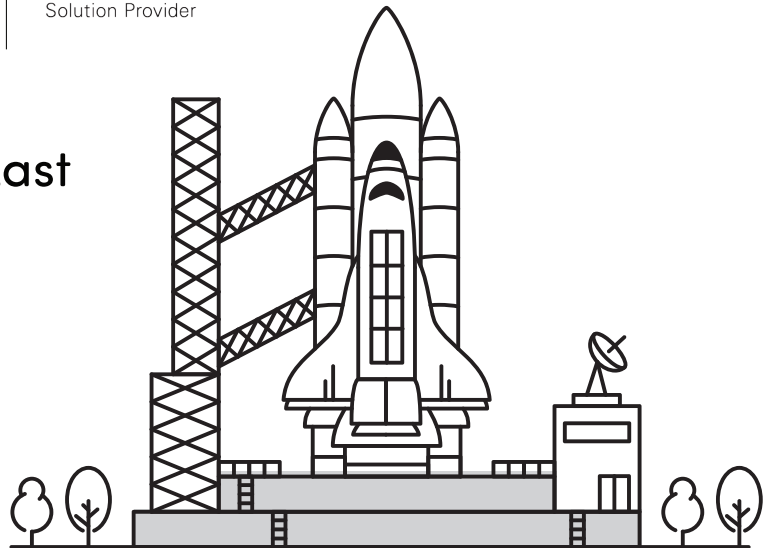# Suite'nd Down to the Last "Molekule"!

Implementation of Cloud ERP for any business within the manufacturing segment requires granular understanding right down to the last molecule of the ecosystem, especially when the aspiration is to move to a completely digital existence. This held just as true for Molekule, a world class manufacturer of air-purifiers with ground-breaking PECO technology. The technology is known to remove smoke, pollen & dust almost completely and even help to remove airborne viruses like bacteriophage MS2, which travel in tiny aggregated droplets that can linger for hours before they settle on surfaces. There is obviously a growing demand for such products, globally. But like with every brand, the product is only as good as the experience it provides, starting right from the buying experience of a consumer. If you don't get that right, what hope do you have of further credibility with the consumer base?

Research suggests that there are three key determinants of customer preference when it comes to choosing who to buy from, online.

1. Free Shipping
2. Same Day Shipping
3. 100% refund / replacement if the product if found to be unsatisfactory or damaged

While this may seem like a no-brainer in this day & age, actually putting this into place involves several processes working in perfect synchrony with a Total Cost of Ownership which isn't backbreaking for the business. Molekule's manufacturing environment is a combination of product manufacturing and an assembly of aggregated product parts imported from other geographies. For them to be able to cater to consumer demand, everything from procurement of parts & raw materials, warehousing, inventory movement, improving the value stream of the production systems to demand planning, management of finished goods inventory, distribution through the b2b & b2c channels, needed to fall in line.

As with most manufacturing businesses that have been around for a while, the technology environment was a hive of multiple systems with different maturity levels, loosely integrated to form their value chain. Needless to say, the entire process from procure to pay to order to cash and the data visibility across it all, involved a fair amount of 'system hopping' & manual intervention. This was not conducive to the outcome that the business wanted to achieve.

Did you Know?

Statista estimated return deliveries to cost as much as $\$$ 550 billion in the US alone, 75% more than the [4] years prior

The Weak Links

The absence of an end-to-end ERP system which was compatible with a cloud-based web storefront meant that the business processes were not structured to provide seamlessness

Usage of Quickbooks for financial management only allowed for limited visibility of the total cost of ownership. The manual processes of maintaining spreadsheets meant that more time was spent on maintaining data (which was still susceptible to errors and duplication) than in putting it to good use

The presence of varied systems to manage business process meant that there was limited automation, making the output error prone & time consuming. This meant that order fulfillment was not a 100% efficient.

Manual processes increased cost and delays in order fulfillment translated into dissatisfied customers. There was obviously an indirect cost of lost opportunities as Molekule lost out on word-of-mouth and referrals which otherwise could have helped in revenue generation

Even with world class technology, Molekule was not competing as effectively as it could, in this niche market because the ability to meet basic customer expectations of free shipping, same day shipping & a guarantee of a refund/ replacement in case of a damaged product, was at best, shaky

Existing Molekule customers had a dependency on the organization to replace filters at the required frequency. The most convenient means of fulfilling this need was to subscribe – an automated delivery schedule & billing system for the customer & a glitch – free solidified revenue stream for the organization. The challenge with setting this up was compliance with the new ASC – 606 standards for revenue recognition & transfer pricing over and above GAAP compliance.
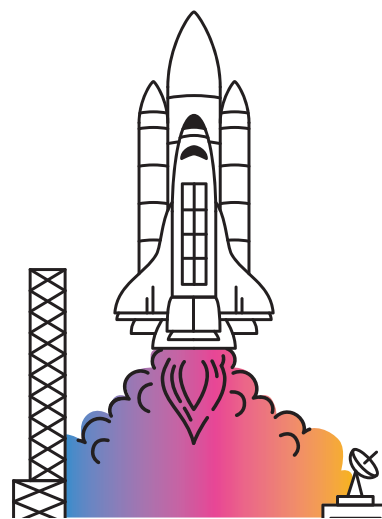
The absence of a single database housing details of large volume orders meant consolidation and management of data from multiple sources which is an order management nightmare

The consequent chain reaction of having disparate systems led to inaccuracies in demand planning or material requirements planning which meant that the organization was either over-stocked or out of stock. Costs attached to mismanagement of stocks eat into margins faster than Blinky going after Pacman!

According to the Reverse Logistics Association return delivery & repair processes account 10% of the total supply chain costs & if the process gets stuck at some point it can compound and reduce profits by up to 30%. UPS further claims that high-tech manufacturers could be losing 50% of the return inventory value if their reverse logistics processes are not properly structured. Not having a robust refund & return merchandise authorization process put Molekule in this bracket of organizations

The Diagnosis

The Techcloudpro team understood early on, that this was not just an implementation project. It was important to take a more techno-functional approach to understanding the DNA of the business. This was imperative to getting the systems & processes to actually "talk to each other".

The first step was to conduct a thorough discovery session to understand what to build, where to integrate, how to customize & how to implement for complete optimization of Molekule's value stream. Our in-house Business Requirements Discovery Tool was in fact created for information gathering right down to the last 'molekule' when we embarked upon this project.

ERP The organization needed an ERP solution that would give them the following benefits:

- A single source for all the data which meant that at any given point there was full visibility of individual customer records, revenue streams, general opex (operational expenditure) & cost of goods (cogs)
- Demand based scalability
- Visibility over inventory movement & stock
- Overall Warehouse management & ERP integration with 3PL logistics partners
- A fool-proof way to manage same day shipping, refunds & returned merchandise
- A digitized & automated supply chain encompassing the multiple business processes under the procure to pay and order to cash functions
- dentification of A-Stock and B-Stock to determine the accurate value of returned goods to be sold in the secondary markets
- Partial order fulfillment & invoicing to ensure timely delivery and consolidated billing for each order. Especially relevant for bulk B2B shipments

Suite'ning the Deal

Integration with NetSuite Cloud ERP allowed for financials to be migrated from QuickBooks thereby preventing the chances of data duplication, especially for transactions between subsidiaries, should they be added later.

NetSuite made the management of multiple product lines easier and enabled partial fulfilment & tracking

We used one of our proprietary business connectors - SuiteSpots™ for NetSuite integration with Magento enabling real-time data syncing along with Refunds and RMA automation. The solution successfully replaced a Folio3 connector which the organization was previously using

Enabling Darkstore support from within Magento allowed the end consumer to select same-day shipping, and successfully integrated this data with NetSuite

3PL integration with NetSuite enabled location-based routing of direct orders from customers to the nearest distribution partner. Molekule could then also create a separate portal for partners integrated with NetSuite cloud erp

The implementation of NetSuite ARM allowed for auto-subscriptions because now the revenue recognition compliance standards were being met

Allowed the customer care team access to Magento, but not NetSuite, and provided support for setting up RMA requests within Magento itself, rather than directly in NetSuite. This allowed for better security & less complexity

Completely automated core processes for Order to Cash, Procure to Pay, Design to Build, Accounting & Financial Management along with other support function processes
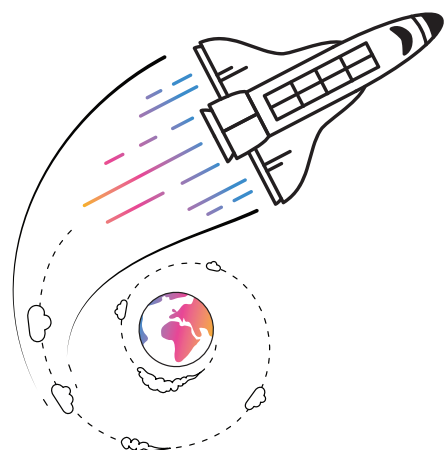
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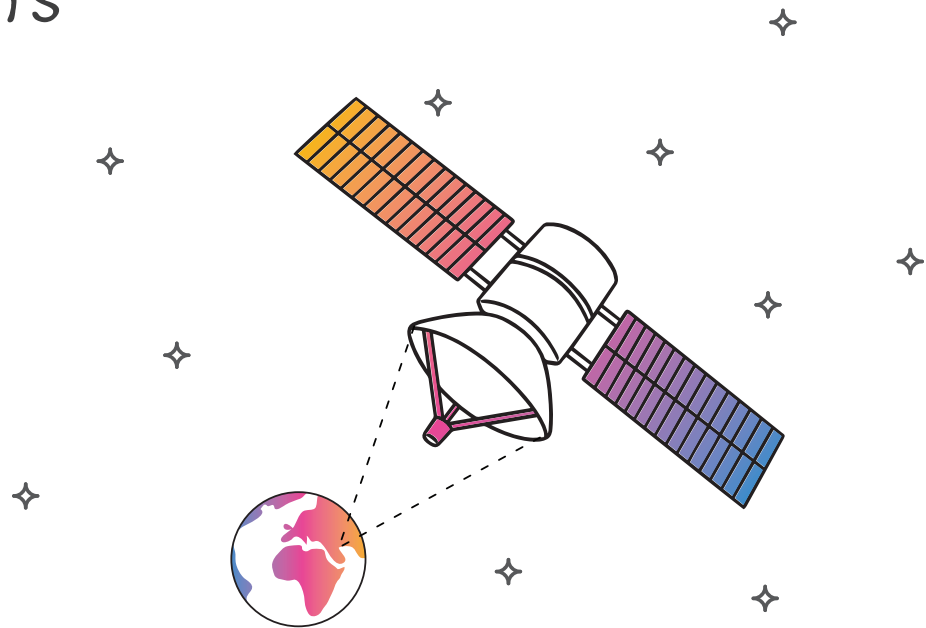
Magento 2.0

SuiteScript 1.0

SuiteScript 2.0

Techcloudpro's business connector - SuiteSpots™ for Magento

Pay-offs

- An entirely new product line, the Molekule Air Mini and accessories and replacement parts were added to the store as NetSuite allowed for management of multiple product lines.

- Customer traffic increased by leaps and bounds, backed by Techcloudpro's implementation of NetSuite.

| Double the revenue | Faster, same-day shipping | Twice the Conversion Rate | Subscription Revenue increased 35%, thanks to auto-subscription |