

CAYMAN CHEMICAL COMPANY

Life Sciences Company Integrates Production, Marketing and Customer Service with Process Industries for Microsoft Dynamics® AX

A pioneer in processing natural corals into research-grade hormones, privately held Cayman Chemical Company first extracted prostaglandin A2 from an eight-pound coral collected off Grand Cayman Island in 1980. Since then, the company has been dedicated to producing affordable biochemicals, test kits, and other products for medical research. Today, it manufactures and distributes almost 4,000 biochemical products for academic and pharmaceutical research customers. Its product line is constantly being updated with hundreds of new products developed and introduced each year to meet the needs of researchers. In 2008 alone, the company introduced 501 products.

Business Challenge

By 2006, thanks to an aggressive growth and acquisitions strategy, Cayman Chemical had a worldwide customer base. Unfortunately, its Oracle-based legacy enterprise resource planning (ERP) system hadn't kept up. Among other issues, it wasn't being used consistently in production due to its complexity and couldn't leverage marketing information.

"We had great information about our customers and what they buy from us, but no ability to use it for marketing campaigns," says Cayman Chemical Information Technology Manager Mark Holt. "The fact that we had a database that didn't support that activity in any way, shape, or form was a huge problem."

Originally designed for a commodity-oriented, assembly-line environment, the legacy system couldn't accommodate just-in-time manufacturing of multiple, unique batch sizes. For example, Prostaglandin E2, one of Cayman's most popular products, is produced in bulk but sold in unique sizes—sometimes in lots as small as one milligram — according to customer needs. The legacy system treated each size as a separate item, forcing the company to create a separate item number every time a new size was sold. With an ever-growing line of thousands of products—all sold in multiple sizes — it was impossible to track inventory, production costs, or even the product line.

One new product line, active pharmaceutical ingredients (APIs) for ophthalmics, is required by the U.S. Food and Drug Administration to comply with strict reproducibility and traceability guidelines. Cayman was forced to use cumbersome, time-consuming paper-based processes to document its compliance, again because the incumbent system couldn't accommodate it. Furthermore, with no support for metric measurements, it wasn't science-friendly, so it was used inconsistently throughout the organization, if it was used at all.

Clearly, it was time for a flexible ERP solution that could support scientific requirements and integrate customer service, production, and marketing.

Solution

Late in 2006, Cayman Chemical brought Holt on board and tasked him with finding, evaluating, and implementing that solution. He began by reading industry publications and talking with internal stakeholders to review needs. During the course of those conversations, Holt discovered that Cayman's distributor subsidiaries in Europe and Australia both used Microsoft Dynamics NAV. When someone suggested adding Microsoft Dynamics customer management module (CRM) to the existing legacy system, the decision to evaluate Microsoft Dynamics AX—in addition to SAP, Oracle, and Ross—followed quickly.

At a Glance:

Customer Profile

Founded in 1980 to explore natural corals as a source of synthetic hormones, privately held Cayman Chemical Company is dedicated to providing high-quality, affordable biochemicals and other products for medical research. It serves more than 4,000 university and pharmaceutical research laboratories worldwide from its Michigan manufacturing hub and distribution subsidiaries in the U.S., Czech Republic, Estonia and Australia.

Business Situation

Originally designed for a commodity-oriented, assembly-line environment, Cayman's legacy ERP system wasn't flexible enough to support just-in-time manufacturing with multiple, unique batch sizes. Among a laundry list of other limitations, the system didn't support metric measurement conversions, couldn't track inventory in the way it was consumed, wasn't used in production due to its complexity, and couldn't leverage marketing information.

Software and Services

- Process Industries for Microsoft Dynamics AX
- Microsoft Windows Server System
- Microsoft Office

Benefits

- Increased inventory visibility
- Enthusiastic adoption by users throughout the organization
- Improved customer satisfaction
- Enhanced employee productivity

Modules

- Microsoft Dynamics AX financial, CRM, inventory, warehouse, purchasing, order entry, demand planning, supply chain management, human resources, payroll, business intelligence, bar code support modules, process manufacturing, and process distribution

Over a period of about six months Holt and his team researched systems by contacting vendors, including Fullscope, a Microsoft Gold Certified reseller of Microsoft Dynamics AX and also the partner who developed the process manufacturing and process distribution modules.

"Fullscope made sure we had full access to its existing customers, Microsoft executives, and system developers," said Holt. We got answers in nitty-gritty detail plus documents, white papers, and third-party analyses from respected names in the industry—all in a timely manner."

Other vendors weren't as forthcoming; either with access to customers or straight answers to process-specific product questions.

Holt was also impressed that Process Industries for Microsoft Dynamics AX, developed by Fullscope as part of the Microsoft industry solutions program, didn't require a staff of subject matter experts or consulting organization to install and maintain. And it offered the most flexible life sciences-specific functionality, including the ability to convert to and from metric measurements and easily accommodate different sizes of the same product.

"What set the Microsoft solution apart was it was the only one that wouldn't force us into industry 'best practices,'" says Holt. "Process Industries for Microsoft Dynamics AX is flexible enough to fit our existing business processes and accommodate future changes instead of dictating them to us."

The system's superior ability to manage flow-oriented, process manufacturing, coupled with Fullscope's process industries expertise, sealed the deal for Cayman. Implementation began in September 2007 and by May 2008 Process Industries for Microsoft Dynamics AX was live at Cayman's 66,000 square foot manufacturing facility in Ann Arbor, Michigan.

When the project came in significantly under budget, Holt was able to purchase 20 hand-held wireless devices. He now uses these devices to run Fullscope's data collection software and help simplify inventory management. "With the ability to track bar-coded inventory on the warehouse floor, we can count raw materials and intermediate inventory in near real-time," says Holt. "This gives us virtually real-time inventory data at all times."

Business Improvements

Employees in every department have accepted Process Industries for Microsoft Dynamics AX. On the IT side, Holt and his team are pleased with how easy it is to modify the system. "For us, that was an absolute requirement," says Holt. "Our business changes on almost a daily basis. We need to make changes on the fly using internal resources."

Process Industries for Microsoft Dynamics AX provides the ability to see and attribute actual raw materials costs, so Cayman discovered its finished goods inventory was worth significantly more than previously reported.

On the order entry side, users have full visibility into production and can see instantly if an item is in stock or when batch orders are scheduled—and now communicate realistic delivery dates to customers. This capability has enabled Cayman to take customer service to new levels and reduce the number of deleted or changed orders.

Cayman technical support staff is better equipped to answer customer questions with lot expiration dates, product inserts, raw materials, lot-specific data, and other information at their fingertips. Customers now get immediate answers to technical questions instead of waiting a day for a follow-up e-mail.

"Process Industries for Microsoft Dynamics AX has exceeded expectations in every area," concludes Holt. "And as business conditions, products, and processes continue to evolve, we're confident it has the flexibility to help us maintain our competitive edge."



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