



AGM Container Controls

Seeks New End-to-End ERP Solution and Business Intelligence Software from Epicor

Company Facts

- Location: Tucson, AZ
- Industry: Manufacturer of moisture control solutions used for aerospace and defense, electronic, electro-optical, industrial and commercial markets
- Web site: www.agmcontainer.com

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AGM Management Team | AGM Container Controls

Success Highlights

Challenges

- AGM faces a number of issues that challenge most military defense-related manufacturing companies, such as the economic downturn, defense budget cuts and globalization
- AGM committed to investing in technological innovation in order to reduce costs and maintain a competitive advantage, while minimizing capital expenditures

Solution

- Epicor® ERP

Benefits

- Accounting, operations, engineering, and quality systems
- Reduced costs, increased efficiency and reduced time-to-market on new products
- Increased profitability by 37%
- Achieved 95% on-time shipping record
- Increased operational productivity and significantly reduced its paper footprint

Established in 1970, AGM Container Controls (AGM) manufactures environmental control hardware for containers that hold missiles, engines, and other sensitive equipment. Since then, AGM has expanded into manufacturing parts that protect missiles and other electro-optical equipment from moisture vapor. AGM also manufactures tie down straps, as well as a product called tie down shelving that helps protect sailors and soldiers from missile, torpedo, and mine strikes. In addition, AGM manufactures the world’s premier wheelchair lift for individuals with disabilities to help them access stages or navigate elevation changes in schools, convention centers, hotels, casinos, churches, and other public facilities.

AGM commits to investing in new technology

In recent years, AGM has faced a number of issues that similarly challenge most military defense-related manufacturing companies. For example, the economic downturn of the past few years, as well as globalization, has adversely impacted the U.S. manufacturing sector, of which military defense companies are a part. In addition, the \$450 billion dollars in defense cuts, as well as sequestration (both mandated by the U.S. Congress), have the potential to negatively impact AGM’s future revenues, as 63% of AGM’s business is military defense-related.

In recognition of these challenges, AGM Management has committed to investing in technological innovation to maintain a competitive advantage, as the company

management understands that to survive in this difficult economic climate, let alone thrive, they need to do such things as control costs, decrease time-to-market on new products and increase responsiveness to customer demands. Accordingly, to meet these objectives, AGM Management has invested heavily in major areas of technology including an end-to-end enterprise resource planning (ERP) solution, almost entirely relying on business intelligence software from Epicor.

Significant improvements in key performance metrics

AGM worked with Crea8tive Technology and Design, a Platinum member of the Epicor Inspired Partner Network, to implement the ERP system and train on how to utilize the system using proven best practice models by Epicor.

Crea8tive Technology and Design's development team is well versed in aerospace and defense applications, which made the system integration to AGM's accounting, operations, engineering, and quality systems within a single database platform possible.

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AGM highlights the following significant gains and improvements since implementing Epicor:

- AGM's profitability has climbed 37%.
- Using Epicor has resulted in a significant labor-savings across the company. Production meetings comprised of 10 key managers and a large support staff used to take 50 hours per week. Now, using Epicor, these same meetings have been streamlined, taking the same personnel only 20 hours per week, which has resulted in a dramatic labor savings.

- Epicor increased visibility on upcoming issues, giving AGM the agility to quickly respond to customer demands. In fact, AGM's on-time shipping percentage has climbed from 75%, before implementation of Epicor, to an all time record high of 95%. This excellent on-time shipping record has helped AGM to maintain its 100% on-time delivery and quality rating with the Defense Supply Center Richmond (DSCR).
- Epicor helped AGM Management increase its operational productivity. For example, AGM's annual shipment dollars per employee, a key metric that measures how efficiently AGM is operating, was \$133,000 per employee in 2008, but has since climbed to \$165,000 per employee—a 23.5% increase.
- Epicor brought forth accounting improvements as well. Previously, AGM's accounting department was unable to account for all expenses, and was ultimately writing off over \$100,000 in undefinable expenses in cost-of-goods-sold each year. With Epicor, AGM is able to trace all transactions. In addition, all accounts are fully reconciled.
- Customization tools in Epicor ERP have enabled AGM to solve challenges with lot traceability, internal comment flow down and change management.
- The most successful experience of all has been the radical improvement in AGM's company morale. AGM's President and CEO, Howard Stewart, states that "Prior to the implementation of Epicor, there was a high degree of frustration amongst AGM's computer users with AGM's computer system. However, since the implementation of Epicor, almost all on-going computer complaints have been resolved, and everyone seems very happy with the Epicor ERP system."

New technology brings unexpected, but welcome benefits

When implementing Epicor, AGM did not expect to be able to reduce its paper footprint so successfully. To date, AGM has been able to scan and index over 350,000 documents, and has been able to remove hundreds of storage boxes and numerous filing cabinets,

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Eric Zuercher, VP of Engineering

freeing up space for other uses. AGM has also been able to close an off-site storage rental, saving thousands of dollars per year.

Journey to selecting Epicor

Prior to implementing Epicor, AGM had contracted a third-party advisory firm to help AGM select a software program to handle inventory, sales, engineering, and manufacturing. After each departmental manager completed an extensive survey, the contractor recommended that AGM purchase an ERP system from Consona called Intuitive® ERP.

Thereafter, AGM moved from their in-house, custom-designed, digital VAX computer system to Intuitive ERP, but immediately experienced significant problems. For example, AGM's on-time shipment rating crashed, operations were plagued with part shortages, and customer quote lead times ballooned to over three weeks.

When Stewart presented these issues at a CEO network meeting with other local manufacturing CEOs, he quickly discovered that AGM was not alone in facing ERP system-related challenges. His takeaway from this meeting was that AGM could not blindly switch to another system, but needed to thoroughly explore all ERP options before proceeding.

Accordingly, Stewart flew a team of five key AGM managers to an "ERP Shootout" to evaluate the options. Incidentally, learning from the previously failed implementation where the project was solely driven by AGM's IT department, Stewart chose AGM's CFO, VP of Engineering, Sales Manager, Operations Manager, as well as the new IT Manager, to attend this event. He selected this group because he felt that the five of them, as a team, had a comprehensive understanding of AGM's business processes, and would be able to recommend a suitable system.

At the ERP Shootout, the team investigated eight major software solutions, including Sage, SAP®, Syspro™, Microsoft Dynamics AX, Epicor, Cincom®, and Infor. Ultimately, at the end of this two-day event, the AGM team narrowed their options down to two platforms—Cincom and Epicor.

Learning from their failure to properly vet the previous ERP system, AGM asked the two software companies to perform an on-site demonstration of their software to representatives of all major AGM departments: accounting, business development, contracts, purchasing, sales, engineering, information technology, quality systems, and operations.

While asking this many managers to spend multiple days sequestered in a conference room is both expensive and disruptive, Stewart recognized that it was critical that AGM management thoroughly vet both software options to make sure that the company chose the correct software.

Following these software demonstrations, AGM management selected Epicor. Although the decision to abandon the active ERP system was not without cost, the numerous issues that AGM continued to struggle with made the investment imperative.

Implementing Epicor

Learning from the challenges of the previous implementation, AGM appointed a project team, which included representatives from AGM's sales, information technology, operations, accounting, and engineering departments. This project team invested a significant number of hours throughout implementation and within one year AGM was able to go live on the system.

During the implementation, AGM worked closely with a team from Cre8tive Technology and Design on training, piloting, and developing customizations to support AGM's business processes.

"Cre8tive Technology and Design provided us with consulting services for the implementation of our Epicor ERP system," says Eric Zuercher, AGM's vice president of engineering.

"As the project leader for the ERP implementation, I worked closely with Cre8tive Technology and Design. With many years of experience with various ERP systems, but specifically with Epicor ERP solutions, Cre8tive Technology and Design's services were invaluable to our successful implementation. As such, we found ourselves relying more and more heavily upon their expertise and experience as the implementation process progressed. Their team guided us through every step of the process, and helped us to understand where we could modify our internal processes to match Epicor functionality and improve our efficiency. Accordingly, we highly recommend Cre8tive Technology and Design to other companies that are looking to implement Epicor ERP."

According to Zuercher, one of best memories of AGM's implementation was the day AGM went live on Epicor ERP. That day, the AGM project team assembled in a conference room to review outstanding items before go-live. The leader of the production team mentioned that a job for a certain part was not created correctly by MRP.

"Just as I was beginning to recommend a course of action, one of the planners interrupted me and suggested we look at the given part's inventory and planning parameters," recalls Zuercher. "Two minutes later, he had checked a couple of fields, found the problem, and fixed it."

In prior months, it had always been Zuercher's role to direct the investigation into these types of problems. Now, he saw that the AGM staff could solve their own problems.

"Accordingly, I was now confident that the Epicor ERP implementation would not just take off, but it would soar. I attribute this success to Cre8tive Technology and Design's emphasis on

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Howard Stewart, President and CEO

knowledge transfer throughout implementation. It’s not enough to just take off; you have to know how to fly,” adds Zuercher.

Over a year later, AGM’s president and CEO invited Zuercher, as well as all members of AGM’s ERP Implementation Team, to join him in accepting the Tucson Metro Chamber’s “Large Company Category” award for “Innovation through Technology.”

It should be noted that AGM primarily received this award for their innovative use of Epicor ERP software. Interestingly, besides these team members, AGM’s local representative from Cre8tive Technology and Design was the only AGM vendor invited to join the team at the event.

“Supporting a successful software implementation project is just as important as helping a customer select the right software package for their business,” says Aaron Continelli, president and founder of Cre8tive Technology and Design whose team helped AGM select and implement Epicor ERP. “We worked closely with AGM to define the project objectives, create a project plan, identify team members, map business requirements, design and develop software customizations, and deliver user training in order to ensure a successful system go-live for AGM.”

Key lessons learned

Following a previously failed implementation, AGM offers the following critical lessons learned that enabled them to successfully move to Epicor ERP:

- Pick a software system that closely mirrors your company’s processes. Don’t change all your current working processes to fit a software program.

- ERP software supports many aspects of the business. As such, selection and implementation shouldn’t be relegated to a company’s IT department. Rather, it requires “buy-in” from all major departments. In Stewart’s opinion, “Failure to follow this single piece of advice will likely result in failure of your implementation.” Thus, the company’s implementation team should include representatives from a broad cross section of your company, including sales, operations, accounting, and engineering.
- Invest the time, up front, and allow your key leaders to be involved.
- Do not rush the implementation. Take the time to do it right.
- Recognize that no system will meet your needs “out-of-the-box.” It is critical to invest the resources to customize it.

About Epicor

Epicor Software Corporation is a global leader delivering business software solutions to the manufacturing, distribution, retail, and service industries. With more than 40 years of experience, Epicor has more than 20,000 customers in over 150 countries. Epicor solutions enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise, and passion for excellence, Epicor inspires customers to build lasting competitive advantage. Epicor provides the single point of accountability that local, regional, and global businesses demand. For more information, visit www.epicor.com.



Contact us for more information on Epicor Products and Services

+1.800.999.6995 info@epicor.com www.epicor.com

Corporate Office
804 Las Cimas Parkway
Austin, TX 78746
USA
Toll Free: +1.888.448.2636
Direct: +1.512.328.2300
Fax: +1.512.278.5590

Latin America and Caribbean
Blvd. Antonio L. Rodriguez #1882 Int. 104
Plaza Central, Col. Santa Maria
Monterrey, Nuevo Leon, CP 64650
Mexico
Phone: +52.81.1551.7100
Fax: +52.81.1551.7117

Europe, Middle East and Africa
No. 1 The Arena
Downshire Way
Bracknell, Berkshire RG12 1PU
United Kingdom
Phone: +44.1344.468468
Fax: +44.1344.468010

Asia
238A Thomson Road #23-06
Novena Square Tower A
Singapore 307684
Singapore
Phone: +65.6333.8121
Fax: +65.6333.8131

Australia and New Zealand
Suite 2 Level 8,
100 Pacific Highway
North Sydney, NSW 2060
Australia
Phone: +61.2.9927.6200
Fax: +61.2.9927.6298

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