ROOTSTOCK SOFTWARE PRO-TECH

ANALYST
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THE BOTTOM LINE

Pro-Tech deployed Rootstock to replace an outdated enterprise manufacturing resourcing system and to spur growth. The company sought to connect its manufacturing enterprise resource planning system to its customer relationship management software and eliminate information silos. Nucleus found that the project enabled the company to reduce technology costs, increase employee productivity, and increase business volume without adding more staff.

ROI: **41%**
Payback: **2.6 years**
Average annual benefit: **$120,043**

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THE COMPANY

Pro-Tech is based in Rochester, New York and is one of North America's leading containment and multi-use plow manufacturers. Founded in 1992, the company helped to change the way that snow and ice is commercially managed with its first snow removal product, the Pro-Tech Sno Pusher. In the years since its founding, the company has continued to develop innovative products for snow removal and containment that are known for their durability, availability, and competitive pricing.

THE CHALLENGE

Pro-Tech faced the dilemma of needing a major technology refresh in order to continue to grow. The company was using an outdated version of Macola for its manufacturing enterprise resource planning (ERP) system and was supplemented by an unlinked collection of spreadsheets. Its customer relationship management (CRM) software was also outdated and poorly integrated with its ERP system, requiring significant third-party consulting and maintenance to enable the two systems to communicate. Users performed time consuming workarounds and manual processes to accomplish their tasks. Additionally, the system did not support the creation of work orders which hurt operational efficiency.

Cost : Benefit Ratio | **1 : 1.1**

Remote access for sales and executives was cumbersome and required a terminal server to establish remote desktop service. The company knew that it wanted to leverage a cloud-based system to eliminate hardware maintenance and expenses and make remote access easier. Pro-Tech also wanted to take advantage of the scalability and out-of-the-box functionality that cloud solutions can deliver.

THE STRATEGY

Knowing that it wanted a cloud ERP system, Pro-Tech was able to quickly narrow the list of possible solutions. Pro-Tech initially looked at Plex, but found that it was too expensive. The company also looked at NetSuite, but despite saying it could match Pro-Tech's budget, NetSuite's final quote was much higher than initially promised, forcing Pro-Tech to look for an alternative solution.

When looking for additional vendors, Pro-Tech considered Kenandy and Rootstock, both of which are on the Salesforce App Exchange. Although Pro-Tech was not a Salesforce CRM customer, both solutions were within Pro-Tech's budget. The decision came down to functionality:

- Rootstock had the robust functionality in materials requirements planning (MRP) to help Pro-Tech with its planning, scheduling, and inventory control.

- Rootstock offered better shop floor control, which was a requirement for Pro-Tech because of its lean production operation.

TYPES OF BENEFITS

Direct 19% � 81% Indirect

Pro-Tech made additional use of the Salesforce platform capabilities by deploying FinancialForce for its core financials at the recommendation of Rootstock. Pro-Tech's marketing director and sales department reviewed the functionality of Salesforce CRM and decided to make the switch from the legacy CRM system that had limited functionality. To help with the implementation, Rootstock brought in a consultant who understood Pro-Tech's business processes and was able to deploy in six months and within budget.

KEY BENEFIT AREAS

Switching to cloud-based ERP and CRM solutions has allowed Pro-Tech to eliminate the need for the SQL server that supported its legacy system. Additional key benefits include:

- Increased front office productivity. Due to the seasonal nature of Pro-Tech's business, during peak business periods everyone would need to work overtime to fulfill orders. However, since implementing Rootstock, users have been able to accomplish their jobs without needing to put in additional hours despite transaction volume increasing.

- Reduced accounting and audit costs. With core financials connected to both sales and manufacturing, Pro-Tech can quickly see where it stands financially and track the process of an order from initial sale to when it is shipped and invoiced.

- Increased back office productivity. When a member of the back-office staff left, other employees were able to perform the tasks required so Pro-Tech didn't need to hire a new person into the position.

- Improved technology management. Pro-Tech eliminated costly third-party consulting spending that was required to maintain the connection between its legacy CRM and ERP systems. With Rootstock, Pro-Tech can rely on internal employees spending a small fraction of their time to maintain the current systems.

CUMULATIVE NET BENEFIT

40,886

(60,257)

(131,701)

Year 1   Year 2   Year 3
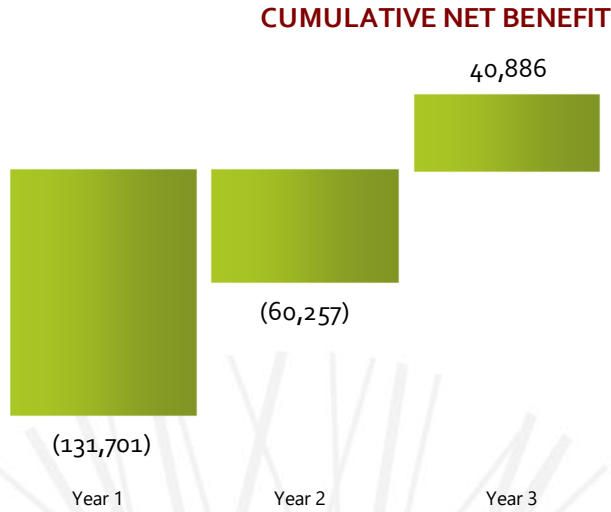
Pro-Tech runs a lean operation with high seasonality to its business and not a lot of excess inventory. However, Pro-Tech expects that it will be able to find additional inventory efficiencies due to better planning and resource management in the future.

KEY COST AREAS

Costs of the project included software subscription costs, personnel time to implement and support the system, user training time, and consulting costs. Pro-Tech opted to hire consultants to add additional capabilities to the ERP system such as creating customer reports and connecting website contact forms to the CRM system.

BEST PRACTICES

Because Pro-Tech now utilizes the Salesforce platform for its ERP, CRM, and core financials, the company can easily implement and integrate additional applications that run on the platform as its needs develop. The users can leverage the simple user interface to make training on the software easy and help them quickly become productive within the application. With the end-to-end visibility, Pro-Tech can track and plan a project from initial sale through to delivering and invoicing, with one source of truth across the entire business.

NET CASH FLOWS
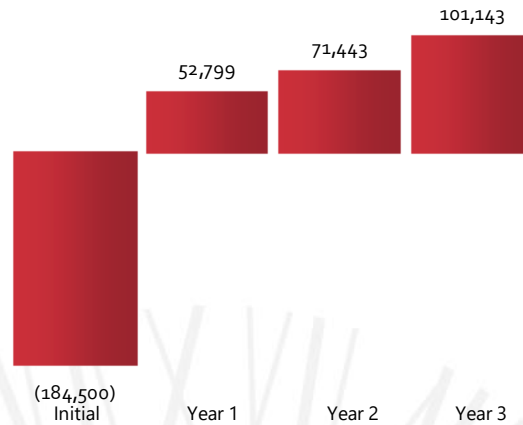
CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of software subscription fees, personnel time to implement and support the application, employee training time, and consulting over a 3-year period to calculate Pro-Tech's total investment in Rootstock.

Direct benefits quantified included the elimination of maintenance and consulting fees associated with the legacy ERP and CRM systems as well as reductions in accounting and audit costs. Indirect benefits quantified included increased employee productivity through more efficiency business processes, which were calculated based on the average annual fully loaded cost of the employees using a productivity correction factor to account for the inefficient transfer between time saved and additional time worked.

FINANCIAL ANALYSIS
Rootstock Software - Pro-Tech

Annual ROI: 41%
Payback period: 2.6 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	22,500	22,500	22,500
Indirect	0	97,543	97,543	97,543
Total per period	0	120,043	120,043	120,043

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 SCHEDULE	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	29,700	29,700	29,700	0
Hardware	0	0	0	0
Consulting	49,500	17,300	0	0
Personnel	105,300	18,900	18,900	18,900
Training	0	1,344	0	0
Other	0	0	0	0
Total per period	184,500	67,244	48,600	18,900

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(184,500)	52,799	71,443	101,143
Net cash flow after taxes	(101,475)	29,040	39,294	55,629
Annual ROI - direct and indirect benefits				**41%**
Annual ROI - direct benefits only				-12%
Net Present Value (NPV)				5,395
Payback period				**2.6 years**
Average Annual Cost of Ownership				106,415
3-Year IRR				10%

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