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Resolving Landed Cost and Multi-Currency
Challenges with Open ERP

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Open Source Integrators (OSI) was sought out by a leading manufacturing services company to integrate a USA Odoo accounting module and update an old system. While an accounting system was well established, there was no Open Source ERP system in place.

Situation

Specializing in the pipeline industry, the Vancouver-based company provides fluid sealing solutions/knowledge across all industries, onsite installation, and support. They are a service company serving the industrial pump industry. They don't build a product, they perform repairs on industrial pumps/systems.

Open Source Integrators conducted a workshop to learn more about the client and their team. OSI prioritizes communication that's more than a business practice; it's a culture, represented in their world-class ERP teams and industry best practices.

While they are based in Canada and do business there, the company also works with banks, suppliers, and customers in the US. They work with multiple currencies and were looking for a solution that could easily handle accounting in a multi-currency environment. They manage books in Canadian dollars, but are trading in dual currency, outsourcing labor, and hiring subcontractors/technicians to do work.

The company's IT person knew he was in a unique environment and wanted a flexible system. He knew he wouldn't find out-of-a-box software that fit their needs, that it would need modifications. Even if they did find that type of software, they would be paying exorbitant fees to customize it to fit their unique situation.

They wanted a platform they would have control of, rather than be locked into a destiny with SAP software that is costly or without controls to customize.

Unique aspects of this project

+ The company's knowledge level was high, with a manufacturing process already fine-tuned. They already knew what they needed, and made it clear that landed costs was a priority area.

+ Landed costs and multi-currencies.

Challenge

The company worked in silos and did not have a system in place to support multi-currency transactions. Because of these issues, a great deal of the initial work involved getting that into a single Open ERP system that supported multi-currency transactions. Ultimately, this helped them manage their costs. To get accurate profit margin analysis, they needed to capture all the costs associated with it.

Their previous system had silos of data that presented challenges when it came to compiling everything into a report to see what they were working on, and what was coming in, what was shipping out. They needed to capture the data in a single source to use and analyze.

The landed cost was a critical component and the hardest part to determine in any business. Without being aware of cost, guessing can take place when it comes to charging a customer. Then, the bill comes in and margins can be lost because a company missed the mark. This estimation is very important. The company had its own home-grown system, but wasn't sure how to pull it into purchasing and manufacturing.

What was needed initially was the discovery time necessary to learn how to approach the problem. Open Source Integrators conducted a workshop to provide the insight necessary to move forward.

According to the company's service center and business systems manager, when you first look at USA Odoo, it looks very complete. "However, as you commit to implementation, you realize that there are a lot of minor and major customizations to get it working the way you want and expect," he said. "We were completely unprepared for this time commitment and expense. In the end, it will be a good challenge for the company, but would have taken way longer and cost far more than we first thought."

Goals/Objectives

+ Modify USA Odoo software to allow job costing/tracking on repair work.

+ Integrate manufacturing, purchasing, and accounting systems .

+ Provide an accurate profit margin analysis by rolling all costs into landed costs .

+ Implement data integration within USA Odoo ERP.

+ Build data to be proactive with customers; enhance communication regarding preventive maintenance.

+ Create financial analysis in US/Canadian dollars, since the company dealt with both US banks and Canadian banks.

+ Optimize data integration for business process management.

+ Integrate all processes with accounting.

+ Improve warehouse logistics.

Timeline

Beginning the project in 2015, the company utilized OSI's scalable Open ERP manufacturing process for two years while manually plugging data into their accounting process. In January 2017, they fully turned on the accounting module. This process took six months to implement.

Timing and roll out were customized, and the project went live in phases to accommodate the needs of the company and their team. What's important to note is that a company doesn't necessarily have to launch everything live on day one; a phased-in approach works better in many instances.

Solutions

The open source platform gives them the ability to make their own customizations, even if Open Source Integrators or USA Odoo disappears; they will still have control of the source code, and they can continue to build and enhance software as they grow and migrate.

Best-of-class, integrated Open ERP capabilities include these business solutions provided by Open Source Integrators:

+ Customer Relationship Management:
Driving customer intimacy with Open ERP technology.

+ Business Process Management:
Business process optimization with Open ERP for improved results.

+ Accounting:
Accounting-centric Open ERP software integration.

+ Logistics:
Empowering logistics with Open ERP best practices and customized technology.

Results

+ Accuracy and inventory management improved.

+ Indication the company already is doing well and should be seeing large returns/savings in inventory management.

+ At least 20-30 percent cost cut from efficiency gains.

+ Now, the company can focus on new areas.

+ Solving the landed cost problem was the biggest success factor in the project.

+ All processes were implemented on time and on budget.

+ Job costing customizations could now track costs associated with the labor and repair process.

+ Job-specific purchases could now be made.

+ Incorporated job costing into process so when they ship, they could receive an accurate profit/loss analysis.

+ By integrating landed costs in software, once an item was shipped, it was now possible to instantaneously run an analysis and see if it came in on budget and in accordance with what they quoted the customer.

+ Commoditization of dollars, time, hours of work – so money and time actually became physical inventory. Conversion helped the company determine taxes, duties, and exchange rate conversions.

"Ursa provided much-needed USA Odoo expertise to our company during the implementation," said the company's service center and business systems manager. "Their willingness to help, and ease of communication with the project managers, made their support critical to our success."

How comfortable are they with the implementation of USA Odoo? So comfortable that the company's CFO took two weeks off to get married after the new system implemented during a time frame when most would not feel comfortable leaving – a testament to how comfortable the process can be to train and implement with Open ERP. Open Source Integrators is a true partner dedicated to each company's success.

What the company was able to do with USA Odoo accounting

OSI automated manufacturing into accounting. Once stand-alone, they are now integrated, and a highly satisfied, lifetime customer. They see Open Source Integrators as an expert resource as they continue to grow inside the software.

Even though the company's accounting system went live in January, they still find ways that they want to analyze data, and talk about other ways to customize. While they perform integration/customization on their own, OSI continues to be the go-to expert for guidance on the best way to mine the data.

+ Accurately represent and control the assets they have, and manage bank accounts in Canadian and US dollars.

+ Trace every piece of work in their system and generate accurate data on their liability – vendors who owe them money and vice versa.

+ Know, in real time, how much they have in receivables.

CRM Improvements

Now that they are building the CRM system with Open ERP, among the accurate results the company is seeing are those related to cost/profitability. They have repeat customers, and they can now build their data so that, for example, if they see a pattern of a machine needing repair every 18 months, they can reach out in 16 months to see if they want to perform some maintenance before the system goes down, thus being proactive with customers.

The company has begun work on the return/repair process with the help of Open Source Integrators. Handling these returns was something that never happened before implementation. Now, the company can address the return/repair of items with expanded Open ERP capabilities.

The Open Source Integrators Difference

Open Source Integrators stands in a category of one.

The unique attributes that make them distinctive in the industry? OSI prioritizes communication both internally among their team and externally with their clients. Customers seek out Open Source Integrators for their full transparency and honesty. More than a business practice, communication is their culture, represented in their world-class Open ERP teams and industry best practices. OSI's communication processes enable the success of others and establish a partnership based on trust. The teams of Open Source ERP experts remember every day that it is not OSI's journey; it is the customer's journey. They are dedicated to always asking questions and working first to understand the client to assure the implementation of right-sized, best-of-class integrated ERP capabilities leading to scalable solutions that transform the way business is done.

As a top independent open source integrator in the US, Open Source Integrators provides customers a unique combination of open source business process consulting and improvements in industries ranging from construction and utilities to manufacturing, engineering, the service sector and direct to consumer. In addition to accounting and data management, OSI's business functions include business process management (BPM), logistics, e-commerce and customer relationship management (CRM).

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🌐 opensourceintegrators.com

✉ contact@opensourceintegrators.com

📞 480-462-OPEN