### **ARC** INSIGHTS

August 7, 2014

# Cloud ERP: The Right Choice for Facet Technologies

By John Blanchard

#### **Keywords**

Cloud, ERP, SaaS, IPaaS

#### **Overview**

To support current and future business needs, Facet Technologies, a leading medical device contract manufacturer, decided on a forward-thinking

Facet Technologies successfully deployed a single-source, cloud-based ERP system that will allow future growth, enhance its ability to improve operations, foster innovation, and shorten time to validation, while reducing the current and future cost of compliance.

ERP solution. This solution is based upon single-source, cloud-based software offered through software-as-service (SaaS). According to company executives, the new system met their expectations to improve material requirements planning activities and reduce inventory carrying costs, while eliminating the cost of errors associated with the use of Excel spreadsheets. Today, the company is

well-positioned to accommodate future growth, improve operations, foster innovation, and shorten time to validation, while reducing cost of compliance.

## Focus on Precision-Manufactured, Intuitive Medical Devices

US-based, Facet Technologies, a leading contract manufacturing organization, produces and distributes lancing devices, lancets for blood glucose testing, and pen needles for insulin injections. Facet is an FDA-registered, ISO 13485:2003-certified engineering and manufacturing company. It specializes in developing innovative, hand-held medical devices that are designed with precision in mind and to be intuitive to the user. Facet's partners include Abbott Laboratories; LifeScan - a Johnson & Johnson Company; Roche Diagnostics; and other contract manufacturers, such as Flextronics.



#### **Existing Technology Not Up to the Task at Hand**

Prior to implementing this new cloud-based ERP solution, Bobby Yeomans, Manufacturing Technology Director at Facet Technologies, was faced with the fact that the company's current technology did not have the capability to keep up with current or future business needs. Many departments still relied on Excel for tracking and reporting. There were timing and accuracy issues when transactions were entered into the system. Getting custom reports was both frustrating and time-consuming. The system was not very user friendly and employees had only limited access to stored data. "We always had to go to IT to write a query," explains Mr. Yeomans, a complaint that ARC Advisory Group frequently hears from end users.

Furthermore, there were no automated systems on the shop floor, meaning that everything had to be keyed into the system manually, resulting in the inevitable human errors, timing issues, and an inefficient paper-heavy process.

Clearly, something had to be done.

#### **Choice of Implementation Partners Critical**

Facet Technologies was able to justify its information system upgrade project based upon the expected improvements in material requirements

One key part of the ERP solution was its cloud-based FDA qualified IT infrastructure. This would ensure that Facet Technologies could maintain the software that is used to manage GMP regulated functions in a validated state.

planning, supply chain-related activities, and the value add by obtaining real-time information across departments.

The company hired an outside firm to evaluate potential ERP solutions and make an appropriate recommendation based on the company's specific

requirements. The field of potential ERP suppliers was narrowed down to three candidates and each was invited to demonstrate its solution. This generated quite a few questions, requiring responses.

Ultimately, the company selected QAD's single instance, cloud-based, software-as-a service (SaaS) ERP solution. One key element in this decision was QAD's cloud-based, FDA-qualified IT infrastructure. This would ensure that Facet Technologies should be able to maintain the software used to manage its GMP (good manufacturing practices)-regulated functions in a

validated state. This included operating in accordance with the FDA requirements and expectations for a critical datacenter hosting provider.

According to Bobby Yeomans, "While conversions are never easy, they are sometimes necessary to prepare the company for its next step. Working with QAD and SIG during the implementation was a rewarding experience."

Facet Technologies also chose Strategic Information Group (SIG) as its implementation partner based on SIG's experience implementing the QAD software, extensive knowledge of the life science industry, and proven track record. SIG could also deploy its Validation Toolkit product, designed to lower the cost and time to validation and help en-

sure a full system FDA validation. With its implementation partner's help, knowledge, and quick start methodology, Facet was able to implement the QAD cloud-based ERP solution on time and on budget.

The first on-site project session occurred in May 2013. As with most ERP projects, Facet had to overcome the "That's the way we've always done it" attitude and re-engineer business processes acceptable to each department. Facet had fifteen members on its project team, representing every area of responsibility. These fifteen people received the initial training and then trained the people in their areas of responsibility. This project team participated in design decisions; participated in testing during three conference room pilots; and were on site when the system went live. FDA validation occurred in October, 2013. The new system went live November 1, 2013. The entire project was competed in 184 days. According to Mr. Yeomans, "While conversions are never easy, they are sometimes necessary to prepare the company for its next step. Working with QAD and SIG during the implementation was a rewarding experience."

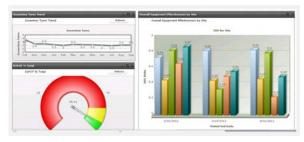
#### **Results**

According to Yeomans, the new system is versatile and easy to use and required very little customization. It is providing many positive results. These include helping lower inventory carrying costs and making more information readily available through new reports and browsers; allowing more people to make accurate decisions to improve business operations.

The company also believes the solution is reducing the total cost of ownership and providing more predictable system maintenance costs. Perhaps most important, it is allowing Facet Technologies IT organization to focus on improving manufacturing operations rather than IT software and hardware.

#### **Future Plans**

Future plans for further system enhancements includes tentative plans to implement additional ERP modules such as electronic data interchange (EDI), business intelligence (BI), enterprise asset management (EAM), customer relationship management (CRM), supplier scheduling, additional data collection capabilities, and enterprise resource planning (TSM). High on that list is QAD's business intelligence software, which includes predefined and configurable dashboards that take data directly from the Data



**Pre-defined and Configurable Dashboards** 

Warehouse, providing fast data access. Graphical dashboards are also available for use on the iPad and Android mobile devices. As a first step, Facet is planning to display the dashboards on large monitors to be located in the cafeteria and other key places. This will encourage and enable participation in efforts to improve business performance by all shop floor personnel.

#### **Conclusions and Recommendations**

Most manufacturing enterprises are seeing increased diversity and complexity in the mix of product and packaging they must manufacture. This has made manufacturing operations more complex, even as the need for flexibility, rapid response, improved time to market, and product innovation grows. Facet Technologies is an example of a company that recognized that the risk of embracing properly selected, appropriately implemented leading edge information technology is less than the risk of waiting to deploy more mature technology.

For further information or to provide feedback on this Insight, please contact your account manager or the author at jblanchard@arcweb.com. ARC Insights are published and copyrighted by ARC Advisory Group. The information is proprietary to ARC and no part of it may be reproduced without prior permission from ARC.