



**Bottom Line
Performance Made...
Innovations
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Industry News**

“developing a plan that would take the project from start to finish, QAD Global Services was able to reduce customizations, decrease their operational costs and deliver a seamless upgrade.”

Duane Kotsen, Vice President, QAD Global Services

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BOTTOM LINE

Value Now: Engage QAD Global Services for Your Upgrade Project and Receive a Free Two-Week Upgrade Assessment

The decision to upgrade your enterprise software is an important one. For many manufacturers, a technology investment decision enables them to keep their IT infrastructure and enterprise applications aligned with strategic business goals, as well as take advantage of new business functionality and optimize business operations. Notwithstanding, the decision to upgrade requires some upfront time and effort prior to budgeting for the upgrade itself. An enterprise upgrade requires analysis, justification and buy-in often performed by key resources previously dedicated to other priority projects. QAD Global Services can provide an expert view of what it will take to upgrade your QAD Enterprise Applications. We provide accurate justification information to present to decision makers in your company including a realistic cost estimate and schedule and an estimated return on investment (ROI) analysis.

Atlas Copco Drilling Solutions puts QAD Global Services to the Test

Atlas Copco Drilling Solutions LLC (www.atlascopco.com) manufactures and markets a wide range of drilling equipment. In 2005, Atlas Copco Drilling Solutions made a strategic decision to upgrade from QAD MFG/PRO 8.5 to QAD MFG/PRO eB2.1 with a single domain architecture, in order to reduce hardware costs and software customizations and take advantage of new software capabilities. This upgrade was facilitated by QAD Global Services who worked closely with Atlas Copco Drilling Solutions to plan and perform the upgrade with minimal disruption to their business operations.

“We knew that we needed to upgrade our system, but the idea of jumping several versions at once and implementing across such a vast network of users was overwhelming. We relied heavily on QAD Global Services to help us develop a project plan that was achievable and would help us optimize our business processes,” said Mark van Tassell, IT/IS application services manager, Atlas Copco Drilling Solutions.

With the help of QAD Global Services, Atlas Copco Drilling Solutions decided to upgrade the entire system and remove much of the system customization. Atlas Copco Drilling Solutions was also able to adopt lean manufacturing principles throughout its supply chain, leading to a decrease in operational costs and a streamlining of its manufacturing operations.

Says Mark van Tassell, "We were able to eliminate nearly 300 customizations that were running on the old system as well as move up several versions in one weekend thanks to the in-depth product knowledge and industry expertise of QAD Global Services."

QAD Global Services worked closely with the Atlas Copco Drilling Solutions team to help design, develop, test and deploy the system based on Atlas Copco Drilling Solutions' business and technical requirements. Key activities during the project lifecycle included:

- Assessment of the current use QAD MFG/PRO 8.5
- System audit to review data accuracy
- System performance tests
- Analysis of existing customer code and modifications
- Evaluation of integrated applications being used
- Assessment of training requirements
- Quality assurance
- Hardware analysis
- Infrastructure analysis
- Detailed project schedule

With the upgrade plan in place and after executing several test cycles, Atlas Copco Drilling Solutions migrated to QAD MFG/PRO eB2.1, in one conversion effort. Key processes such as order-to-cash and procure-to-pay were improved through the upgrade process, allowing Atlas Copco Drilling Solutions to take full advantage of the rich functionality inherent in QAD Enterprise Applications.

"QAD Global Services was excited for the opportunity to help Atlas Copco Drilling Solutions upgrade their current QAD solution. By developing a plan that would take the project from start to finish, QAD Global Services was able to reduce customizations, decrease their operational costs and deliver a seamless upgrade," said Duane Kotsen, vice president, QAD Global Services. "The team executed a direct upgrade path from QAD MFG/PRO 8.5 to QAD MFG/PRO eB2.1 over a weekend – with no issues. QAD consultants delivered training and developed work aids as well to help Atlas Copco Drilling Solutions take full advantage of their QAD investment."

QAD's New Upgrade Program Provides Value Now

Deferring an upgrade can be costly to your business, as you experience steadily rising expenditures to support obsolete hardware, databases, operating systems and applications. Ensuring compliance with demanding FDA regulations and Sarbanes-Oxley requirements means more maintenance and risk with older applications. Consequently, upgrading your enterprise applications can reduce your exposure to rising costs and risks and enable you to remain competitive and improve your bottom line.

QAD Global Services can help you gain quick insight into your current operations, business processes and customizations and provide the facts you need to make an informed decision about upgrading your QAD applications and infrastructure.

The QAD Upgrade Assessment Offering provides a two week cost-effective review of your current QAD applications, technical infrastructure and strategic initiatives and maps those to new value opportunities that can be gained through an upgrade. With minimal investment, you receive a full analysis and set of recommendations that will illustrate how you can take advantage of new capabilities, reduce customizations and decrease IT operating costs. You will be well-positioned to gain the sponsorship and approvals needed to move forward with a feasible plan.

QAD charges a fixed fee for this two week engagement; however, if you decide to engage QAD Global Services for an upgrade project within six months from the completion of the Upgrade Assessment, QAD will refund you up to the full amount charged for the assessment. This worthwhile investment may well be free if you decide to use QAD Global Services for your upgrade project.**

No other service partner can offer the unique skills and knowledge that will help your business fully leverage new QAD functionality and perform at optimal levels—with minimal disruption to your current operations. QAD Global Services has a solid track record with years of functional and technical upgrade experience to help minimize your risk and stay agile in your business.

For more information, download the QAD Upgrade Assessment [Services Offering Data Sheet](#) or email QAD Global Services at services@qad.com

** Prices differ in regions. This offer is dependent on the total dollar size of the upgrade consulting services engagement. Contact your sales representative to learn more.

PERFORMANCE MADE...

Performance Made Enriched: Announcing QAD Enterprise Applications 2007.1

QAD continues to build applications that further its marketplace vision for the Perfect Lean Market—the ultimate lean, just-in-time, network of shared information and processes. The Perfect Lean Market is a collective goal among QAD customers, partners, employees and others. A large enabler of that vision is the on-demand capabilities of QAD solutions such as QAD Supply Visualization (SV) and QAD Transportation Management System (TMS), as well as the enriched capabilities of additional solutions in the incremental QAD Enterprise Applications 2007.1 product release.

QAD 2007.1 provides:

- Greater deployment flexibility with lesser initial capital investment
- Greater clarity into your business and performance metrics
- Greater visibility into your supply chain, shipping and transportation requirements
- Stronger integration and unity across the overall suite

The Value of QAD On Demand

QAD 2007.1 is deployable on demand, on premise and on appliance, providing customers with infrastructure, operations, integration and application management support alternatives. With QAD On Demand, customers are offered “deployment independence,” that is, multiple options for implementing QAD Enterprise Applications, saving them both time and money.

QAD On Demand allows customers to realize significant value across their business in the following key areas:

- Reduced capital expenditure
- Pre-defined implementation and support costs
- Rapid implementation
- QAD 2007 solutions and process maps
- Access to experienced industry resources
- Proactive and monitored 24x7x365 support

QAD On Demand provides customers a faster time-to-benefit from selection of QAD Enterprise Applications through the go-live. Through pre-defined application and environment setups and common business practices, a customer can be up and running with their QAD 2007.1 environment more quickly and with less strain on internal resources. The added benefit is this method allows QAD customers’ intellectual resources to remain focused on core business drivers instead of non-core business activities. And thirdly, QAD On Demand is delivered turnkey, with minimal initial capital investment, appealing to decision makers and resulting in higher return on investment.

Performance Made Enriched

QAD 2007.1 showcases the evolution of five key QAD solutions including the user friendly QAD .NET User Interface (.NET UI) and the on-demand capabilities of QAD Supply Visualization (SV) and QAD Transportation Management System (TMS). Highlights of the incremental QAD 2007.1 release are as follows:

- QAD Transportation Management System
 - Track & Trace Supplier Portal is key
 - New product interface for Desktop Shipping capability (On Demand)
 - New US import capability
- QAD Supply Visualization
 - QAD On Demand offering
 - Key aspect is its integration with QAD TMS track & trace
- QAD Business Intelligence 2007.1
- QAD .NET UI 2007.1
- QAD QXtend 2007.1

For more information on the enriched functionality of the QAD Enterprise Applications 2007.1 product release and the latest on-demand opportunities, please visit the [QAD Web site](#)

INNOVATIONS

Aberdeen Group: Research Brief

Functionality and Total Cost of Ownership (TCO) remain significant factors in Enterprise Resource Planning (ERP) strategies and decisions. The depth and breadth of functionality deployed, along with the cost of software, services and on-going maintenance combine to provide a price performance index of ERP. The Aberdeen Group Research Brief, The Cost of ERP Functionality, compares the price of functionality of seven major ERP vendors. The following summary is a QAD-interpretation of the report.

The Cost of ERP Functionality

Aberdeen received 830 responses from users of ERP systems, asking them questions about their evaluation process and actual costs/benefits from their installed applications. This report aims to quantify the usage of those ERP systems, as well as the costs, broken out by major vendor, including QAD.

Functionality, TCO and Ease of Use are the top three selection criteria in ERP evaluations. Aberdeen, based on a previous study, considers five types of IT costs in calculating TCO/ROI:

1. Cost of purchased software
2. Cost of services to implement and customize the solution
3. Cost of maintenance (typically over a three year period)
4. Cost of dedicated IT staff to support and manage the ERP solution.
5. Cost of dedicated line of business (i.e., operations) staff to support the system (super-users, etc)

Cost types 1, 2, and 3 are considered “hard” costs, while types 4 and 5 are seen as “soft” costs. Aberdeen found that approximately **73 percent** of total costs are represented by “soft” costs – regardless of company size or sector. These are also the least known or least measured costs.

Out of 24 [Aberdeen] chosen modules, companies had deployed an average of 10.5 modules (44 percent of total), and they used about 71 percent of the available functionality of those deployed modules. Multiplying these figures together to come up with a weighted average of total functionality used, the average customer used 31.2 percent of functionality (44 percent x 71 percent). This forms the basis of the vendor comparison in the rest of the document.

The table below demonstrates how the vendors fared in functionality rankings:

Table I: ERP Usage by Vendor

ERP Vendor	Average # of Modules Used	Average % of Functionality Used	Weighted Average
SAP	12.4	69.1%	35.9%
Oracle	11.3	72.4%	34.2%
Microsoft Dynamics	10.6	73.2%	32.9%
Epicor	10.4	73.5%	32.2%
QAD	10.3	69.9%	30.8%
Lawson	10.6	67.5%	30.4%
Infor	10.2	71.5%	29.5%
All others	10.0	73.8%	32.1%

Source: Aberdeen Group, July 2007

Finally, Aberdeen divided the total costs of ownership, per respondent feedback, by the amount of functionality shown in Table I, to arrive at a **cost per functionality** metric. QAD ranks 2nd in total cost per functionality gained – and 1st in annual maintenance costs; biggest advantage over Infor and Oracle (41 percent and 44 percent more expensive than QAD, respectively). (See Table 2)

Table 2: Costs per User per Percentage Point of Functionality Used

ERP Vendor	Average Number of Users	Software ²	Services	Software & Services	3 Years of Maintenance	Total Cost
Lawson	128	\$200	\$139	\$339	\$147	\$486
QAD	304	\$222	\$149	\$371	\$118	\$489
Epicor	62	\$230	\$134	\$364	\$133	\$497
MS Dynamics	116	\$227	\$136	\$363	\$244	\$513
SAP	1365	\$194	\$186	\$380	\$133	\$513
Infor	120	\$321	\$193	\$514	\$175	\$689
Oracle	834	\$294	\$179	\$473	\$229	\$702
All Others	93	\$306	\$163	\$469	\$138	\$607

Source: Aberdeen Group, July 2007

Aberdeen concludes: *"While QAD is the second lowest in terms of total cost per user, it drops to number three in terms of software only, and number four when adding together software and services. This implies that while the initial cost of QAD is higher in terms of functionality used, the relative total cost of ownership drops when spread over a longer period of time."* (pg. 3)

Download the Aberdeen Report and subsequent news articles on the QAD Web site: [The Total Cost of ERP Functionality](#).

CHAMPIONS OF MANUFACTURING

Performance Made Sweeter: Natural Healthcare Products Enterprise Fuels Ambitious Growth

Comvita is a New Zealand-based life sciences manufacturer of premium, natural healthcare products created mainly from honey and other bee-related produce such as pollen and the antibacterial resin propolis. A unique niche player, Comvita is the only manufacturer of medicinal honey in the world.

The company forecasts a profit of NZ \$38 million for the current fiscal year, and is growing fast — annual growth is 50 – 60 percent in the Australian market alone. Aiming to be a NZ \$100 million company by 2010, Comvita must manage increasingly complex compliance, manufacturing and warehousing requirements.

Comvita executives are ensuring their technology infrastructure is prepared for the growing production and complexity; to achieve all of this, in 2005, Comvita embarked on a systems upgrade with QAD. The company launched a program to migrate from its existing version of QAD software to QAD MFG/PRO eB2.1. At the same time, the company implemented RF Express for MFG/PRO, a radio frequency bar-coding solution supplied by QAD partner Eagle Consulting and Development.

For Comvita, QAD MFG/PRO eB2.1 has improved the quality, reliability and traceability of information and products throughout the manufacturing process. Says operations manager, John Hill, “The traceability is right through, it's great.” The ability to forecast purchasing requirements, and meet forecast requirements for materials has also been impressive: “We know who's accessing the system; we can see where our orders are.”

Hill believes that Comvita's return on investment in QAD is incalculable, simply because it has made growth possible. “We couldn't be a \$38 million company without it. We couldn't aim to be a \$100 million company without it,” says Hill.

Read additional results Comvita achieved with QAD as well as how the company plans to leverage the unified system to drive future performance: [Comvita Case Study](#)

PURSUING EXCELLENCE

Application Management Services (AMS) with QAD, Third and final in a series

Customer Benefits Realized

As QAD customers evaluate the pros and cons of outsourcing the management of their QAD applications, it helps to learn about others who have already made the decision and are reaping the benefits. Let's take a look at a few examples.

A global multinational company using QAD applications at 20 sites located in EMEA, Asia Pacific, North America and Latin America found itself without a central IT strategy. Each site had its own server implementations performed by local consulting firms with different business processes and varying configurations. Three years ago, the company embarked on an initiative to globalize processes and reduce costs. They reviewed their QAD applications within their backbone ERP and decided to move to a QAD core model configuration deployed at each site.

One key objective of this global initiative was to avoid the need to expand the existing IT organization in supporting the new strategy, while they managed the harmonization of processes and rollout of the core model. During the detailed analysis of their requirements, it was clear that they needed to support the process standardization and core localizations, and to conduct local server health checks and surveys. Together, QAD Consulting and the customer defined the AMS solution that would fulfill their requirements. It included service level agreements, clear management and escalation processes, defined expectations, metrics and regular reporting.

This multinational has been using QAD Application Management Services for nine months with great results. Three IT resources that previously had been spending most of their time supporting QAD applications now spend their time on new projects, new business processes and standardization across this business. Recently the company decided to migrate all sites that are currently on QAD MFG/PRO 9.0 to QAD Enterprise Applications 2007 with the QAD .NET UI user Interface. This will further eliminate localizations and some local reports by the powerful browse functionality available in the QAD .NET UI.

Another global multinational using QAD applications in each of their manufacturing and distribution sites decided over two years ago to outsource some IT activities after a major corporate reorganization. Their initial assessment resulted in a decision to transition some of their IS and support activities to QAD Global Services. Their requirements included: improving support levels for their user community; ensuring properly configured and controlled environments for development, test and production; implementing a version control system and continuous monitoring; performing system health checks; and providing DBA support.

In addition to these "backbone" AMS activities, extended AMS services were provided to assist with change requests to existing applications, as well as major development projects and the implementation of new processes as required. This was accompanied by training sessions for the IS and the user community, based on assessments of their call profiles and call types. QAD Global Services used their 3-tier delivery model for training, so some of the training was provided on-site and other parts were delivered remotely through webcasts and exercises.

The customer has realized better cost control and cost avoidance with a dedicated technical and user support staff covering all required time zones 24 hours a day, five days a week. The documentation of processes and service levels combined with defined metrics, regular reporting and preventive initiatives for improvement have provided greater visibility and efficiencies. The customer is now able to rely on the deep technical expertise of the QAD team and has the flexibility to engage resources quickly for development and consulting services.

Yet another global multinational organization, who decided to employ QAD Consulting for services needed a regional approach. Nine manufacturing sites are supported with a focus on system health checks of the servers (e.g., disks, memory), as well as databases and file structures and all DBA work.

The customer was facing many challenges including a deteriorating Progress competency within their organization and the need to provide multilingual technical support to manage the requirements of their EMEA-based locations. As part of the QAD AMS solution, regularly scheduled maintenance activities are performed on the systems to ensure high systems availability and optimal performance. QAD Consulting helps to provide consistent high quality service with the ability to support multiple languages in different time-zones and shifts for each customer site.

To learn more about QAD Application Management Services (QAD AMS), read the [QAD AMS data sheet](#) or send your request to [QAD Global Services](#)

SUPPORT AND EDUCATION

Enhancement Reminder

On September 19th, we announced the opportunity to participate in an enhancement request survey. Here at QAD, it's critical to focus our time and development resources on the product enhancements that our customers value the most. In previous releases we have included upwards of 30-40 customer enhancements into our product solutions, resulting in functionality for Pricing, Work Orders, Inventory Control, Reporting and more.

The survey will close on October 10th, if you have not participated in the enhancement request survey, please follow the link below to the survey that contains a list of user submitted enhancement requests for QAD products, and rank those enhancements based on your business needs.

[Survey Link](#)

In November we will announce the results of the survey. QAD Research and Development will apply the results of the survey to plan for future development of QAD Enterprise Applications. Thank you in advance for giving us your time and feedback, and helping us make the next generation of QAD Enterprise Applications a more powerful tool for competitive advantage in global manufacturing.

QAD Web Accounts – Your access to a treasure-trove of valuable tools and information

Do you have a QAD Web Account? Do you know what it can do for you?

QAD customers – both IT personnel and the end user community – have access to a wealth of information, services and tools through our “one-stop-shop” Web site, ServiceLinQ (<http://support.qad.com>). A QAD Web Account gives you unlimited access to secure content that is only available to QAD customers.

Did you know:

- QAD remote access diagnostic tools allow support consultants to collaborate with you in real time to help troubleshoot a problem directly on your system and get the answers you need quickly.
- Our extensive searchable knowledgebase is easy to use and has over 32,000 solutions. And, since it is the same database our support personnel use to resolve issues, it is accurate and continuously expanding.
- The QAD live chat feature makes it even easier to contact QAD Support – you get real time access to consultants around the globe without having to pick up the telephone. It is an easy and convenient way to get the answers you need.
- The QAD download center allows customers to order service packs instantly and download full product and maintenance updates automatically. Customers minimize downtime, stay compliant and leverage new functionality as they stay current with patches and new releases.
- The exclusive QAD Learning Portal offers customers 50 online courses and mastery tests, enabling the user and IT community to get the training they need when they need it, at their own pace. This prevents knowledge erosion and improves employee productivity.
- Our Business Improvement Webinar series offers several live and recorded presentations per month on a variety of topics to share best practices, tips and techniques to help customers hone their skills and make the most of their QAD investment.
- The QAD License Usage Tool allows customers to track the usage of QAD Enterprise Applications and ensure license compliance. At any time, customers have visibility into who is using the system and how often, allowing them to prepare for upcoming audits.

As a QAD customer, your company is entitled to unlimited Web Accounts. Each user may register online for their own unique Web Account ID. The company's QAD End User Number is required to register. QAD customers have the ability to limit the users who can create online incidents by requesting that Incident Management Control be activated for their End User Number and identifying those who are entitled to use this feature of ServiceLinQ.

Please consider registering for a QAD Web Account if you don't have one today. And if you already have a Web Account, are you leveraging all the resources QAD Support offers you? Stay current on QAD software releases, get your employees trained on the latest QAD application functionality and resolve issues faster with QAD ServiceLinQ.

Vitamin Manufacturer gains BIG rewards with QAD Knowledge Manager

Vita-Tech International Inc. is a pharmaceutically licensed manufacturer of nutritional supplements based in Southern California. They are a privately held corporation located in a single site with over 150 employees. They implemented QAD MFG/PRO eB2.1 in 2006 along with QAD Enhanced Controls and they continue to maintain the FDA 21 CFR Part 11 compliance requirement.

After implementing QAD MFG/PRO eB2.1 they needed to maintain hundreds of their manufacturing process documents created during the implementation process. These included standard operating procedures, process flowcharts, customized work instructions and customized user guides. Because their products are regulated by the FDA, Vita-Tech needed a cost-effective and auditable system to manage all of these documents. They evaluated other solutions, such as Documentum and FileNet but found them too expensive and overly complicated for their needs.

Vita-Tech was faced with a wide variety of documents – Word documents, Excel spreadsheets, Visio diagrams, JPEG files, and HTML documents – that needed to be stored together into a unified whole. Their users needed easy access to the information, the content needed to evolve with their business processes and it all needed to be secure and controlled. Vita-Tech had limited resources to implement and manage the solution, so it also needed to be simple. Vita-Tech's requirements included:

1. Enable easy access to content from within QAD Enterprise Application
2. Organize content to streamline searches and reduce learning curve
3. Provide on-line tools for accessing the various forms of content
4. Establish a central repository for more efficient content maintenance
5. Control permissions to access and maintain content
6. Produce an audit trail for changes and version control

Vita-Tech's plan was to select a Content Management System, assemble a mission team, select and organize the content and manage the implementation. After evaluating several solutions, they selected QAD Knowledge Manager for the following reasons:

- Integration with QAD MFG/PRO
- Strong QAD technical support
- Content editing can be performed by non-technical individuals
- Attractive search features
- Hosted Web site reduced initial costs and implementation time
- Easy auditing and user security
- Cost effective solution

They began the project in February 2007 and went live in May. Vita-Tech International is thrilled with the results of this investment. They achieved their objectives with the QAD Knowledge Manager solution. They now have a comprehensive and secure content management system with version control that is fully supported by QAD. The best reward of all is their ability to get the job done right the first time, every time.

Learn more about [QAD Learning products](#) at the QAD Web site.

AUTOMOTIVE

Getting the Message: AIAG Releases New B2B Messaging Recommendation for China

A maturing Chinese automotive industry has led to a new recommendation for B2B messaging in this region.

Over the last 30 years, OEMs and sub-tier suppliers have used standardized, structured electronic data interchange (EDI) to speed supply chain communications. EDI has served as a core business-to-business (B2B) technology and has helped to improve efficiency and lower costs between customer and supplier.

However, as the automotive industry continues to mature in China, standards for B2B communications become even more important. In April 2006, AIAG, the Japan Automobile Manufacturer's Association/Japan Auto Parts Industries Association (JAMA/JAPIA) and Odette, acting within the Joint Automotive Industry Forum (JAIF) established a project to develop a global recommendation to their constituencies for B2B messaging in China.

The final recommendation provides globally agreed-upon B2B messaging standards for JAIF member companies and their supply chains in China. The result of this effort is entitled, "Joint Automotive Industry Forum (JAIF) China B2B Messaging Recommendation." In August 2007, JAIF will distribute this recommendation to its respective regional members in Europe, Japan and North America.

Interestingly enough, nearly 100 percent of JAIF members indicated they would support an international standard for B2B data exchange.

Details of the recommended development process and selected findings are outlined in a feature article by QAD's Terry Onica and Covisint's Scot Molitor, which will appear in the next issue of AIAG's Actionline magazine coming out in August. View the [Actionline article](#)

The Joint Automotive Industry Forum (JAIF) China B2B Messaging Recommendation is available from AIAG as a free e-document. [Click here to download](#) or call customer service at (248) 358-3003. You may also download a copy from other JAIF member Web sites: JAMA/JAPIA, Odette and STAR.

CONSUMER PRODUCTS

Performance Made Sustainable

Enabling Sustainability in the Consumer Industry

“Being a good steward of the environment and in our communities, and being an efficient and profitable business, are not mutually exclusive. In fact they are one in the same.”

– Lee Scott, CEO Wal-Mart, Twenty First Century Leadership, October 24, 2005

At the recent Grocery Manufacturers Association Greenbrier Executive Conference, Linda Dillman, former Wal-Mart CIO and current executive vice president for sustainability, opened a compelling presentation on sustainability with the above quote from her CIO. Her presentation went on with a series of significant targeted savings including working with one category on packaging and process improvements to generate the following:

- Gallons of water saved.....478.1MM
- Gallons of diesel saved.....20.7MM
- Reduced # of trucks.....2.79MM
- Plastic resin reduction.....128.9MM lbs
- Reduced # of out of stocks.....50%
- Reduction in labor dollars.....\$91.4MM

While Wal-Mart with its 50,000 plus suppliers is taking a key role in building sustainability in its core strategies, we see similar concerns and efforts in leading global retailers including Lowe’s, Target, Metro, Home Depot, Carrefour as well as leading manufacturers including Kimberly Clark, P&G, Unilever, Coca Cola and PepsiCo.

The questions many consumer executives are asking include:

- "Where should I place my emphasis and commitment?"
- "I know I have to leverage my manufacturing capabilities and processes; how do I reduce material requirements?"
- "Can I reduce waste by improving material utilization and machine effectiveness?"
- "Can I improve my transportation planning?"
- "Can I redesign packaging to maintain content levels, but lower the dimensions, weight and use of resin-based materials? Once I reach my targeted point can I still have continuous improvement?"

In a recent GMA report collaboration and operational integration were identified as two of the four enablers (strategic alignment and governance being the other two) for a successful sustainability program. As such, building initial manufacturing efficiencies and then creating a continuous improvement program is the cornerstone for reaching sustainability targets. Coupled with increased collaboration with retailers and distributors will support the underlying processes required to drive the requisite improvements.

The QAD Enterprise Applications 2007 (QAD 2007) Lean Manufacturing solution is positioned to support consumer-based manufacturing companies across all the various processes aligned with enabling sustainability. The underlying principles of lean manufacturing are to build effectiveness and efficiency across the entire supply chain and help companies maintain that through continued process improvement. These fundamental principles are also the building blocks for QAD’s marketplace vision for a Perfect Lean Market. (Download the QAD Leadership Position Paper, [Manifesto for a Perfect Lean Market](#) to learn more.)

Consider the potential effects of applying lean manufacturing principles to the above Wal-Mart example. Could we see an additional 25 to 40 percent improvement over the next 3 to 5 years? Could manufacturers improve margins by 10 percent, retailers selling space by 5 percent and same store sales by 3 percent? Could sustainability drive the next paradigm shift in collaboration?

QAD Enterprise Applications is more than just Lean Manufacturing. Comprised of a full suite of applications that enable a consumer company to deploy and support a sustainability culture and program, QAD Enterprise Applications includes:

Financials	General Ledger	Multi Currency	Accounts Receivable	Accounts Payable	Cash Management	Cost Management
	Fixed Assets	Enhanced Controls		Sales and Use Tax	GS1 Integration	
	Enterprise Validation					
Customer Management	Sales Quotations	Sales Orders	Sales Analysis	Configured Products		
	Customer Self Service	Distributed Order Management		Demand Management		
	Marketing Automation	Sales Force Automation	Advanced Pricing	Configurator		
Manufacturing	Product Data Management	Manufacturing Planning		Manufacturing Execution		
	Lean	Just In Time Sequencing	Production Scheduler	PROPLUS		
	Execution Tools	EP Bridge	Automated Data Collection	Data Collection	Compliance Quality	
Supply Chain	Purchasing		Supplier Performance		Quality Management	
	Warehousing	Release Management	Consignment Inventory	Supply Visualization		
	Supply Chain Planning		Transportation Management		EDI / Ecommerce	
Service & Support	Service & Support Management		Project Realization Management		Mobile Field Service	
Enterprise Asset Management	Capital Projects		Plant Maintenance		MRO Management	
Analytics	Dashboards Reporting			Business Intelligence		
Interoperability	QXtend			Data Synchronization		
	Document Management	Output Management		Integration Suite		

Where can QAD Enterprise Applications 2007 help our consumer products customers?

- QAD Enterprise Applications provides the core lean manufacturing solution for identifying overall requirements and aligning need to capacity ensures that production lines are optimized maximizing energy and raw product utilization.

QAD Enterprise Applications also enables our consumer customers the ability to tightly align packaging material to specific production events resulting in more efficient use of material, reduction in waste and improved line and machine utilization.

- QAD Demand Planning provides the tools needed to support supplier and retailer collaboration, ensuring the right product is made at the right place at the right time. The ability to reduce short run times adds valuable production cycle capabilities, reducing the need for resource expense second and thirds shifts.

The ability to make many and ship once significantly improves truck utilization and reduces fuel and other related costs.

- QAD Transportation Management Systems (TMS), working in conjunction with QAD's suite of consumer based applications, allows alignment with key shippers and generation of global regulatory documents to ensure that direct and indirect materials have arrived on-time. This reduces lost potential spoilage, improving manufacturing effectiveness and efficiency.
- QAD Enterprise Asset Management (EAM) ensures that plants, lines and machines are running at peak efficiency; this is a key component of enabling sustainability. QAD EAM ensures that spare parts are aligned with PM initiatives; PM requirements are flagged when required and that repair downtime is minimized.

Other QAD lean-based applications address the many aspects of meeting sustainability targets. More so, when aligned with process improvement programs they become the tracking, measuring and identifying sequential steps for improvement.

QAD understands the significant ecological and financial benefits that sustainability brings to manufacturers, retailers and consumers. We are strongly committed to working with our customers and, as part of the GMA thought leadership team, to the entire consumer manufacturing industry.

For more information, please contact your local sales representative or Phil Friedman, QAD vice president, consumer products at phf@qad.com.

ELECTRONICS

QAD Transportation Management System Moves the Bottom Line

The QAD Transportation Management System (TMS) comprises three distinct solutions that can be purchased separately or as a complete suite:

- **QAD Freight Management** manages the planning and execution of inbound and outbound shipping processes across all transport modes, including parcel.
- **QAD Global Trade Management** automates the generation of the complex documents required for international as well as domestic shipments.
- **QAD Trade Compliance** allows your company to stay in compliance with international trade regulations and ensures that you do not ship products to denied parties.

The global supply chain associated with electronics manufacturing is becoming increasingly longer and more complex. High manufacturing growth in emerging markets like Eastern Europe and Southeast Asia have put more and more burden on electronics manufacturers, regarding supply chain execution. Along with intense globalization, the cost and risk associated with international trade logistics can be staggering. Customer expectations are rising exponentially in the electronics sector, as more and more focus is being placed on “the perfect order.”

QAD TMS provides immediate value to electronics manufacturers by reducing transportation costs, minimizing transportation delays and mitigating transportation risk. Automated freight shopping, rating, routing and invoicing in QAD Freight Management drives transport cost down, and the automated parcel manifesting and optimizing ensures that “small” shipments are processed at the best cost and service level possible.

QAD Global Trade Management provides automated letter of credit, preferential trade agreement and export refund processing, saving both the cost and time associated with inbound as well as outbound shipments, both domestically and internationally. Trade Management also minimizes logistics delays through automated trace/track, import/export documentation, invoicing, packing lists, Hazardous Material administration, as well as electronic customs filing.

QAD Global Trade Compliance mitigates the inherent risks associated with the global electronics supply chain. Embargoed country and denied party screening ensures that shipments are not delayed and penalties for non-compliance are avoided. Export Licensing, red flag processing, CE marks and freight audit trails provide the capability to effectively process international shipments to insure that the shipper is not subject any potential fines or delays.

With over 40 installations across the globe, QAD TMS has proven its ability to help reduce the costs, delays and risks associated with global trade management and transportation. Electronics manufacturers like Speedline Technologies, Belden CDT, Lucent, Sanmina, Thales, Tyco and Vishay are all taking advantage of the capabilities QAD TMS has to offer.

To learn more about how QAD TMS can help significantly improve your transportation business process, please contact Sarah Loane at slq@qad.com.

INDUSTRIAL PRODUCTS

Enterprise Asset Management: More than just Plant & Equipment Maintenance

Today's industrial manufacturing environment is more competitive than ever. To stay ahead of the curve, companies are implementing lean strategies to optimize capacity, increase output, improve quality and lower costs. QAD Enterprise Asset Management (EAM) is one of the many driving forces behind the idea of the "Perfect Lean Market."

Plant and Equipment Maintenance can only go so far in keeping your plant running smoothly. A complete asset lifecycle management approach must be taken in order to truly increase production capacity and efficiency. To gauge your current enterprise asset performance, contemplate the following:

- Is Return on Assets a key metric for your enterprise?
- How are you currently tracking and managing capital expenditures?
- Do you have standardized asset and maintenance best practices across multiple sites?
- What percentage of downtime is related to preventive vs. reactive maintenance?
- Can you calculate maintenance spend as a percentage of asset replacement value?
- Has unplanned equipment downtime impacted your ability to meet customer demand?
- What percentage of your working capital budget is tied up in indirect inventory?

By providing fast answers to these questions, QAD can help your enterprise lower costs, increase revenue and optimize assets utilization. QAD EAM provides the tools you need to address all of your plant maintenance, capital project, MRO inventory, and indirect purchasing requirements and challenges.

Increasing asset utilization, lowering scrap/rework and ensuring your plants run smoothly at high capacity is what QAD EAM is specifically designed to do. Capital projects are delivered on time and on budget. Unplanned production downtime is minimized. Critical spare parts and MRO supplies are available when needed. Indirect inventory levels are reduced, and MRO suppliers are more accountable as well as efficient. In short, return on investment for QAD is fast, typically between 6 and 12 months.

Approximately 24 percent of current QAD EAM users are in the industrial sector. These users can quickly view interactive graphs and concise reports covering 36 industry standard key performance indicators (KPIs). By clicking on hyperlinks, each KPI can be drilled down multiple levels, all the way to source documents and transactions. The dashboard and reporting capabilities of QAD EAM are incredibly valuable for today's often-stretched, industrial manufacturing manager.

To learn more about how QAD EAM can help significantly improve your industrial manufacturing operations, please contact Bo Hagler at bgh@qad.com.

LIFE SCIENCES

Helping Customers Through the Change Management Process

Life Sciences customers must comply with several regulatory requirements, one of those being Validation. Validation is the process of ensuring that a software system has been installed properly, and is operating consistently and delivering expected results for certain processes. This is done by running a series of IQ/OQ/PQ tests (Installation Qualification/Operation Qualification/Process Qualification) that prove there will be no variability. Changes made, either by reconfiguring the software, or changing it programmatically require re-validation of the process to be sure there is no negative impact on a manufacturer's processes. It can be fairly costly and time-consuming, and is one of the key deterrents to an upgrade.

The Problem:

From release to release, QAD provides a set of 'Release Notes' that are comprehensive enough for customers to assess the impact that will be made on their system. The biggest problems arise in conjunction with service packs. QAD has always provided a listing of the Engineering Change Orders (ECOs) contained in the service pack, but this list had been cumulative – not specific to the service pack being applied. As all changes must be assessed for impact and risk, it is important to understand what each ECO does to the system. Customers must go through each, individual ECO, assess its impact, and determine whether or not it is necessary to validate (risk-based approach).

The Solution:

The QAD ServiceLinQ (support.qad.com) Web site can help customers assess the risk of applying a service pack, allowing them to stay current and take advantage of new functionality. In addition to the cumulative listing of ECOs, ServiceLinQ has a link to the net change from service pack to service pack. There is now a link that will produce a subset of those ECOs containing only the new changes, for the service pack. This smaller listing significantly cuts down the time required to assess the impact of a service pack on a company's operations.

An Example:

A life sciences customer is currently on QAD MFG/PRO eB2.1 SP4, and has validated their system at this level. They are considering applying SP5, or QAD Enterprise Applications 2007 (QAD 2007). The customer would first like to review the delta from SP4 to SP5. All the other cumulative ECOs for Service Packs 1, 2, 3, and 4 are in place, and have been validated. The only changes they need are the ones new to QAD Enterprise Applications 2007. Using ServiceLinQ, the customer obtains the subset of ECOs for QAD 2007. Functional teams then review the list to determine the impact any one change might have in an area. For example, the team might consist of one person from manufacturing, regulatory, customer service, financials and materials management. Each person would take the listing of ECOs by functional area and, reviewing the description, decide whether or not it warrants further testing.

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