



At a glance

Objective

To replace unsupported legacy financial and inventory systems and allow integration with internally developed forecast demand modelled multi-store, multi-state purchasing systems.

Solution

- Microsoft Dynamics AX Financials and Inventory
- Microsoft Dynamics AX Application Integration Framework
- Microsoft Reporting Services
- Microsoft FRx
- Bank Pro from Professional Advantage
- Atlas Financial Reporting
- Microsoft Warehouse Management System
- RF-SMART

Benefits

- Seamless integration of point-of-sale data with the financial and inventory management system
- Elimination of re-keying of data
- Reliable and accurate data
- Improved visibility and access to information for all users, including individual stores
- Substantial processing time savings

MyChemist achieves clean bill of IT health and \$110,000+ annual savings with integrated ERP

MyChemist is a privately owned group of Australian companies dedicated to providing products that improve the health and wellbeing of its customers. Comprising more than 200 stores nationwide, its brands include Chemist Warehouse, MyChemist, Discount Vitamin Warehouse, My Beauty Spot and the online trader, e-Pharmacy. The group maintains central head office and administrative functions, and operates warehouses in three states.

Problem

In the very early years MyChemist used centralised information systems including legacy DOS-based warehousing and enterprise resource planning [ERP] applications which were limited in functionality and increasingly difficult to support. For a steadily-growing and complex organisation

looking to expand its online presence, it was clear that a major upgrade was necessary.

What the organisation needed was a new IT plan, developed with the knowledge that investment would have to proceed gradually, at a pace that the business could support. MyChemist Chief Information Officer, Jules Cardinale, responded by implementing a Microsoft SQL data warehouse as the foundation for all future IT activity. Over the next few years Cardinale and his team worked on the data warehouse, then patched old applications and developed new systems to keep the legacy software running just a little longer.

Cardinale explains, "We took our time to get to a stage where we were ready and had the ability to give the necessary attention to a move from our legacy systems. Eventually support for the DOS-based systems was non-existent and we started to look quite seriously at what we would do next."



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Working with finance, Cardinale drew up a list of replacement project goals which included:

- speeding up financial reporting;
- providing greater oversight of store and company financial positions;
- greater accuracy;
- integration with existing purchasing and ordering systems;
- streamlining inventory processing;
- better stock control and visibility;
- reductions in processing time for accounts staff;
- consolidated reporting of financial and non-financial data from disparate systems; and
- on-line, real time visibility for stores to the core system data.

Solution

“Things started to move very fast at this stage because we’d done a lot of the groundwork,” Cardinale notes. “It’s like writing an essay. You spend 80 percent of the time working out what you want to write, and 20 percent doing it. We’d spent a lot of time thinking about and planning the IT strategy. Now it was time to put in the detail.”

One of those details was the decision to adopt Microsoft Dynamics AX as the group’s new core information system. “We looked at which ERP systems were being supported by top tier companies here and internationally. We also wanted something that would integrate with our warehousing system. At the time Microsoft Dynamics AX was becoming a market leader. It had a good reputation and we could see Microsoft was putting a lot of money into it. We already had a data warehouse based on Microsoft, so it all meshed nicely into an integrated solution.”

Another big consideration was the software’s inter-company reporting capabilities. MyChemist’s structure meant that all financial reporting had to occur at individual company level, before being rolled up into group level. “Microsoft Dynamics AX was one of the only systems that allowed us to do this,”

Cardinale notes. “It ticked off all the boxes so that our CFO and I were in agreement. And that was good enough for us to make the decision.”



To deploy the software, MyChemist appointed Professional Advantage. Cardinale says, “We got two or three quotes for the job but Professional Advantage seemed like the ones most capable of doing it. They answered all our questions and showed a great deal of competence. Their knowledge is unbelievable and the way they quoted the project showed they were taking into account all the permutations that might occur.”

Integration

For three months Professional Advantage consultants worked with MyChemist’s IT team to ready the Microsoft software and provide the integration with two of MyChemist’s existing systems.

The first of these was the group’s POS system which provides store buyers and warehouse personnel with stock control, planning and purchasing tools. The second was MyChemist’s in-house developed business and marketing intelligence system. Integration with Microsoft Dynamics was critical to enable the creation of sales orders and inter-company purchase orders based on demand planning or individual input, and to ensure that orders would be automatically generated in AX based on demand arising from an external system.

Although complex, Cardinale says, “We were able to come up with a solution quickly because both our organisations brought competencies. Whenever we want to do something, such as add functionality in the future, it’s going to be collaborative work with Professional Advantage. It was great being able to talk to someone on a technical level.”

Three months after MyChemist switched to Microsoft Dynamics AX for all financial activities, the group prepared to open to a new 1500sq meter warehouse in Victoria, the inventory module went live also.



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Stores within the MyChemist group can now track the status of their orders at any time, and receive their invoices online directly from Microsoft Dynamics AX via an intranet.

Standard Microsoft Dynamics AX functionality is being used to control warehouse picking based on MyChemist's precise business rules. For example, stores may only receive deliveries on specific days and the software is providing an accurate and simplified pick process to meet this need.

Benefits

Cardinale believes that the legacy replacement project has more than delivered on its promise. "What we have today is much cleaner data with less errors and far greater integrity," he says. "Integration means we can create reports now that we could never have done before. The reliability of the BI data mined from our systems can be trusted. And our systems are more robust, stable and reliable."

"We invested a fair bit of confidence in Microsoft and it has come to fruition," Cardinale adds. He cites savings of two days per month in processing store head office recharges and four days per month in inter-company purchase processing from the warehouse. By using Professional Advantage's BankPro software, bank reconciliation time has been reduced by 50 percent, amounting to five days per month. Control of fixed assets has also improved.

Cardinale says, "MyChemist has saved at least \$60,000 per year and probably more as a result of processing efficiencies across the organisation. Moving forward I expect us to save a lot of money because these efficiencies will grow exponentially."

About us

Professional Advantage is one of Australia's most awarded solutions providers, with over 20 years experience in helping organisations improve their business systems through industry leading software solutions. Our 250-strong team in 6 offices across Australia and internationally has successfully worked with over 1000 organisations.

He estimates that a further \$50,000 a year is being saved as a result of internal software developers no longer needing to support the now-replaced legacy systems. This has given the IT group time to devote to ongoing system improvements.

MyChemist expects to recoup the cost of the implementation within two years.

Future

Cardinale's vision for greater automation across the MyChemist group is not quite complete. For the past six months he's been exploring the potential for radio frequency (RF) technologies in the warehouse. He's attended workshops, conducted research and planned. And now he's ready to move.

The group has introduced the Microsoft Warehouse Management System to help manage activities at its three warehouses. It is also in the process of implementing RF Smart, a mobile logistics solution that will enable warehouse staff to collect and record data as they move about the warehouses. Cardinale is confident that this combination of technologies will remove much of the manual labour that currently exists in the warehouse and will optimise activities such as picking, replenishment, receiving goods, stock counts and enquiries.

Cardinale concludes, "With Microsoft Dynamics AX we've implemented industry best practices and this had led to improved data accuracy and business efficiency. Professional Advantage managed the project very professionally and they provided a lot of support. They have a number of key personnel who are brilliant and I don't think there is one person there that we don't have confidence in."

For more information

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