



Microsoft Dynamics Customer Solution Case Study



Accounting and Manufacturing Solution Eases Compliance for Antimicrobial Manufacturer

Overview

Country or Region: United States

Industry: Manufacturing—Chemical

Customer Profile

PURE Bioscience develops and markets technology-based bioscience products that provide nontoxic solutions to numerous global health challenges.

Business Situation

PURE had limited visibility into supply-chain operations and accounting. The company needed an integrated system that could rapidly produce financials and maintain industry-specific compliance.

Solution

PURE deployed Microsoft Dynamics® AX as a fully integrated solution to automate processes, improve visibility into operations, and comply with industry regulations.

Benefits

- Meet compliance requirements
- Enhance data accuracy and reliability
- Streamline inventory and reduce costs
- Prepare for future growth

“Microsoft Dynamics AX is a fully integrated solution that lets us consider all the different variables in our business.”

Andrew Buckland, Chief Financial Officer, PURE Bioscience

PURE Bioscience develops technology-based bioscience products for numerous global health challenges. The fast-growing company faced challenges keeping up with the reporting requirements of various U.S. governmental agencies that regulate its business, including the U.S. Food and Drug Administration (FDA), the U.S. Environmental Protection Agency (EPA), and the U.S. Securities and Exchange Commission (SEC). PURE deployed Microsoft Dynamics® AX to establish accurate, auditable financial records and to track complex manufacturing processes. Microsoft Dynamics AX has streamlined processes, reducing book-closing time by 50 percent and inventory time by 86 percent. Rapid financial reporting helps the company meet SEC deadlines for accelerated filings and improves traceability assists in meeting the compliance standards of the FDA and EPA.

“With Microsoft Dynamics AX, I can trust that the numbers are accurate and up-to-date because I can verify the data through the system.”

Mark Elliott, Controller, PURE Bioscience

Situation

PURE Bioscience develops and markets novel, low-toxicity, antimicrobial technologies used in healthcare, agriculture, food processing, and for various home applications. As a publicly traded process manufacturer, PURE operates under a high degree of regulatory scrutiny, including financial oversight by the U.S. Securities and Exchange Commission (SEC) and operational controls enforced by the U.S. Food and Drug Administration (FDA) and the U.S. Environmental Protection Agency (EPA).

“Under the FDA and EPA, absolutely everything has to be manufactured in a very controlled manner,” explains Andrew Buckland, Chief Financial Officer of PURE Bioscience. “If anything comes out of our processes that are out of specification in any way, we must be able to track each ingredient back to its elemental origins.”

As PURE grew, the demands of the compliance and reporting requirements threatened to outpace the capabilities of its multiple, non-integrated software solutions. Managing and recording ingredients was a manual process, as was forecasting lead times, production scheduling, and shipping. PURE relied on numerous spreadsheets that employees updated by hand to track inventory of raw materials and to manage financial transactions. “We weren’t able to see into our inventory. We couldn’t calculate aging on accounts receivables or even our revenue-to-date for a given period,” recalls Buckland. PURE had a genuine concern in regards to traceability accuracy and time to assemble the data.

Of particular concern were the demands of Sarbanes-Oxley (SOX) certification and the need to reduce book-closing time by 15 days to meet the deadline for accelerated SEC filings. “We needed to file

our quarterly and annual reports quicker than we used to because of our growth. But, we didn’t have the tools that would enable us to speed our financial close,” says Buckland.

“Normally, it took us four weeks to get through inventory and 30 days to close the books after a quarter or fiscal close,” recalls Mark Elliott, Controller at PURE Bioscience. To reduce the close process to 15 days, PURE needed a solution that could reconcile manufacturing information with accounting systems and support rapid delivery of financial reports.

Solution

Microsoft Dynamics® AX provided PURE with a comprehensive enterprise resource planning (ERP) solution that included accurate, auditable financial tools and robust manufacturing and inventory management.

Selecting a Comprehensive, End-to-End ERP Solution

Executives at PURE originally evaluated several ERP including FourthShift Edition for SAP BusinessOne before settling on Microsoft Dynamics AX. The management team was confident that the comprehensive capabilities of Microsoft Dynamics AX, including financial management, manufacturing, and supply-chain management would provide the end-to-end functionality and insight the company needed in a single application.

PURE management also recognized that the familiarity of the Microsoft Dynamics AX user interface would help flatten the learning curve and decrease training costs—especially compared to the two-package system represented by SAP and FourthShift. The ability to easily import and export data to and from the 2007 Microsoft® Office system further differentiated Microsoft Dynamics AX from other manufacturing and financial packages.

Solution Deployment and Implementation

The company engaged Microsoft Gold Certified Partner Advanced Systems Integration (ASi) to customize and deploy Microsoft Dynamics AX for its manufacturing and accounting needs. PURE chose ASi for its comprehensive understanding of Microsoft Dynamics AX and for its experience and knowledge with the manufacturing industry.

ASi took a phased approach, addressing financial management and regulatory compliance in the first phase of the deployment. Phase two concentrated on automating and customizing production-manufacturing processes.

Relying on guidance provided by Microsoft Dynamics Sure Step Methodology, ASi completed a smooth, rapid deployment in three months. Business Ready Licensing lets PURE extend its deployment of Microsoft Dynamics AX as the company grows, adding functional modules to the system or providing access to additional users on an as-needed basis. Simon Sadri, Vice President of Operations at ASi explains, "The Sure Step Methodology, along with Microsoft's Business Ready Licensing, has granted many fast growing and mid-sized manufacturers, like PURE, the ability to now consider and purchase Microsoft's most comprehensive, scalable and flexible ERP system, Microsoft Dynamics AX."

Automating Management of Manufacturing and Accounting

PURE uses Microsoft Dynamics AX to automate manufacturing and management processes—replacing the numerous manual tasks previously used to process transactions and track inventory throughout the manufacturing cycle. Microsoft Dynamics AX facilitates the smooth flow of information across the business, from tracking orders for raw ingredients and maintaining inventory

levels, through end-of-quarter reporting against the general ledger.

When the company receives an order, Microsoft Dynamics AX calculates the lead-time and schedules the order against production. A bill of materials is created noting each ingredient to be used in the manufacturing process. Microsoft Dynamics AX also detects when inventory is insufficient, automatically generating purchase requests and rescheduling the order. When an order is completed, Microsoft Dynamics AX records the shipment, generates an invoice, and updates the Accounts Receivable module.

"Our general ledger in Microsoft Dynamics AX is very much integrated with our warehousing and supply operations," says Elliott. "The system places everything into a specific category in inventory—whether it's a packaging component, a raw material, a finished good, or an intermediate—it's all right there, and it magically ties back to the general ledger."

As a precaution, PURE also uses the test environment in Microsoft Dynamics AX to test transactions before entering them into the general ledger. "If we're not sure how a transaction is going to flow through the general ledger, Microsoft Dynamics AX lets us test these one-off transactions before we book it to the live system," says Elliott.

Customizations Based on Industry-Specific Variables

To streamline supply-chain operations, PURE deployed the Shop Floor module for Microsoft Dynamics AX, tying its various manufacturing processes together into a single workflow. The PURE IT staff configured Microsoft Dynamics AX to automatically account for production variables that are unique to process manufacturing, for example, by allowing for the potency and strength of a raw material or intermediate when determining

“We would not have been able to verify our internal controls under SOX with the tools we had before Microsoft Dynamics AX. The solution helps us establish an infrastructure to ensure that our processes are compliant.”

Andrew Buckland, Chief Financial Officer,
PURE Bioscience

required quantities and production lead-times.

Customizations have also enabled PURE to improve inventory tracking and utilization. For example, it is common to use only a proportion of a silver bar to produce a given product. Certain process-manufacturing capabilities in Microsoft Dynamics AX include units of measure to keep track of the remaining balance of a silver bar so that what's left can be returned to inventory rather than categorized as scrap. “Without this functionality, we would assume there is no silver remaining and order more, when in reality, what's left over is enough to supply subsequent processes,” explains Elliott.

Improved Reporting for Compliance

Microsoft Dynamics AX dramatically improves reporting capabilities for PURE by enabling employees to extract data from Microsoft Dynamics AX for editing or further analysis. Analysts who prepare quality assurance and quality control documents in Microsoft Office Word 2007, Microsoft Office Excel® 2007, and Microsoft Office PowerPoint® 2007 rely on Microsoft SQL Server® 2005 Reporting Services to access data stored in the General Ledger, Accounts Payables, Accounts Receivables, and the Sales modules in Microsoft Dynamics AX. Through Microsoft SQL Server Reporting Services, analysts can extract data, drill up, drill down, or perform detailed analysis to gain insight into and report on financial performance and manufacturing operations.

Benefits

Microsoft Dynamics AX enables PURE to rapidly produce company financials and reports needed to maintain compliance and provide visibility into operations. With Microsoft Dynamics AX, the company streamlined supply-chain processes, reduced inventory costs, and invested in an infrastructure that is versatile and prepares

the company for changes in industry standards and future expansion.

Meet Compliance Requirements

As a publicly traded company, PURE was required to be able to assert at its year end that internal controls were operating effectively. In October 2008, PURE filed their annual 10-K within 75 days of the SEC's year end. Based on a detailed review required under SOX, the SEC and its independent auditors reported no material weaknesses in internal controls. “We would not have been able to verify our internal controls under SOX with the tools we had before Microsoft Dynamics AX,” states Buckland. “The solution helps us establish an infrastructure to ensure that our processes are compliant.”

Streamlined accounting processes—including financial reporting with Microsoft SQL Server 2005 Reporting Services—helps PURE meet the deadline for accelerated SEC filings by reducing annual reporting time from 90 days to 75 days and book-closing time from 30 days to 15 days.

Using the tools available in Microsoft Dynamics AX, the company structured business processes to better comply with FDA and EPA process-manufacturing standards. Improved tracking and tracing functionality ensures every ingredient and every step is accounted for. “With Microsoft Dynamics AX, we know exactly where our entire inventory is and where it was used,” says Buckland.

Enhance Data Accuracy and Reliability

With Microsoft Dynamics AX, PURE no longer relies on spreadsheets and manual data entry as a means to record transactions or track orders through a complex supply chain. Eliminating manual processes ensures data accuracy, and integrated processes provide visibility into every step of the manufacturing operations. “With Microsoft Dynamics AX, I can trust that the numbers are accurate and up-to-date because I can verify the data

through the system,” says Elliott. Accountants can drill down into the production orders to check the data and to identify any variances that may create problems in the future. Proactive testing also ensures that unique transactions flow through the system correctly.

Streamline Inventory and Reduce Costs

With Microsoft Dynamics AX, PURE is able to save money by using leftover material and reducing inventory-holding costs. By automating calculation of cycle counts and lead counts, and tracking raw materials and packaged goods throughout the manufacturing process, Microsoft Dynamics AX has reduced the time to account for inventory by 86 percent. “It used to take four weeks to get through inventory at the end of a quarter or a fiscal year,” says Elliott. “With Microsoft Dynamics AX, we’re able to accomplish the task in four days.”

Prepare for Future Growth

As the company continues to grow, Microsoft Dynamics AX has provided PURE with a system that is versatile, easy to customize, and scalable to accommodate future growth. Business Ready Licensing for Microsoft Dynamics AX enables PURE to cost-effectively add new modules and users as needed, and straightforward configuration and customization lets the system adapt in response to industry trends or new methods of manufacturing.

“Microsoft Dynamics AX is a fully integrated solution that lets us consider all the different variables in our business,” says Buckland. “The flexibility and the simplicity to perform customizations in-house without having to utilize outside experts is a major bonus.”

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about PURE Bioscience products and services, call (619) 596-8600 or visit the Web site at: www.purebio.com

For more information about Advanced Systems Integration (ASi) products and services, call (949) 597-2170 or visit the Web site at: www.advancedsystemsintegration.com

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics

Software and Services

- Microsoft Dynamics
 - Microsoft Dynamics AX
- Microsoft Office
 - Microsoft Office Excel 2007
 - Microsoft Office PowerPoint 2007
 - Microsoft Office Word 2007

Technologies

- Microsoft SQL Server 2005 Reporting Services

Partners

- Advanced Systems Integration (ASi)