



SOLUTION BRIEF

Customer Profile

Network Engines, Inc. (NEI) began as a two-person, start-up company in 1989. Located in Canton, Massachusetts, NEI incorporated in 1997 and went public in July 2000. The company has 80 employees and 20 users. They trade as NENG on the NASDAQ and had annual revenue of \$14.5 million in 2002.

Business Situation

NEI needed a new solution that would provide the flexibility they required for the manufacturing environment. They wanted a solution that they could adapt easily without needing a “roomful of coders to make adaptations.” They needed to be able to monitor and control delivery of orders while maintaining quality.

Solution

- > Microsoft Business Solutions Analytics
- > Microsoft Business Solutions Financial Management
- > Microsoft Business Solutions Manufacturing
- > Microsoft Business Solutions Supply Chain Management
- > Microsoft Business Solutions – Great Plains
- > Microsoft SQL Server 2000

Business Benefits

- > Integration capabilities
- > Flexibility
- > Real-time visibility
- > Improved customer service
- > Inventory improvements
- > Improved parts tracking

Industry

Manufacturing

ePartners Success Story

Network Engines Turns Adversity into Opportunity and Flourishes



Network Engines, Inc. (NEI) designs and builds server appliances and network equipment products for original manufacturers. They

partner with software vendors and equipment manufacturers that sell the devices under their own brand or in conjunction with NEI. The company began as a two-person hardware development operation in 1989 and went public in July 2000. When an economic downturn hit the hardware sector, NEI lost 80 percent of its client base. As they redesigned their business model and moved to a more complex inventory operation, the company needed a manufacturing software solution that would adapt to the model also. NEI chose to implement Microsoft Business Solutions for Manufacturing–Great Plains integrated with Agile and Datasweep. Microsoft Manufacturing allows NEI to add functionality as needed. It provides them with real-time visibility to track work orders and shop floor data; by doing so, they also improved customer service. Inventory turns have increased by more than 240 percent and parts tracking has been simplified.

Network Engines, Inc. (NEI) began in 1989 as a twoperson, start-up company. They incorporated in 1997 and went public in July 2000. Annual revenue was \$14.5 million for 2002; the company has 80 employees and 25 users. The company’s stock is traded on the NASDAQ under the symbol NENG.

The company originally sold its own line of customized appliances to online content, Web hosting, application and Internet service providers. When a sharp economic downturn in this sector hit NEI, they lost about 80 percent of the customer base.

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NEI then shifted its business model and went from a total 'make to stock' environment to a 'build to order' environment based on the needs of individual customers.

Most of their batch units consist of only one item. Ninety percent of the items are predefined, standard items that have been manufactured in the same configuration before. This means they have their own assigned part number. The remaining 10 percent are configured for a specific order.

NEI had been utilizing Microsoft® Business Solutions – Great Plains® for accounting purposes and had combined it with Horizon for manufacturing.

They needed a new solution with the flexibility to easily change manufacturing environments while monitoring/controlling delivery of orders and maintaining strict quality. The solution also needed to be one that they could easily alter without requiring a roomful of coders to make adaptations.

NEI's new customers demanded direct, on-demand access to products being produced for them. NEI needed a solution that allowed them to provide these customers with immediate information about order status.

Solution

NEI implemented Microsoft Business Solutions for Manufacturing–Great Plains and integrated it with Agile and Datasweep. These three core software packages rely on underlying Microsoft SQL Server™ and Oracle databases to store the raw data.

NEI "small stepped" through the initial implementation. The implementation team collected all the requirements from users of the software and designated the order in which implementation needed to proceed. The implementation team from Microsoft reselling partner, ePartners (led by Jack Moran) was

instrumental in helping NEI decide what pieces

of the implementation would deliver the greatest amount of return in the shortest timeframe. They also helped decide what could be implemented in the second phase of the project.

"By working with phased implementation, we were able to ease our way through the implementation process and to adopt functionality in response to customer and user feedback," says Greg Augustine, Director of Systems at Network Engines.

NEI uses Agile to create products, Datasweep to build products, and Microsoft Manufacturing to input sales orders and procure supplies. Microsoft Manufacturing provides the core ERP/ MRP solution.

As sales orders (SO) are created in Microsoft Great Plains, each SO is also sent to the finance department for approval. Once this is received, the software sends the order to manufacturing and requests approval.

The software also compares the in-stock inventory with the parts list for the product to be manufactured and decides if parts need to be ordered. Microsoft Great Plains also compares the required delivery date on the sales order with the lead times on the required parts to make sure the necessary inventory is on hand before manufacturing begins.

Next, a work order (WO) is generated and forwarded to Datasweep to enable it to guide the manufacturing process. Once manufacturing is complete, the finished goods are added to the inventory of Microsoft Great Plains and the finished goods are matched to the original SO. Then the software supplies the necessary ship-to information and schedules invoicing of the product.

Benefits

The business systems deployed at NEI have been a key element in their ability to survive an

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industry downturn that has caused many of their competitors to falter and fail. The ROI on this investment, the ability to survive, is the greatest that can be afforded by any capital improvement project.

"Microsoft Business Solutions has supported our company's business model as it changes and adapts to changing market and economic factors," says Augustine. "It has allowed us to go back and forth on how we do things at Network Engines."

Integration Capabilities

The strength of the NEI implementation lies in the ability of Microsoft Manufacturing to integrate with Agile, Datasweep, and other applications.

Flexibility

Microsoft Manufacturing provides the inherent flexibility that has allowed NEI to alter their business structure. This flexibility has helped them move from a completely make to stock environment to a completely build to order environment. They have moved from a functional factory to a focused factory.

"Microsoft Business Solutions provides Network Engines with the flexibility to purchase the modules we need and to add the functionality and capacity they provide, as we need it and as we can afford to do so," says Augustine. "This flexibility provides our company with a greater sense of control and has allowed us to see a return on investment much faster than we otherwise would have."

Real-time Visibility

This solution allows NEI to track work orders and shop floor data. It provides sales people the visibility to easily answer customer questions about the status of orders. With accurate, real-time visibility the customer immediately receives the same information no matter with whom they talk at NEI. This has increased customer satisfaction.

"Real-time visibility of information, for both customers and inside constituents, provides improved planning for materials, purchasing and personnel," says Augustine. "Reviewing historical data allows us to better forecast future needs."

Inventory Turns Increase

Inventory used to turn four or five times a year and now it turns every two or three weeks; that's over 17 turns a year for an increase of over 240 percent.

Traceability of Parts Used

The technology used by NEI allows them to easily trace which components and systems are delivered to which customers. In the event a manufacturer discovers a problem with a component, NEI can identify which products utilized those components and take steps to correct the problem. The ability to immediately retrieve the most detailed information allows the fastest and lowest cost resolution of the problem.



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