

LEGACY ERP CONVERSION UNDER WAY AT DIETZ & WATSON

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When an ERP system becomes a drag on business efficiency, it's time to make a change. Inefficiencies increase costs and get in the way of expanding production and customer bases. An ERP system, particularly those that are 20-something years old and of the home-grown variety, are seldom equipped for modern business demands. What's the strategy for companies facing this dilemma? Keeping a lid on costs and disruption are priorities and understanding what works for your company cannot be sacrificed for a one-size-fits-all solution.

Dietz & Watson has taken that step. The company is growing rapidly. It is one of the largest preparers of premium deli meats and artisan cheeses, offering more than 1,200 products at supermarkets and delis throughout the United States and around the world.

"We are a manufacturer but also a distributor using many channels," says Dietz & Watson Director of IT Charlie Wolinsky. "We have a broad network of sales reps, merchandisers, and retailers that are servicing our customers. They attach to our system via tablets, PDAs, and laptops."

The core ERP system includes product processing, sales analysis, and financials. Much of it was developed in-house, with the financials a customized version of packaged software from a vendor no longer in business. The system is very stable, according to Wolinsky. "When vendor went out of business, we were pretty self-sufficient. We have the source code."

It is, however, an RPG green-screen application. Pieces of it, primarily screens that get heavy use from the sales department, have graphical interfaces added. Some of that work was done in-house using looksoftware

and some was done using PHP. Internal users work almost entirely with green-screen apps. The ERP system runs on an IBM Power6 box running IBM i, which is located in a SunGard data center in the Philadelphia area, home of Dietz & Watson. It integrates with a warehouse management software package that runs on Windows and an Oracle database. It is also integrated with a document management system from Vanguard Systems', Windows-based software designed to interface with IBM i-based applications.

Two factors led to the decision to replace the home-grown ERP. One was management's concern about the lack of visibility to the plant floor.

"Scheduling is done manually using Excel spreadsheets. And our systems were not integrated end-to-end," Wolinsky explained. "Our financial package on the back end was OK, but we



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lacked visibility from the financial side back to the source of the transaction. We couldn't drill down to the sales order that generated the transaction. We also realized we were not tracking production very well. We were using forms and spreadsheets and not doing it digitally. We realized we needed to be better organized to move forward."

The other factor was the transition from reviewed financials to audited financials, which results in processes, policies, and procedures being much more closely scrutinized. An audited financial statement adds credibility to the financial report and the performance of a business.

The search for third-party ERP software put Wolinsky and the Dietz & Watson team in meetings with SAP, Oracle, Infor, and Microsoft, and companies that represented ERP from those tier one providers. Nothing clicked for a variety of reasons. At the top of the list was a clash of cultures—a different way of doing business that didn't feel right for the SMB-oriented Dietz & Watson.

Although Dietz & Watson has been an IBM shop for many years, dating back to the System/3 days, Wolinsky says the ERP search was

platform agnostic.

"We just wanted the best solution regardless of platform and we let them know that we were willing to jump from the IBM i platform. The application was important, but so was the culture," Wolinsky told IT Jungle in a phone interview last week.

After the first meeting with one of the tier one ERP vendors, Wolinsky said his group wanted to make the presenter Dietz & Watson's next CEO. But by the fourth meeting, no one wanted to let him in the door anymore.

"There was a lot to like and a lot to dislike. The biggest thing we didn't like was sitting through days of horrible demos that indicated they could not vary off script one degree," Wolinsky noted. In multiple instances, what was emphasized as important for Dietz & Watson was not included in the proposal the vendor ultimately presented. "We spent a lot of time on this," Wolinsky said, and what they gave us led us to believe they weren't even listening to us."

Across the board, the tier one options were very expensive.

When VAI was brought in, things changed. VAI is a

midsize company with primarily a midsize clientele made up of manufacturers, distributors, and retailers that run on the IBM i operating system on Power Systems hardware. Its ERP software is designed and packaged for 12 specific industries. The food industry is one of those.

"We needed a business partner that would sit with us, listen to us, and help us develop," Wolinsky said. The culture of their organization and ours fit well, he said. VAI had experience developing a graphical front end for its own app. It added functionality and the capability to do business intelligence. And it is a local (Long Island, New York), family-run business all contributed to the fit Dietz & Watson was expecting.

"We documented their requirements and told them all along we will configure our software to work as you need per your specs," said Ira Dannenberg, VAI's vice president of research and development for the Food Division. "We heard what they needed and came back with proposals and ideas."

The project roadmap that Wolinsky has in mind is a two-phase plan.



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The company has six master files in separate silos that need to be unified in a single database to eliminate redundancies. There are also transactional files that originate from a variety of sources—chain stores, truck drivers, and point of sale—that need to be consolidated, while maintaining filtering capabilities.

In the first phase, which Wolinsky hopes to roll out in the summer of 2016, the plan is to include all the core sales orders and pricing; the analytics module for financials, inventory, and profitability; management dashboards for KPIs; a portal for brokers and independent distributors to place orders; the integration of an out-bound call center; and a mobile app that will allow live transactional data to be transferred to the trucks.

Much of the internal database work will be on the Dietz & Watson staff to data cleanse multiple systems and files. That's

where the project is today. The company has decades of data to sort and traditional data collection procedures that need to be revised. This is the first requirement in phase one before new features can be added that will support the functions that are critical to the business.

Migrating from one ERP system to another can only be described as complicated. How complicated? That depends on a lifetime of software maintenance and the degree of aptitude that went into that maintenance. VAI provides templates and conversion programs that assist in this process, but there is much to review, cleanse, and edit before populating new VAI S2K files. This is one area that VAI will have greater involvement.

“There will always be ‘apples and oranges’ due to differences in the way data gets categorized,” said VAI manufacturing segment

manager Pete Zimmerman. “You have to build a bridge between those things. The home-grown ERP was written in a consistent style of RPG from one program to another, which makes it easier to convert than if the styles varied.”

VAI will also have responsibilities when it comes to writing interfaces with the third-party software pieces that will remain intact. “We have built interfaces to many different software packages including WMS packages, and we have built interfaces from our WMS to other packages,” Zimmerman says. “We haven't talked with their vendors yet about how we are going to do this. We have ideas on how we'd like to approach it, but we need to discuss this with the other vendors.”

Development work on the mobile app and the analytics module will rely heavily on VAI.

