Northern Micro

With the installation of Navision's Axapta Integrated Enterprise Solution software, this custom computer hardware manufacturer was able to combine their purchasing, production, and sales order entry systems at their central office. The Navision Axapta enterprise resource planning software – a product acclaimed by users for its flexible, easy-to-customize capability – is helping Northern Micro achieve its goals. As a result, everything from tracking orders to purchasing to generating monthly reports is more effective, easier and faster.

Company Profile

Northern Micro manufactures custom computer hardware built to order for designers and users of computer networks. Based in Nepean, Ontario -- near Ottawa in Canada's National Capital Region -- Northern Micro's personal computer and server products are sold under the SPIRIT trade name. The company, which is privately held, also supplies "off the shelf" accessories, parts and software to its customers. The computers are designed and assembled in Northern Micro's 18,000-square-foot production facility in Nepean. The company's 9,000-square-foot headquarters is nearby and sales offices are maintained in Ottawa, Vancouver, Halifax and Quebec City.

Situation

Northern Micro competes with several small Canadian rivals like itself as well as large international rivals including IBM, Compaq and Dell. Flexibility in manufacturing and service is important for a custom-made computer supplier, and one major obstacle to this was Northern Micro's diverse information system. The company had grown so rapidly that its systems were not interconnected, with separate systems managing purchasing, production, and sales order entry.

Business Solution

In May 1997, Northern Micro began the process of finding a single resource planning system. The company evaluated software from five vendors on

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functionality, cost and implementation time. They also looked at the flexibility of the system and whether it could meet the needs of Northern Micro's specific business environment. By August 1997, Northern Micro chose Navision's Navision Axapta product, primarily because of its affordable price and acclaimed flexibility.

Benefits

The primary benefit of the new system has been the ability of Northern Micro employees to work with the same base of information. With the Navision Axapta solution, Northern Micro was able to combine their disparate systems into one central information base from which both sales and purchasing could pull data. By sharing the same information, they are more knowledgeable and ultimately more efficient. Even processing monthly reports is more efficient and much faster. The resulting enhanced productivity will help the organization as it works to increase sales without adding staff.

Northern Micro: Custom computer hardware made to order

Northern Micro was founded in 1985 by owner and president, Herman Yeh and has grown from one employee and $100,000 sales in its first year to 66 employees and $35 million in sales in 1998. The company has seen its manufacturing business boom by giving customers exactly what they want – custom computer hardware built to order for designers and users of computer networks. In each of the past four years, the company has been ranked as one of the 100 fastest growing companies in Canada by Profit

Magazine. In November 1998, Northern Micro was listed as a member of consultant Deloitte & Touche's inaugural Canadian "Fast 55" companies. Moreover, the manufacturer's product research and development efforts enable its products to consistently be among the top three performers in official government benchmark testing performed by the National Software Testing Laboratories (NSTL.)

"Our business is the assembly of personal computers according to customer specifications," explains Paul Fung, vice president of finance. "Most of our products are custom-made to fit customers' requirements at the best combination of quality and price. Our mission is to provide high quality, mid- to high-end computer products, which meet the advanced technical needs of knowledgeable customers. We want to be their hardware specialist." Staying ahead of the pack Northern Micro's short term goals include: diversifying the sources of business, adding corporate and individual retail customers, continuing to consolidate company structure through internal efficiencies, and increasing sales by $5 million (about 14 percent) without additional staff. Within the next five years, they are hoping to double sales and become a public company. To reach those goals, Northern Micro must out-perform several small Canadian rivals, as well as hold their own against larger international competition including IBM, Compaq and Dell.

It may seem like a daunting task, but the company's managers believe that their size may actually be an asset in this marketplace. According to Raymond Belisle, director of corporate quality, small, privately

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owned companies like theirs, "have more flexibility than the big guys." And flexibility in manufacturing and service is exactly what customers expect from a custom-made computer supplier.

Northern Micro's customers include Canadian national, provincial and metropolitan government agencies as well high-tech companies or businesses, which, according to Belisle, "use their personal computers as key business tools and refresh their supply regularly." Given their clients needs, the company's managers realized that refreshing their own technology tools would be key to keeping those customers satisfied while surviving – and growing – in a cut throat marketplace targeted by the largest international PC manufacturers.

Situation

In May 1997, Northern Micro began the process of finding a single resource planning system, evaluating software from five vendors, including SAP and JD Edwards.

"Our challenge was to overcome our diverse information systems," explains Lou Zuiker, manager of research and development. "We had grown so rapidly that our systems were not interconnected. We had separate systems at the central office to manage purchasing, production, and sales order entry."

Finding a flexible solution for a flexible business "First, we knew we had to understand our needs in the different departments for software for accounting, production and sales," explains Fung. "We documented the needs, consolidated the functions and developed about 15 criteria. This was the shopping list we used when we went out to look for off-the-shelf systems." Fung says.

Business Decision

By August 1997, after comparing the potential software packages for flexibility, functionality, cost, implementation time and the ability to meet their specific business needs, Navision's Navision Axapta product won out due to its affordable price and flexibility. With the other software programs, a major concern was the ability to make modifications, such as changes in the sales tax. For most of the other off-the-shelf products, making modifications would mean going back to the vendor. But with the Navision Axapta solution, they are able to make the modifications for themselves.

"The Navision Axapta application was priced in the middle of the market," Fung says. "But there was a significant price gap between the Navision Axapta product and the high end products, such as SAP's. That is because we would not have a lot of involvement in customizing their software. It would be done through a consultant, and we would have had to pay a handsome fee for that. In short, we would have lost a lot of control."

A customized system for a custom manufacturer Zuiker explains that the Navision Axapta system's flexibility made it possible for Northern Micro to tailor the software to their needs, in much the same way the company builds computer hardware to order for its customers.

"We did an extensive amount of customization to

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adapt it to our business needs, particularly for the sales and order entry modules," he says. "That part of our business is pretty unique, and we added a lot of extra functionality. From a programmer's perspective, we were able to do this because the Navision Axapta software has several layers that allow for customization."

The Navision Axapta product's ability to link to industry standard databases and support multiple language dictionaries are other features that contribute to the product's flexibility.

Implementation

Implementation of the program began in September 1997. "Our most important business requirement was to improve our ability to manage our inventory," states Zuiker. "So our first priorities in the Navision Axapta implementation were the inventory management and control applications and the purchasing and sales order modules. For us, those needed to come ahead of the financial side."

In early 1999, about 35 employees at the Nepean facility were using the Navision Axapta system, with that number expected to increase to 40 by year's end. There are also plans to extend the use of the system to the branch offices. Workstations are all Northern Micro Spirit PIIBX running with a 300 MHz processor, 64 MBs of RAM, Windows 98 operating systems and 100-MB Ethernet cards.

The Navision Axapta program is currently running on a 200 MHz Dual Pentium PRO server, a Northern Micro manufactured product, soon to be replaced by a new Northern Micro Spirit dual Pentium II or III, at 450 – 500 MHz with a minimum of 1 GB of RAM. It is equipped with a RAID 5 hard disk controller supporting 4 SCSI-2 drives, each with an 8GB capacity and 256MB of memory. The operating system is NT 4.0 along with SQL server version 6.5 (soon to be upgraded to SQL Server 7.0) as the database application and all current Microsoft service packs installed. The server is equipped with a 100 MB Ethernet card.

Reaping the Benefits of Navision Axapta

The primary benefit of the Navision Axapta solution has been the ability of Northern Micro employees to work with the same base of information. "At the front end of the organization, where the first Navision Axapta implementation occurred, we now have a constant base from which our sales and purchasing people can refer," Belisle says. "Without the disparate systems we have the same information and we are more knowledgeable."

With the old system, Belisle explains, "If the sales rep wanted to track the order for the customer, he would have to be in touch with purchasing and the warehouse to find out where it was. Now with the Navision Axapta system, the same sales rep can look at one system and track the order from the time it is placed to the time of delivery. At the same time, purchasing and the warehouse have become more effective. They can find the information they need with a couple of key strokes."

"Because our systems were not integrated, generating monthly reports was a lengthy process," Fung says. "With an integrated system covering all of the data, we

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can turn that information faster and make quicker decisions." It fits in with Northern Micro's goals as a business. As Fung says, "That is our model for improving our internal efficiency. We think we can improve our internal efficiency from 15 to 20 percent. And that means that with the same number of people, we can handle more sales. That is a measurable productivity goal."

Following its own implementation of the Navision Axapta product, Northern Micro ultimately expects to become an active Navision Axapta reseller. "We were looking for a software solution that we could use internally and sell successfully following implementation," Fung says. "We wanted to use the expertise we gained by implementing it." It is a logical way to leverage its implementation experience with other Canadian companies in need of a similar solution.

About Northern Micro

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Northern Micro is a computer manufacturer that delivers complete computer systems and peripherals to suit your exact specifications. With its purchasing power and business alliances, Northern Micro is the best source for every kind of printer, monitor, modem, networking hardware and more.

About Navision a/s

Navision a/s is a leading global provider of cost-effective and adaptable integrated business solutions that help companies in their quest to grow. The company has 124,500 customers worldwide, a global network of more than 2,000 partners, and 1,130 employees in 25 countries. The Navision product line consists of Navision Axapta$^?$, Navision Financials$^?$/Navision Attain$?$, and Navision XAL$^?$. Navision a/s was created through the merger of Navision Software a/s and Damgaard A/S in December 2000. Its shares are listed on the Copenhagen Stock Exchange (CSE: NAVI). The company is headquartered in Vedbaek, Denmark.

You can learn more about Navision a/s on the Internet at *www.navision.com*.

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