

Argo Turboserve Corporation Achieves Aggressive Growth With New Solution

Argo Turboserve Corporation (ATC) had an aggressive growth plan but lacked the software to support it. Formed in 1996, the company specializes in the management of spare parts for turbines, aerospace, utilities, and other industries. ATC was using a Unix-based ADP solution with a menu-based green screen. It was cumbersome and lacked the ability to help the company grow. After considerable analysis of features and associated costs, ATC chose to implement Microsoft Business Solutions–Axapta. This solution was less than one-third the cost of J.D. Edwards and allowed ATC to do much of the implementation in-house and save an additional \$150,000. By reducing first year programming costs, another \$200,000 was saved by ATC. ATC next plans to integrate their solution with OptiLink, a proprietary supply management system which provides companies improved management of spare part order-fill decisions and matches company demands to available parts in the client’s inventory across all sites.



“Microsoft Axapta has a high degree of flexibility; now rather than having our software tell us how to run our business, we tell our software how we want our business run.”

Dan Roy
Vice President of
Operations,
Argo Turboserve
Corporation

Overview

SOLUTION

CUSTOMER PROFILE

Headquartered in Carlstadt, New Jersey, Argo Turboserve Corporation (ATC) specializes in the management of spare parts. The company has five divisions. They provide supply chain management, investment recovery, sales, and distribution services to their customers.

BUSINESS SITUATION

ATC was using an ADP Unix-based warehouse distribution solution operating on a menu-driven, green screen. The solution was cumbersome and failed to provide the information ATC needed. They wanted a solution that would adapt to their plans for aggressive growth.

SOLUTION DESCRIPTION

After a detailed analysis comparing several options, ATC selected Microsoft® Business Solutions–Axapta® for their new software. This solution cost them less than one-third of what a similar J.D. Edwards solution would have cost. By using extensive in-house services, implementation costs were reduced to only .8 of the application costs.

BENEFITS

- Ease of in-house implementation resulted in savings of \$150K
- Savings in first year programming costs of \$200K
- Increased employee efficiency
- Decreased shipping errors
- Ability to rapidly implement new customers

PARTNER(S)

Columbus IT Partner

VERTICAL INDUSTRIES

Wholesale and Distribution

COUNTRY/REGION

United States

AUDIENCES

Business Decision Makers

Situation

Since its inception in 1996, Argo Turboserve Corporation (ATC) has grown to become an innovative supplier of supply chain management services of aftermarket spare parts to numerous corporations, including several Fortune 500 companies.

The company was spun off from Argo International Corporation (Argo), a 50 year-old stocking distributor. Clyde Keaton, Argo's CEO, (formerly a Vice President of General Electric and a CEO of a public environmental company) saw the opportunity to create a high growth, innovative company to provide world-class, customized supply chain management services focused on the unique complexities of aftermarket spare parts. Keaton left Argo to become President and CEO of ATC.

In late 1996, ATC formed their first partnership with a major original equipment manufacturer (OEM) in the power generation industry. ATC provided inventory planning,

purchasing, supplier management, and warehousing of stock aftermarket parts. All this was done invisibly to the OEM's ultimate customers.

The following year ATC partnered with another OEM in the industrial controls industry. The responsibilities of this contract were similar to their first, with the additional responsibility of managing all non-stock purchases.

ATC also purchased the Turbine and Governments Parts divisions from Argo in early 1997.

Early in 2000, ATC identified opportunities to provide aftermarket spare parts supply chain services for the aerospace and nuclear power generation industries. With this the Hi-tech Aero Spares (HTAS) and Inventory Management Services (IMS) divisions were created.

HTAS has partnerships with companies in the aerospace industry focused on inventory planning,

“We were delighted when Microsoft purchased Axapta.”

Clyde Keaton

President and CEO

Argo Turboserve Corporation

purchasing, warehousing, and direct sales responsibilities for stock aftermarket spare parts.

The IMS division works with the nuclear power industry to manage an investment recovery program for new surplus material. They have developed a sourcing service to procure hard to find spare parts for this industry.

ATC currently maintains five divisions:

- Turbine—power generation
- Industrial Supply Chain—industrial
- Hi-Tech Aero Spares—aerospace
- Inventory Management Services—utility
- Virginia Beach—government parts

The company has warehouses in Carlstadt, New Jersey; Cincinnati, Ohio; and Chicago, Illinois, as well as five sales offices throughout the U.S. The corporate office in Carlstadt provides financials, banking services, and HR services across the company.

Services that ATC provides to their customers include:

- **Supply Chain Management**

(purchasing, warehousing/shipping, and inventory management)

- **Investment Recovery** (analysis and sales of new surplus parts and development of OptiLink, a system for managing excess and surplus inventory)

- **Sales and Distribution** (spare parts quotes, ordering, shipping, and sales)

When ATC was formed, they purchased an ADP Unix-based warehouse distribution system operating on a menu-driven, green screen. This solution was cumbersome; sales staff couldn't get enough information on one screen to do either sales orders or purchase orders. ATC wanted a solution to meet both their current needs and their plans for aggressive growth.

Solution

ATC prepared a list of 600 requirements in 40 categories that they were seeking in a new solution. This was sent out to vendors. Three major players met over 500 of the

requirements specified; they included J.D. Edwards (JDE), Tecsys, and Microsoft® Business Solutions–Axapta®.

Cost analysis showed that application and implementation costs for a JDE solution would be over three and a half times those of a Microsoft Axapta solution. Maintenance and training costs for ATC would also be less than half the cost with Microsoft Axapta software as compared to a JDE solution.

Ultimately, ATC brought in Microsoft Axapta and Tecsys to do an application walk-through. While a Tecsys solution compared well cost-wise to Microsoft Axapta, it was still a menu-driven, green-screen solution.

After analysis, ATC selected Microsoft Axapta for their new solution. They believed this software had the functionality they needed to help grow their company to their goal of \$200 to 300 million.

ATC appreciated the fact that this software was a user-friendly, Microsoft Windows® based environment. The ease of use provided ATC with error-proof processing.

Direct links to the Internet enable ATC to communicate directly with customers and suppliers. Microsoft Axapta also provides secure communication between divisions.

The new solution provides international currency capabilities for pricing and trading units. It has the capability to enter in specific contract agreements for individual customers and then integrate the core and discount pricing automatically into invoices. These customizations are done quickly with in-house programmers, thus saving ATC both time and money.

“Microsoft Axapta has a high degree of flexibility,” says Dan Roy, Vice President of Operations. “Now, rather than having our software tell us how to run our business, we tell our software how we want our business run.”

Their new solution has provided ATC with the ability to add divisions and grow their business from about \$25 million to \$78 million in three years.

Each of ATC’s five divisions demands different screens and requirements than the others; each ties into customer systems in different ways. ATC has gained the ability for each division to tailor screens, forms, and reports by line of business and for users to hide fields on screens for easy navigation and use.

“If we had gone with J.D. Edwards, or even a larger SAP or PeopleSoft solution, we’d have been limited in the amount of functionality we could change for each division,” says Art Johnston, CIO. “Because we have such

“Our implementation costs with Microsoft Axapta were less than equal to our licensing costs; this is virtually unheard of. Our programmers were able to do much of the implementation themselves.”

Art Johnston

CIO

Argo Turboserve Corporation

different kinds of businesses, it would have cost enormous amounts of money to make these changes with a different application.”

This solution also provides support for ATC’s Business Continuity Plan. The company built a replication scheme in the Cincinnati office which creates a full backup on weekends and differential backups each day on delta processing over a full T1 line.

In the event of prolonged downtime due to disaster, this provides ATC with the ability to switch their offices to the Cincinnati location in less than an hour. In this case, the Carlstadt personnel and sales offices would connect remotely using wireless and VPN network facilities. Then, when the primary location in Carlstadt becomes operational again, a restore would be done overnight to synchronize the Cincinnati server to Carlstadt and resume normal replication scheduling.

In 2003, the IMS division introduced the OptiLink system, a patent pending

process. By integrating with Microsoft Axapta, this system enables seemingly different parts to be identified and matched across an enterprise or enterprises; even parts with different ERP solutions and parts numbering schemes. This allows clients to identify existing material (helping them to avoid unnecessary purchases) or to identify available surplus material within their industry.

Future plans for ATC include integrating Targit OLAP (online analytical processing) to build business intelligence and improve reporting.

Benefits

INCREASED EMPLOYEE EFFICIENCY

Implementation of Microsoft Axapta has resulted in a 30 percent reduction in the number of keystrokes required when ATC employees are opening/closing screens to enter orders, pick, pack, ship and invoice.

Automated procedures for EDI, receiving, file imports/exports, and

interfaces for expense reports have reduced employee work time by 40 percent.

RAPID IMPLEMENTATION FOR CUSTOMER STARTUP

The new software provides ATC with rapid implementation for the startup of new customers. One system for a large aerospace customer was set up to purchase inventory, provide warehouse storage, and generate sales orders in less than a month.

COST SAVINGS

Implementation services for ATC were provided by Microsoft reselling partner, Columbus IT. Because of the structure of their new solution, ATC was able to quickly take over and do most of the implementation programming in-house. Implementation costs for the new software were only .8 of the application costs compared with an industry standard of one to three times the license costs. Cost savings include:

- Implementation cost savings-\$150K

- Reduced programming charges during the first year-\$200K
- Ease of use has also provided cost savings since employees require only minimal training.
- Additional cost savings are realized since ATC has been able to rapidly grow their company without having to add staff at the same rate.

DECREASED SHIPPING ERRORS

Implementation of Microsoft Axapta helped ATC reduce shipping errors from five percent to less than one percent.

FLEXIBILITY

Microsoft Axapta provides ATC with significant flexibility including:

- Contracts—The new software provides the ability to easily adjust core and discount pricing for customized contractual prices with customers.
- Divisions—This solution enables each of the five divisions of ATC to make integrations and adjustments tailored to their individual business needs.

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For more information about Argo Turboserve Corporation products and services, visit the Web site at: www.argoturbo.com

For more information about Columbus IT products and services, call 203-705-4000 or visit the Web site at: www.columbusit.com

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