

"Armed with reports based on data from the RapidDecision G/L and Sales Marts, we modified our inbound and outbound freight terms with several significant customers – resulting in savings far in excess of our total expenditures on RapidDecision and Business Intelligence."

– Kevin Johnson, Vice President, IT, HoMedics, Inc.

HoMedics Takes Customer Profitability Analysis to a Healthier Level with RapidDecision Datamarts

In today's challenging economic environment, companies must be massively clever in maintaining sales while also eking out healthy profits. This is even true for Michigan-based HoMedics, Inc., which manufactures and distributes a complete line of home personal health, wellness and relaxation products. Family-owned HoMedics has long focused on the bottom line, as evidenced by the fact that, in just a little more than 20 years, the company has become the largest supplier of health and wellness products in the U.S.

HoMedics has driven its growth in several ways, including three acquisitions, as well as an aggressive, international team of marketers and engineers who develop and deliver innovative products that make a difference in people's lives in more than 60 countries.

However, Kevin Johnson, Vice President of IT for HoMedics, is quick to explain that acquisitions and clever products are only one side of the market-dominance equation. He, and the owners of HoMedics, are equally convinced that having an excellent, timely understanding of the metrics for each sale, all products, and every customer is a necessary component of protecting profits. For Johnson, who is a very hands-on IT executive, this means providing accurate, up-to-the-minute reporting to the company's managers — and that is where RapidDecision has become an integral part of HoMedics' profitability formula.

The Challenge

HoMedics has always believed in the power of using technology. This is evidenced by the fact that, several years ago, HoMedics began investing in world-class enterprise financial software from JD Edwards to complement its legacy applications. At the same time, HoMedics

was faced with the challenge of producing meaningful (relevant, accurate and actionable) management reports that pulled data from both the JDE applications and the legacy transactional systems. As mentioned, management at HoMedics knew that business intelligence (BI) was the key to deliver timely information to its decision makers. In fact, the BI component of the solution was deemed such a high priority that it became a critical initiative to roll out a BI platform — even prior to having all the final pieces of the JDE system in place.

The Approach

In 2002, HoMedics embarked on its first RapidDecision datamart project, which was so successful that it became the first of three datamart efforts — all delivered and installed turnkey and each implemented with just a few weeks' effort.

Each RapidDecision datamart at HoMedics captures changes to the financials and distribution systems within seconds — by gathering data from the log files on the ERP server. This data is reformatted to be more useful and easier to understand for reporting and analysis. Metadata is extrapolated for easier interpretation. The structure of the data is optimized for performance and security. And, the data is stored on its own server to protect performance of both the ERP system and datamart. After the data is transformed for high-speed retrieval, HoMedics uses its business-intelligence tool to print (or present online) reports for various users' purposes.

All of that having been said, the first datamart was particularly interesting because it did not involve building a datamart for a JDE application; its mission was to capture sales data from HoMedics' legacy distribution system.

The tricky consideration, and one for which the RapidDecision solution was quickly adapted, was the need to anticipate a future migration from the legacy distribution application to the standardized JDE Distribution system. Though RapidDecision seems to be designed specifically for JDE (or PeopleSoft, Lawson or other ERPs), RapidDecision is actually designed for the business person. Because of this, it is easy for RapidDecision consultants to modify the sources of data from which the datamart builder draws. In this case, RapidDecision merely needed to access HoMedics' legacy distribution database. In this way, RapidDecision was also "sitting on ready" for HoMedics' ultimate migration to the JDE distribution system.

Johnson explains it this way, "We went live on JDE Financials several years before we were able to go live on JDE Distribution. At one point, we had a RapidDecision GL Mart that used JDE data and a RapidDecision Sales Mart that used data from our proprietary [legacy] distribution system — all the time, benefiting greatly from the advanced reporting and analysis that we were able to perform."

Johnson continues, "Not only did the installation of the 1.0 version of the RapidDecision Sales datamart work as expected and within the committed timeframes, but in 2005, it put us in a great position to transition to the JDE Distribution application (along with the re-implementation of a later version of the JDE Financials). Even though some of the underlying infrastructure needed updating, we worked with the consultants at RapidDecision to make a transparent transition for our users. Literally, the majority of our reporting remained the same through the transition, and our users were thrilled with being able to work with the same familiar reports."

The Results

For the most startling result of HoMedics' experience with RapidDecision datamarts, consider the following discussion on quantitatively justifying a decision to implement datamarts:

How Can a Datamart Make Money?

Joe Guerra, who is Andrews' VP and Chief Architect of RapidDecision, explains that in every conversation with a new prospect, he deals with the perception that data

marts are a sunk cost. There is no expectation of an ROI because the driver for building a data mart is merely to offload the ERP server from resource-intensive tasks related to financials and receivables report generation. Guerra's enthusiastic and sincere response to this under-expectation is that businesses should absolutely and always expect a payback, "In my dozen years of installing hundreds of datamarts, no one ever knows where the money will be made back — yet, it ALWAYS happens!"

Johnson agrees with Guerra's anecdotal experience, saying, "That was certainly the case for HoMedics. After working with RapidDecision to implement the Sales and GL Marts, we were positioned to take our data analysis to the next level in terms of understanding customer profitability. Armed with reports based on data from our new marts, we were able to modify our outbound freight terms with several significant customers — resulting in savings far in excess of our total expenditures on RapidDecision and Business Intelligence. Also, the mart data helped to identify an additional \$375K in inbound (return) freight savings for another substantial customer. You can imagine how happy HoMedics management was with the RapidDecision product after these rectifications!"

Other benefits for HoMedics that are attributable to RapidDecision are also worthy of mention. The JDE transaction-based system is relieved of overhead challenges. Also, on a continuing basis, HoMedics users can see what's happening NOW and make adjustments. They do not merely compare year-over-year or month-over-month reports — they actually use operational intelligence to make business decisions on a daily basis.

Johnson offers another point regarding HoMedics' BI experience, "Initially, I tried very hard to convince our users to use the JD Edwards-provided reporting tool for operational reports, while using the marts exclusively for analytical reporting. Well, I must say that, four years after our implementation, the majority of our reports (both operational and analytical) come from the various RapidDecision marts that we have installed — the users would not have it any other way."