

CASE STUDY

BALCHEM Nutritional Products Manufacturing

“The ROI is really about the control and efficiencies from having one robust ERP system, along with the ability to quickly integrate acquisitions. We have also experienced a return through our ability to close month ends faster and provide more timely information to decision makers.”

Bill Backus, Chief Financial Officer



Headquartered in New Hampton, New York, **Balchem** delivers solutions to the nutrition, health, and food markets with three

business segments: Human Nutrition & Health, Animal Nutrition & Health, and Specialty Products. Balchem was founded in 1967 and employs over 1,400 people across sales offices, manufacturing sites, and R&D centers located throughout the US and Europe.

As Balchem has grown over the years, it has acquired many companies. Each acquisition typically had its own ERP instance with varying ages, some running towards end of life. In the interest of running more efficiently and avoiding investment into revitalizing aging and/or unsupported systems, Balchem decided to implement one global ERP system - Microsoft Dynamics 365 Finance and Supply Chain Management. With a standard set of processes across the company, training and onboarding are more effective. In addition, because of this standardization, the ERP system can be deployed quickly in acquisitions.

Key Benefits

- > Optimized ERP system
- > Easy to use and navigate
- > Improved morale
- > Efficiencies allow for employees to better spend time on value added tasks
- > Ability to make timely decisions from data
- > All businesses moving towards "One Balchem"
- > Consistent processes and functions across organization
- > Improved visibility with information all in one place
- > Gained visibility into spend
- > Improved acquisition process

With a diverse set of businesses, Balchem has varying manufacturing processes and rules. This led to the challenge of trying to meet varying goals and procedural expectations of each unique ERP system. Coming from various systems and business processes left Balchem with the need to make everyone happy in the new system.

Plus, Balchem wanted to minimize customizations and use D365 as close to "out of the box" as possible with 15 manufacturing sites that it needed to bring live on the system quickly. Balchem made a conscious decision not to go to each site to gather information on current processes and then determine how to get D365 to handle. Instead, Balchem had each of the businesses conform to the core model, which was a strong departure from previous ERP implementations which were focused on getting the system to fit to the process.

When making the decision to invest in D365 for all its businesses and users, Balchem was looking to gain efficiencies that would allow for deploying human resources from a value-added perspective, the ability to have one set of processes allowing for quick integrations at new acquisitions, improved control, and the ability to close month ends faster to provide more timely data.

Backus says, "The ROI is really around the ability to provide timely, value-added information for decision making, improve efficiencies, and to quickly and effectively integrate acquisitions." He continues, "We have also seen a return in how much effort is required to close month ends. With our previously disparate systems, the consolidation process took much longer than it does now. We can close much sooner and provide relevant information to the decision makers."

Why Microsoft

Balchem evaluated the major ERP systems including Microsoft Dynamics 365, SAP, and JD Edwards. While Balchem's group in Italy was using SAP, it was highly customized. Balchem's team also considered the systems they were currently using.

Although its people were already familiar with the systems, they were smaller, niche products that were also customized. The cost may have been lower, but they left Balchem with concerns, including their ability to support future growth.

Balchem ultimately selected D365 as it felt it was a solid product that allowed for Balchem to handle continuous go-lives for future acquisitions and would not require many customizations to fit its needs. In addition, Balchem appreciated Microsoft's strong reputation and that D365 in the cloud allows for company growth. It found the cost of D365 to be appropriate and feels that it offers a lot to manufacturing companies.

Since implementing D365, Backus believes that Balchem has experienced meaningful positive effects. He says, "Many functional areas have seen their jobs get better since the implementation, and I believe that in the near future, optimization of the system will continue to bring forth additional improvements." Andrew Higgins, Project One – Core Team Lead, Manufacturing, continues, "There were components of the business prior to D365 that were totally separated from ERP systems altogether. Our approach with this implementation was to move towards "One Balchem," making our processes and functions consistent across the organization, which made it easier to bring in those areas operating totally outside of an ERP system."

For example, Higgins describes the rules Balchem's regulatory group has in place for how to mark materials shipped to foreign countries. Now, with D365, the language of the regulatory body is built into a table and allows for the team to consolidate label templates for finished goods in a much more methodical way.

With all its legal entities in D365, Balchem has improved visibility as all its information is now in one place. Previously, it was in various ERP systems and/or on Excel spreadsheets and required for all the data to be merged in an inefficient process. For example, for its daily sales reports, Balchem had to run multiple reports and then consolidate them.

In addition to visibility into data, Balchem also has better visibility into its spend on a consolidated basis. For example, previously, functional spend resided in different systems and again, required inefficient processes to analyze on a consolidated basis. Backus says, "Balchem has grown a lot. We are not small anymore. As we continue to grow, I think we'll see even more benefits than we already have and will really recognize those benefits when we bring additional companies on via acquisition."

Working with Alithya's Team

Balchem and Alithya have a "true partnership," per Backus. He says, "We are very satisfied with Alithya's implementation process. The Alithya team has been great to work with and is a huge asset to our team. They might as well be employed at Balchem based on their vested interest in our success, the insight and concern they showed, and the cultural fit."

Backus continues, "Our partnership with Alithya is the definition of what partnering should be about. They have our best interest in mind and gave us insight allowing us to make the right decisions. The information flow and knowledge base have been great, and they really understand D365. They made sure we understood the limitations of D365 and took the time to understand our business."

The team has a high level of integrity and honestly and said what we needed to hear, not what we wanted to hear, which was a great contributor to the success of our implementation."

Per Higgins, "It is frustrating when you're giving 100% and the group you're partnering with isn't doing the same. I was blessed to never have that problem with Alithya's team."

"BALCHEM HAS GROWN A LOT. WE ARE NOT SMALL ANYMORE. AS WE CONTINUE TO GROW, BOTH ORGANICALLY AND INORGANICALLY, I THINK WE'LL REALIZE EVEN MORE BENEFITS THAN WE HAVE ALREADY." – Bill Backus, Chief Financial Officer

Alithya is a leading strategy and digital technology company with thousands of highly skilled professionals delivering solutions across Canada, the US and Europe. Alithya's Microsoft practice covers Dynamics, Azure, business and advanced analytics, digital solutions, application development and architecture. Focused on business outcomes, our teams have delivered Microsoft ERP, CRM, BI and digital solutions to manufacturing, healthcare, professional services, financial services and higher education industries for over 20 years.

©2022 Alithya, its logos, services, and Microsoft product names mentioned herein are the trademarks of Alithya or its licensors. All other trademarks are the property of their respective owners. FOMF2207