



SALESFORCE MATOUK

ANALYSTS

Rebecca Wettemann, Trevor White

THE BOTTOM LINE

Matouk moved to Salesforce and Rootstock to modernize the management of its manufacturing business, from customer interactions to inventory and shop floor management. Nucleus found that the integrated customer relationship management (CRM) and enterprise resource planning (ERP) project enabled Matouk to drive greater visibility and productivity across all facets of its business. Accelerating time to promise and accuracy of quotes drove increased order volumes, supporting year-on-year growth of more than 10 percent while improving margins and customer satisfaction.

ROI: **223%**

Payback: **6 months**

Average annual benefit: **\$1,643,367**

...

THE COMPANY

Matouk is a multi-generational, family-owned, high-end bedding and bath textile manufacturer based in Fall River, Massachusetts. With more than 100 employees, Matouk does most of its manufacturing under one roof at its factory, also located in Fall River.

THE CHALLENGE

Before implementing Salesforce and Rootstock, Matouk was using multiple applications to manage its business including an on-premise system and a homegrown

Microsoft Access database. This technology strategy presented challenges for sales, marketing, service, and finance and operations, as they didn't have a common view or means to share information about customers and inventory. Additionally, the systems and data couldn't be accessed remotely or through a mobile application, meaning that all sharing and updating of data had to be done in the office.

Given the obvious challenges facing textiles manufacturers in North America, Matouk needed technology that would enable it to more nimbly compete on price, service, and ability to promise than its overseas and Internet-based competitors.

Cost : Benefit
Ratio | **1 : 3.6**

THE STRATEGY

Matouk began considering a new technology strategy in 2014, recognizing that it needed both a modern ERP solution for finance and manufacturing operations and a modern CRM solution to differentiate its sales and service to customers. The company considered a number of vendors including Microsoft, NetSuite, and Financial Force, and ultimately selected Salesforce and Rootstock (a Salesforce-native ERP solution) for the following reasons:

- Matouk had already completed a pilot of Salesforce in its sales and marketing departments, so it knew it could meet its users' needs and create less disruption than standardizing on a different CRM solution.
- Matouk recognized the value of using Salesforce Community Cloud as a way for customers to interact and didn't see a comparative solution available from other vendors.
- Rootstock was Salesforce native and had the cloud manufacturing ERP and manufacturing resource planning (MRP) capabilities Matouk needed to manage its warehouse, finance, and manufacturing operations.

The company made the decision in February 2015 and worked with Mountainpoint, a Salesforce and Rootstock consulting partner, to plan and deploy the two solutions. Given the transformative nature of the project and the integration and change management efforts, Matouk took a phased approach to its deployment, which spanned approximately 24 months and also included the use of Jitterbit for integration, Conga for contract management, and Zenkraft for shipping automation.

TYPES OF BENEFITS



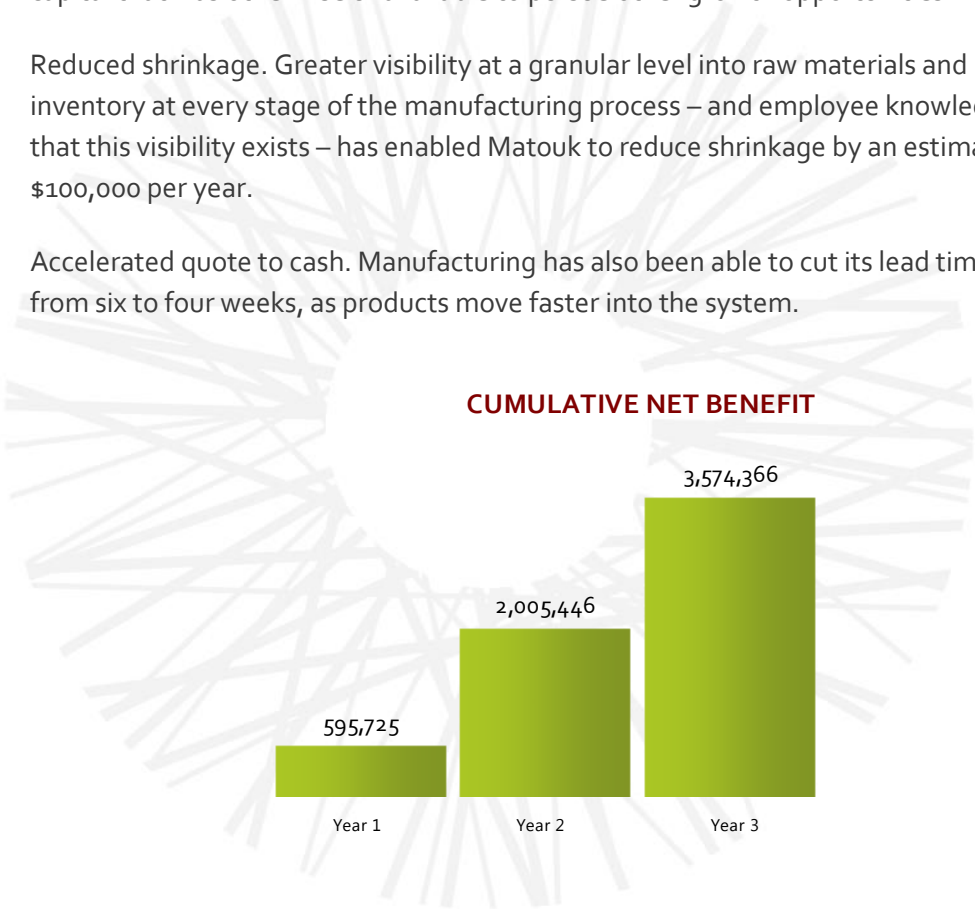
KEY BENEFIT AREAS

Moving to a cloud-based, integrated ERP and CRM environment has enabled Matouk to modernize its business and become nimbler so it can more effectively compete against both larger and smaller domestic and international competitors. Key benefits of the project include:

- Improved technology management. Matouk was able to eliminate the time and cost of supporting its old system as well as the investments that would have been needed to build custom integrations and analytics and reporting to give it the visibility it needed to be competitive.
- Increased manufacturing staff productivity. Increased automation and controls have enabled Matouk to optimize its manufacturing processes, enabling the company to increase output without a corresponding increase in manufacturing staff.
- Increased warehouse productivity. The mobile application has made it much easier to track goods from floor to finish. Before, workers never had work center-level visibility into how things were manufactured, and no idea of what was on the shop floor. Greater automation and visibility, as well as integrating shipping automation, has enabled Matouk to maintain the same level of warehouse staff while increasing shipping volumes.
- Increased customer service productivity. Matouk has been able to leverage Salesforce Community Cloud to provide self service to customers, reducing the burden on internal customer service staff while accelerating issue resolution.
- Increased marketing productivity. Access to marketing automation capabilities has enabled Matouk to increase the volume and sophistication of its electronic marketing campaigns with the same number of staff.

Cost : Benefit Ratio | **1 : 3.6**

- Increased visibility. Before Salesforce and Rootstock, Matouk had limited visibility into key business indicators, like per-SKU profitability, that could enable it to make business decisions that maximized profits. Today, integrated systems and analytics enable better visibility for both strategic product decisions and tactical activities like the generation of quotes based on stock availability.
- Reduced inventory carrying costs. Greater visibility enables Matouk to much better understand what it needs to hold for safety stock, meaning it can reduce inventory carrying costs, while also allowing for the ability to fill orders quickly. Although this has a small impact in terms of savings in working capital, for a SMB it frees up capital that was otherwise unavailable to pursue other growth opportunities.
- Reduced shrinkage. Greater visibility at a granular level into raw materials and inventory at every stage of the manufacturing process – and employee knowledge that this visibility exists – has enabled Matouk to reduce shrinkage by an estimated \$100,000 per year.
- Accelerated quote to cash. Manufacturing has also been able to cut its lead time from six to four weeks, as products move faster into the system.

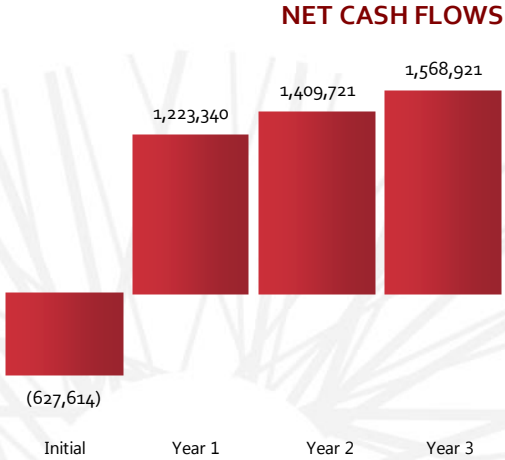


KEY COST AREAS

Costs of the project included software subscription, hardware (including iPads and scanners for the warehouse), consulting, personnel time to implement and support the application, and employee training time.

LESSONS LEARNED

Given the data-intensive nature of Matouk’s project, it had to carefully consider data limits in Salesforce, and addressing data limits was a key reason for choosing Rootstock, because it would present a much small data footprint than some other Salesforce-native ERP solutions.



CALCULATING THE ROI

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

Direct benefits quantified included reduced support cost by retiring systems and elimination of server maintenance, as well as avoided cost of custom integrations and associated consulting. Matouk was also able to grow its manufacturing and warehouse operations while avoiding the need for additional hires, also a direct benefit. Direct business benefits also included reduced shrinkage.

The indirect benefits quantified increases in marketing and customer service productivity, based on the average annual fully loaded cost of an employee using a correction factor to account for the inefficient transfer between time saved and additional time worked. Additional indirect benefits quantified included change in working capital and increased profits driven by faster time to promise and more accurate quoting.

FINANCIAL ANALYSIS

Matouk

Annual ROI: 223%

Payback period: 0.5 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	497,938	548,875	548,875
Indirect	0	1,037,843	1,148,286	1,148,286
Total per period	0	1,535,780	1,697,161	1,697,161

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	134,200	134,200	134,200	0
Hardware	7,100	0	0	0
Consulting	195,000	75,000	50,000	25,000
Personnel	263,925	103,240	103,240	103,240
Training	27,389	0	0	0
Other	0	0	0	0
Total per period	627,614	312,440	287,440	128,240

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	4.5%			
Cost of capital	7.0%			
Net cash flow before taxes	(627,614)	1,223,340	1,409,721	1,568,921
Net cash flow after taxes	(345,188)	672,837	775,346	862,906
Annual ROI - direct and indirect benefits				223%
Annual ROI - direct benefits only				46%
Net Present Value (NPV)				1,665,238
Payback period				0.5 years
Average Annual Cost of Ownership				451,912
3-Year IRR				198%

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