PILOT CHEMICAL COMPANY

Increases Visibility with Chempax

The Right Chemistry for Growth

Pilot Chemical Company is a global chemical organization providing the household and industrial detergent, personal care, lubricant, oilfield, emulsion polymerization, textile, and agriculture industries with high-quality specialty chemicals. With manufacturing facilities in four U.S. cities and strategic international distributing partners, Pilot Chemical has experienced rapid business growth--10% per year over year for more than a decade. To maintain this growth the company realized that in time its legacy accounting application, manual manufacturing and testing processes would not deliver the information and efficiencies required to run a successful global business. Pilot Chemical began a search for a modern, sophisticated system that could integrate its operations across all of its facilities and deliver the visibility the company needed to make strategic business decisions.

CHALLENGE

A legacy accounting application and manual manufacturing and testing processes would not deliver the information and efficiencies required to run a successful global business.

SOLUTION

Chempax CS ERP from Datacor, developed specifically for chemical manufacturers and distributors.

BENEFIT

Has gained visibility into every aspect of its business, has gained efficiencies at every level of its operations and now ships two to three times more than ten years ago.

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With an initial list of 200 accounting and ERP packages, Pilot Chemical quickly narrowed down the field based on specific criteria. "We had a very clear vision of what we were looking for," explains Mark Moser, IT Manager for Pilot Chemical. The company needed a system that would work across a wide area network offered a quality control module, and provided an interface to allow Pilot Chemical's sales professionals access to the data. They also wanted a solution that was built on a foundation that could scale with the company's growing needs.

> *"There is no way we would have been as successful as we have been from a business standpoint, from a profitability standpoint, or from a growth standpoint without visibility to the data that we get from Chempax and Datacor."*
>
> *Mark Moser*
> *IT Manager*
> *Pilot Chemical Company*

"Initially one of our main criteria was that the product had to be built on a Microsoft platform," says Moser. "Chempax was so close to meeting all of our needs that I started investigating Progress OpenEdge which I was unfamiliar with at the time. I called current Chempax customers and was told that the platform was extremely reliable and that it has continued to grow with their business without requiring almost any maintenance. In my prior position I worked with a Microsoft SQL environment so I understood the daily tweaking that had to happen to maintain that system. The Chempax customers said that OpenEdge was essentially maintenance free; it was not something they ever had to think about."

After concluding its evaluation of the various solutions, Pilot Chemical chose Datacor's Chempax CS, the leading ERP software application developed specifically for Chemical Manufacturers and Distributors. "The system as a whole was so flexible and so close to everything we were looking for that nothing else compared," says Moser. "Not only did we find a solution that fit all of our needs, but it also offered a low total cost of ownership--one third of what we would have paid if we went with SAP."

Moser and his team were impressed with Datacor's willingness to work with them as a partner. "What Pilot does is fairly unique. Many of the vendors we spoke with were not flexible in terms of meeting our specific requirements. From the beginning Datacor was open to helping us do whatever it took to meet

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the needs of our business. They didn't try to take a cookie cutter system and jam it into our business. Instead, they were willing to make it work to help us be successful."

Visibility across the Enterprise a Strategic Advantage

Prior to using Chempax, the majority of Pilot Chemical's manufacturing and testing processes were performed manually using a paper trail. Each plant had its own system for recording and using that data. Moser believes there was a significant loss of opportunities because of the way the system was being used. "Each plant knew what was going on in its facility, but from a corporate perspective, there was no visibility, no way to bring that information together quickly and efficiently. And without a clear vision of what was going on across the entire organization our ability to make strategic decisions was severely hindered."

Since implementing Chempax, Moser says the company has gone from having limited visibility into its operations to now having visibility into almost every aspect of its business. "Chempax captures every detail of our operations across all of our facilities. Information that used to take 2-3 months to put together and was maybe 70%-80% accurate is now accessible with just the click of a button and is 99% accurate. Chempax has allowed us to take advantage of our information by enabling us to pull the data in whatever format we need so we can make intelligent decisions about how we plan to move forward as a company."

Empowering the Sales Organization with Real-Time Access to Information

Pilot Chemical is also using Datacor's eChempax solution, a web browser application that extends enterprise system capabilities to its regional sales managers. "Before eChempax our regional sales managers were completely in the dark. If they had a question they would have to call the plants directly, which would then tie up plant resources. Now they can see all the real-time data that the plants use on a daily basis no matter where they are located," says Moser.

Today, instead of spending time compiling data for headquarters, the sales managers are now able to read data that has been compiled for them and make more informed decisions. "People spend less time trying to recreate data we already have and more time using that data to make better decisions," says Moser.

eChempax is also allowing the sales managers to proactively fix problems before they get to the customer which has helped improve customer service. "When we push an order out sales can immediately see if there is an error and work to fix it before the product even leaves the plant. Since using Chempax our Customer Service Personnel have noticed that our response time on order confirmation and our customer service have greatly approved."

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Mark Moser

Supporting Rapid Business Growth

10% growth year after year

To support the 10% year over year growth the company had been experiencing, Pilot Chemical's owner decided to not only implement new technology, but to reorganize the entire company. He moved the headquarters and sought to hire tech savvy employees that could help his organization continue to move forward.

Moser explains: "We were able to implement Chempax in the midst of a major corporate reorganization and still be profitiable--that was incredible. Almost immediately we were able to do so much more for the organization, but with fewer employees. Whereas before we had no visibility into our operations, today we have visibility into every aspect of our business. People are spending far less time maintaining our information and more time using it. Our goal as an IT department is to provide the right information, at the right time to make the right decisions, and with Chempax we are able to do that."

Visibility into Inventory

One of the most significant benefits Pilot Chemical has achieved using Chempax is its ability to better manage its inventory. With the old system they

often had too much inventory or not enough. And because there was no streamlined way to share information, only one or two people in each plant actually knew where items were and what was available. Using Chempax, the company is now able to capture every detail within their operations and know in real time exactly what they have in stock and what they have shipped.

"Today people at every level within our organization have visibility into this information," explains Moser. "Our sales people know what they can sell and are even able to access the information right in front of their customers. Our managers can use the information to make more informed decisions. And from an accounting standpoint the benefits have been immense because we now have a much more accurate picture of the business. Our cost reduction in this area has been tremendous."

Accelerated Order Process and Improved Customer Service

Before Chempax Pilot Chemical needed a service representative located in each plant because there was no way to access real-time data across the entire organization. To process orders or answer customer inquiries they physically had to be on site so they could quickly contact the people with the answers. During the company's reorganization Pilot Chemical moved all of its customer service representatives to the corporate headquarters. Today all of the representatives have access to the same information so now they are able to coordinate back calls for cost savings, manage split loads, and cover for one another if someone is out of the office. "We have seen a huge improvement in our customer service productivity. They are able to keep up with the growth of our business." says Moser.

By centralizing and streaming the customer service department the company has significantly improved the order process. Previously a service representative would speak with the customer, write down their request, either call or physically go out to the plant and speak with people to find out if the product was in stock and if they could meet the customer's deadline. Within a day or two they would get back to the customer with an answer. Today, the customer service representative inputs the customer order into Chempax which immediately sends a request to the production department to approve the schedule. From the

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time the order is submitted to the time the customer service representative can confirm the order back to the customer is now just a matter of minutes or hours. "We can now fill customer orders much more quickly and confirm with confidence that their order will arrive on time," says Moser. "That is a huge benefit to our business."

Streamlined Accounting Processes

Pilot Chemical's accounting department has realized significant benefits since implementing Chempax. It has reduced the monthly close process by up to 60%, accomplishing the task in six to twelve days versus the previous 30 days. The department is able to access information it was unable to before, including historical Gross Margin data. Chempax's credit/Accounts Receivable capabilities have allowed them to reduce their DSO's or Days Sales Outstanding (the number of days it takes to collect revenue from customers) substantially, and they are now able to manage their DPO's or Days Payable Outstanding (the days it takes them to pay a vendor) more effectively and manage them against their DSO's. Where it once took Accounting three to four days to produce the monthly Sales Flash, it now takes just one business day. And the department is also able to capture freight at the customer product shipment level which allows them to accrue freight with precision on a monthly basis.
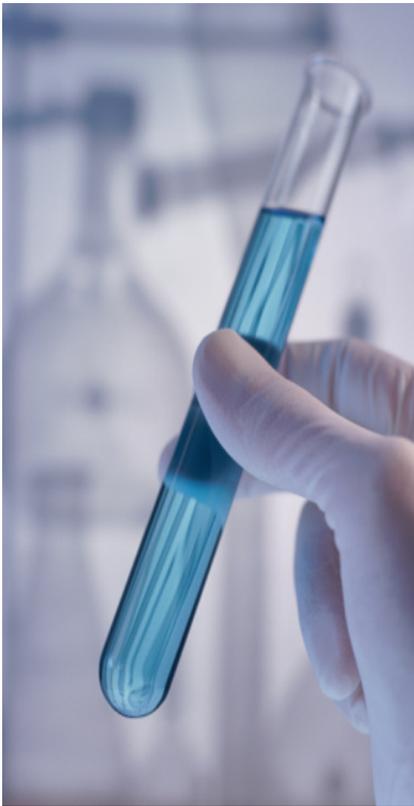
Centralized Quality Testing Improves Data Analysis

Moser says that one of the reasons the company chose Chempax is because it offers a certificate of analysis testing module where they can set up specifications for product that customers or Pilot Chemical requires. Prior to Chempax each plant managed its own testing and kept manual track of the information in a local database or spreadsheet. Today Pilot Chemical's testing is all done in a common database which has delivered numerous benefits to the business. Testing is now consistent across all of the facilities and training has become less of a burden. Because the system is no longer managed manually there are far fewer errors, and the company can now ship product from multiple plants and know

the product will be consistent. Pilot Chemical is also able to present itself to its customer as one, integrated business versus six smaller facilities. And perhaps the most significant benefit is their ability to better analyze their data. "We are now able to see trends such as specification creep," says Moser. "We can quickly investigate where there may be an issue and fix the problem before the product ever reaches the customer."

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Mark Moser

Managing the Complexities of a Global Business

Chempax has enabled Pilot Chemical to easily manage the complexity of running a global business. "We do warehouse globally, so having visibility into our inventory has been priceless," says Moser. "Also, conducting sales internationally has different requirements, for example mandating different documentation than what we use in the U.S. Our system is able to automatically generate the appropriate paperwork in real time."

The European Union is in the process of implementing new regulatory requirements. One new regulation is REACH compliance, which mandates that a specific form be attached to each international shipment to certain countries. Pilot Chemical has been able to proactively prepare for that regulation. They have programmed Chempax so that the system automatically generates that form when required. "This has significantly reduced our risk of not complying with the regulation and freed up our employees to focus on other tasks," says Moser.

Chempax has also helped Pilot Chemical significantly reduce the costs associated with missed bookings. The company has achieved a 50% reduction in demurrage, a cost (typically by the hour) that incurs when a shipment is not ready to be transported on time. "Because of the current economic climate there are fewer trucks, containers and vessels available for booking," says Moser. "Transportation companies have tightened their belts and are much stricter about fining companies for missed bookings. If we are not efficient with our shipments and miss our bookings it could be an enormous expense to us."

With Chempax Pilot Chemical is not only able to have their shipments ready on time, but the system can even let them know if the mode of transportation

they are using has a special requirement-- for example a truck may need a specific hose or special pump. "The system automatically notifies us of these unique conditions which helps our transactions to go much more smoothly and ensures that our shipments go out on time. Having all of the information centralized in one, integrated system--from order, through plant, to delivery of the product--we are able to ship three to four times more containers than we could ship before Chempax."

Business Agility Providing a Competitive Advantage

Chempax has given Pilot Chemical the agility necessary to succeed in today's challenging economy. Moser explains: "During the economic downturn we have been able to very quickly identify which markets were facing challenges, and our sales people were able to immediately redirect their efforts into the areas where we were still seeing strong activity. Previously we would have had to wait at least two months to access this kind of information. Now they can see the information daily which has allowed us to be much more flexible and proactive. As a result, unlike many of our competitors, we are successful in this volatile environment."

Moser concludes: "The relationship we have with Datacor has been much more of a partnership than a sales relationship and that has been very important to us. There is no way we would have been as successful as we have been from a business standpoint, from a profitability standpoint, or from a growth standpoint without Chempax and Datacor."