

EVOSHIELD GEARS UP FOR GROWTH WITH INTEGRATED ERP

→ **Nick Castellina**, Research Director,
Business Planning & Execution



EvoShield is an emerging leader in protective sporting apparel. Founded in 2007, the company has seen dramatic growth and has established partnerships with large retailers, as well as major professional sport leagues. The organization offers protective technology that is engineered to withstand high impact while remaining comfortable, lightweight, and flexible. Just as EvoShield innovates the products that it provides to customers, the company is constantly looking to improve the ways that the business is run.

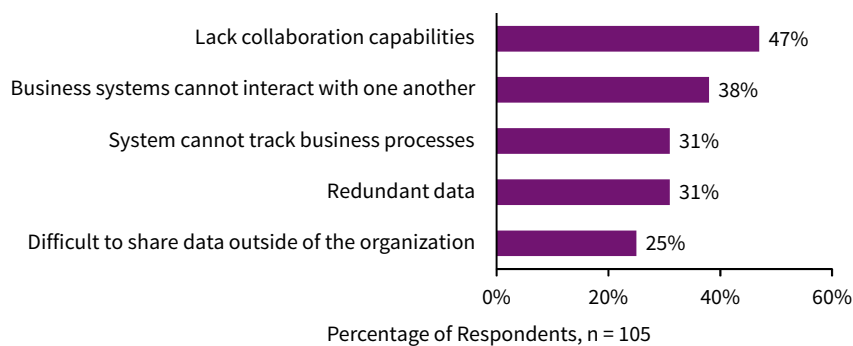
Due to explosive growth, it became clear that the company needed to improve the technology it relied on to run the business. This led the company to embark on a journey to select, implement, and benefit from an integrated business solution that would enable it to communicate more effectively with business partners, make more informed decisions, and sustain continued growth.

Striving for Greatness

When David Shinn, VP of Operations, joined EvoShield in 2013, the company was facing challenges that their business solutions could not handle. Since the company's inception, it had been using dedicated accounting software to manage the business. But due to the company's success, this solution quickly became insufficient. Shinn stated, "As the number of trading partners we do business with increased, (our solution) was not suitable for the amount of transactions." EvoShield not only sells to big retailers, but also directly to customers through the web. Also, the organization had difficulty sharing information with its business partners, and the solution could no longer provide the needed space and stability due to the number of transactions.

The challenges that EvoShield faced were typical of growing organizations that have not implemented an Enterprise Resource Planning (ERP) solution. Aberdeen's [2014 Business Management and ERP Benchmark Survey](#) identified the top challenges faced by growing businesses (those under \$50 million in annual revenue) today (Figure 1). Note that they have difficulty tracking business processes and managing their data, and these organizations also lack collaboration capabilities both internally and externally. For a company like EvoShield that does significant business with their partners, the inability to share information can substantially impact the ability to plan for demand.

Figure 1: Technology Challenges of Growing Organizations



Source: Aberdeen Group, November 2014

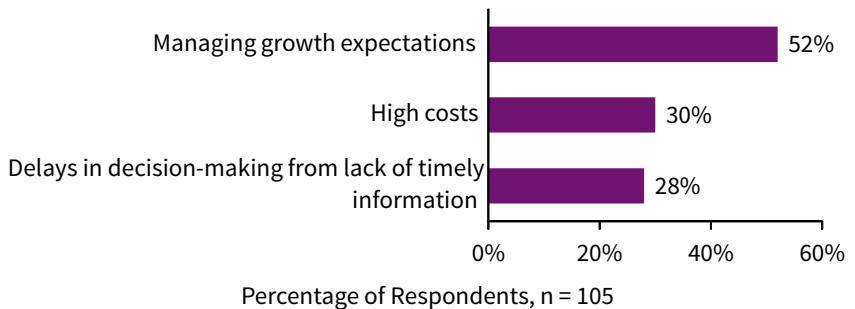
But as with most innovative companies, EvoShield understands that it's not just about what's happening today, it's about what will happen tomorrow. The company has grown to three locations in Athens, GA, with an 80,000 square foot distribution center. But growth brings increased costs and less visibility into ongoing operations. Additionally, there are high expectations for increased growth (Figure 2) and there will be more changes in the future. This is why Shinn stated "We needed something that could support a company of our size, but we also wanted to be able to scale the solution in the future."

In this report, Aberdeen groups respondents into two maturity classes:

→ **Leaders:** Top 35% of respondents based on performance

→ **Followers:** Bottom 65% of respondents based on performance

Figure 2: Time to Grow

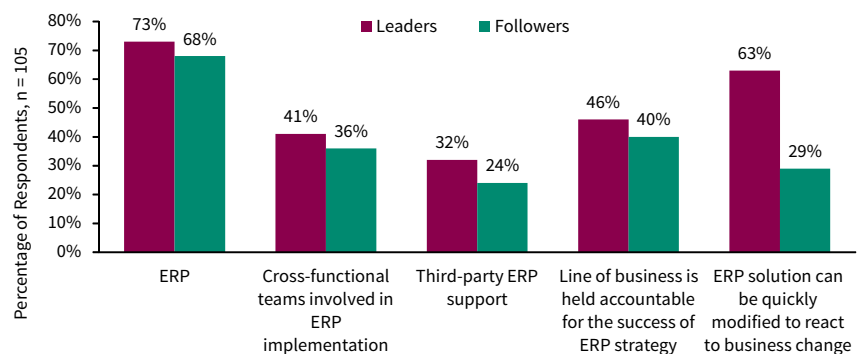


Source: Aberdeen Group, November 2014

Getting in Gear

Due to these challenges, EvoShield selected an ERP solution, SAP Business One, built for organizations in similar situations. Note that 73% of Leading organizations select a similar solution (Figure 3). Technically, implementing a solution proposed some challenges, for example, EvoShield has a limited IT staff. For this reason, the company brought in some implementation partners. According to Shinn, the firm that EvoShield hired provided the company with a strong implementation plan that helped to keep everything on track, especially in involving the employees that would be using the solution. As a result, the company was able to fully implement the solution in six months. And since that time, EvoShield has been able to support the solution with a staff of two full time employees in IT, with one additional part-timer.

Figure 3: Implementation, Supporting, and Scaling



Source: Aberdeen Group, November 2014

In Aberdeen's [2014 Business Management and ERP Benchmark Survey](#), growing organizations were rated on four Key Performance Indicators. Compare Leader to Laggard performance:

→ **Complete and on-time delivery:** 96% vs. 87%

→ **Improvement in profit margins over the past two years:** 20% vs. 6%

→ **Improvement in time to decision over the past year:** 36% vs. 7%

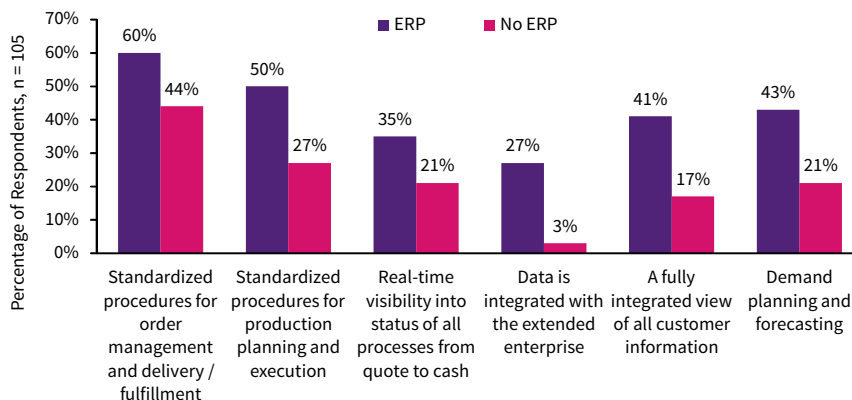
→ **Improvement in cycle time of key business processes over the past two years:** 23% vs. 5%

When asked if there were any challenges that EvoShield faced in adopting an ERP solution, he noted the importance of employee buy-in. The demographic makeup of the company was very young, and provided a lot of pushback because they were comfortable with the existing accounting solution. To drive the necessary change, EvoShield committed to showing employees the direct impact that the solution would have on their daily lives. Now, employees are "absolutely loving it." This is in alignment with Aberdeen's research, which finds that Leaders are more likely than Followers to include and hold accountable the line of business when implementing ERP.

EvoShield's ERP Playbook

Once EvoShield got its ERP up and running, it started to benefit from the new functionality that was contained within the solution. The company was then able to do a lot of things that it was never able to do before. In alignment with the capabilities that Aberdeen found among growing organizations with ERP (Figure 4), EvoShield has been able to enhance their operations by implementing standards that have improved the quality and consistency of its products, while delivering them more efficiently. Shinn stated "We can now use service levels as a competitive advantage; that's what SAP Business One is allowing us to do."

Figure 4: ERP Makes a More Effective Organization

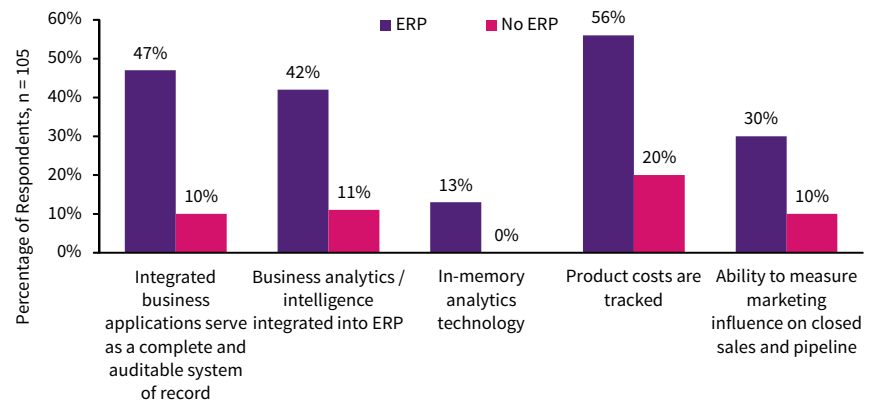


But the biggest benefit that EvoShield has gained from its ERP solution has been in the visibility (and associated decision-making) that it

provides. Real-time visibility into the status of processes and information integrated with the extended enterprise, has led to substantial order management increases. The organization has greater visibility into purchase orders and can better manage inventory. For example, EvoShield has a substantial quality control process. By utilizing a virtual warehouse for quality control, the organization can ensure that it does not commit product that is not available for sale. Combined with improved demand planning, these capabilities help EvoShield keep costs low and please more customers.

Being able to view information is the first step into becoming a more competitive organization, but success is greatly accelerated when insight and analysis can be applied to this data. This is something that simply is not possible with accounting software alone. Like Leading growing businesses, EvoShield has their ERP integrated with embedded analytic technology (Figure 5). Further, the organization's technology is delivered on an in-memory platform which enables them to analyze more data, more quickly. The solution is very easy to use and end users can create reports featuring the information that is most useful to them. Shinn was able to list off several situations where this has allowed the organization to generate value out of available data.

Figure 5: Doing More with Data



For example, the organization has been able to do a better job of understanding where profitability comes from. They can analyze profit margins based on sales orders, understand which customers are most profitable, and adjust tactics accordingly. Additionally, the company is

able to track expenses for the over 200 events they go to every year, and make connections with profitability to determine if these events are successful. Shinn says, "SAP Business One provides us data we never even knew existed before; we can now make data-driven decisions and move away from gut feel."

To the Victors Go the Spoils

EvoShield's solution has been in place for less than a year, but the organization has already benefitted greatly from the capabilities listed above. It has enabled the company to improve operations internally, but the solution has also left an impression on EvoShield's business partners. Shinn stated, "When people see a small company with SAP, they are more likely to work with us. It gives us a larger footprint and better polish." However, these are just the first benefits of ERP to manifest for EvoShield. In the near future, the organization should be able to quantify their benefits by comparing their performance both before and after their ERP implementation. Within this context, it's noteworthy to consider the average benefits as a result of ERP for both the Leading and Following growing businesses that Aberdeen was able to identify (Table 1). They include improvements in inventory turns, schedule compliance, efficiency, and ultimately, profitability.

Table 1: The Benefits

Improvement as a Result of ERP	Leaders	Followers
Improvement in inventory turns	38%	22%
Improvement in operational costs	16%	8%
Improvement in administrative costs	13%	6%
Improvement in complete and on-time delivery	21%	9%
Improvement in internal schedule compliance	19%	5%
Improvement in cycle time of key business processes	23%	5%

The Goal Line

With its ERP system, EvoShield has been able to improve its ability to access data, work with business partners, serve customers better, and make more informed decisions. As the company continues to innovate its products, it will be able to scale its solution to grow even more. ERP is the equipment that EvoShield needs to equip its customers.

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