

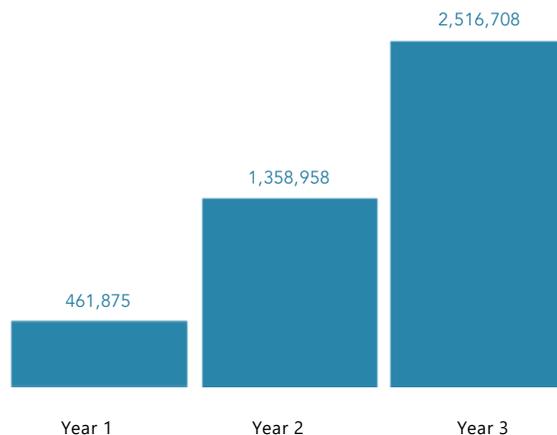
**Cost : Benefit
Ratio**

1 : 3.3

THE CHALLENGE

Best Maid previously did not have an ERP system; it relied on a disjointed legacy database system and was dependent on Excel spreadsheets for data management. This lack of integration made it difficult for the company to manage its inventory, leading to five days of manual audits per month. The organization also sought production planning digitization, with the production schedule being written only the day before. As Best Maid grew in size and complexity, it became evident that the organization needed a serialized inventory system to perform recalls promptly and efficiently. The SQF (Safe Quality Food) certification was also critical for the success of customer business lines and thus also required a dedicated system for inventory.

CUMULATIVE NET BENEFIT



THE STRATEGY

Best Maid began its search for an ERP in 2016. The organization sought a cloud-based ERP to avoid associated hardware costs and logistics. During the selection process, the company considered two solutions - Plex and NetSuite, with Tamlin Software also being considered initially for a short period. The organization chose Plex for several reasons. Firstly, it cited Plex's functionality as built for the manufacturing floor, making it more suitable for their

needs than NetSuite, which was more focused on financials. Secondly, the plan proposed by Plex for the implementation roadmap of their solution was more granular and detailed.

The company kicked off the Plex implementation project by attending Plex's training bootcamp in January 2017. The actual implementation started in February, and the solution went live in August 2017. The implementation was done without the involvement of a third-party implementation partner. There was, however, an available Plex consultant within 30 minutes of the site to support the implementation process.

KEY BENEFIT AREAS

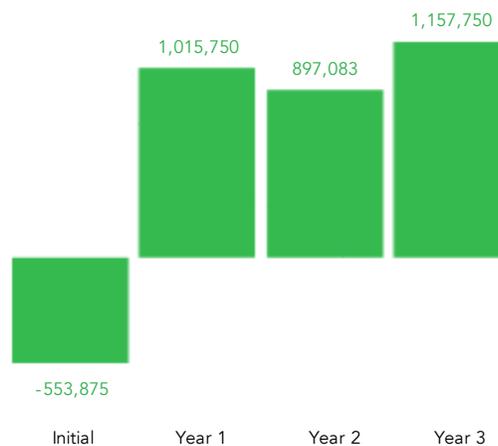
Key quantifiable benefit areas seen as a result of its Plex deployment include improved inventory management, a streamlined order-to-cash process, and enhanced financial management.

- **Improved inventory management.** The implementation of Plex at Best Maid brought digitization to the inventory management process, resulting in multiple quantified enhancements. Due to enhanced tracking, raw material holdings were reduced from six to 12 months to six to 18 weeks, reducing raw material holdings worth \$500,000 annually. The company also eliminated \$50,000 in annual lost revenue from mislabeled items by replacing manual processes with Plex. Additionally, Best Maid was able to eliminate the previously lost one percent of total raw materials due to spoilage annually through improved demand forecasting leading to increased safety stock confidence.
- **Streamlined order-to-cash process.** Implementing Plex has made the order-to-cash process much simpler for Best Maid. Plex enabled the company to meet its target of delivering orders within the three-day window required by certain customers to avoid penalties. Before Plex, over one percent of orders to major customers, including Walmart, incurred penalties due to delays. Customers enforcing penalties make up over 50 percent of Best Maid's revenue.
- **Enhanced financial management.** The financial close process became significantly faster with Plex, taking 25 percent of the time previously required. The organization was, on average, four months behind in its monthly close process. Now, it closes the books every month within four weeks. The system also enabled the reallocation of a headcount away from the close process through financial consolidation automation. Plex's financial reporting capabilities also enabled the company to understand its costing and profitability better, allowing the organization to raise prices that resulted in a three percent increase in annual sales.

KEY COST AREAS

The most significant cost for Best Maid is its base subscription costs. Other costs include an add-on subscription for maintenance, a web services connection, MES Automation and Orchestration (A&O) system integration, implementation consulting, employee time spent on training, ongoing support and consulting, and hardware upgrades and maintenance. The organization leveraged a single Plex consultant located 30 minutes away.

NET CASH FLOWS



LESSONS LEARNED

When deploying a manufacturing ERP, specific implementation considerations become magnified in importance. Best Maid recommends organizations implementing shopfloor hardware alongside an ERP system conduct in depth hardware compatibility research at the beginning of the implementation process. Manufacturing ERP deployments often involve the selection, connection, and use of disconnected tablets, scanners, and other handheld devices; starting the hardware deployment planning early can ensure implementation success. Best Maid also suggests organizations considering a manufacturing ERP to choose a cloud deployment. The organization cited version standardization for Plex's cloud customers as beneficial when support was needed. This standardization also made the system more resilient during upgrades and maintenance. Best Maid also reported that Plex on the cloud is highly scalable, stating that it does not anticipate migration to a new system as the organization grows.

CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify Best Maid's total investment in Plex. Direct benefits quantified include reduced penalties, avoided raw material waste, and reallocated FTEs. Indirect benefits quantified include increased sales attributed to the system. The indirect benefit is multiplied by an industry standard profit margin rate. Benefits not quantified include enhanced organizational visibility into financial processes and maintenance processes. Following standard accounting practices, license costs have been allocated to the initial year, year one, and year two. License costs have not been allocated to year three to avoid overburdening the business case with four years of costs without the offsetting benefits.

FINANCIAL ANALYSIS

Annual ROI: 185%

Payback period: 0.5 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	973,750	891,083	973,750
Indirect	0	270,000	234,000	270,000
Total per period	0	1,243,750	1,125,083	1,243,750

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	120,000	142,000	142,000	0
Hardware	50,000	5,000	5,000	5,000
Consulting	250,000	0	0	0
Personnel	133,875	81,000	81,000	81,000
Training	0	0	0	0
Other	0	0	0	0
Total per period	553,875	228,000	228,000	86,000

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	-553,875	1,015,750	897,083	1,157,750
Net cash flow after taxes	-304,631	558,663	493,396	636,763
Annual ROI - direct and indirect benefits				185%
Annual ROI - direct benefits only				138%
Net Present Value (NPV)				1,168,222
Payback period				0.5 years
Average Annual Cost of Ownership				365,292
3-Year IRR				171%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.