



## Microsoft Dynamics NAV Success Story

**Total savings in year one of the ERP project amounted to more than €1 million for Allcare Group**

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*“The dimensions reporting function in NAV is very powerful. You can slice your data any way you want in a very easy, flexible manner. We were impressed with the level of detail we could get, by product level, by shop, by reimbursement scheme, group payments, private prescriptions, HSE payments ... it was able to deal with all of the complexities of a retail pharmacy.”. Dermot Ryan, Commercial Director, Allcare Group*

### About Allcare Group:

Having begun as a restructuring of the Independent Pharmacy Ownership Scheme [IPOS], Allcare Group evolved from what was originally more than 220 companies with a range of ownership structures, four banks and multiple shareholders. In 2010, a new management team came on board and was confronted with what finance director Dermot Ryan calls “a highly complex and challenging situation”. In order to get control, we had to understand quickly what we had. There was no retail management system across the group, and no central IT infrastructure for the dispensing and epos systems in the pharmacies to connect back to. Each pharmacy had its own product file with multiple naming conventions and bar codes with each pharmacy buying independently of the other. There were 1,300 suppliers listed, raising a total of 12,500 purchase invoices every month. “

The new management team came from a retail background and were keen to instil the disciplines from that arena into the pharmacy sector. “We were used to running businesses with strong systems. We knew what we could achieve and that we could get control of the business. The first two years of the restructuring was about stabilising the business and bringing the key stakeholder along with us. In 2012, we set about looking at what we could do from an ERP point of view,” says Ryan

With a slimmed-down group of 64 pharmacies following the restructuring process, the next step was to install a common IT platform in each pharmacy, consolidating from the various dispensary and EPOS systems in the stores. Allcare chose McLernans as its preferred partner on EPOS and dispensary systems technology, and then turned its attention to implementing a head office system. “From a retail management systems point of view, we needed to be able to control the product file, common fee



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structure and reordering process centrally. We needed to be able to do that in a way simple to implement and maintaining. Once we had that we began to look at how we could integrate that a back-office system” Ryan explains.

### **The Solution:**

Allcare evaluated several potential suppliers for its ERP system, paying close attention to each.

The group had been recommended Microsoft Dynamics NAV through its network, and on closer examination, the package ticked the boxes for Allcare on several criteria: it was cost-effective and allowed for easy integration with the pharmacy system provided by McLernons. It could also cope with a multi-site retail model and automated intercompany recharges for stock and other overheads making it suitable for Allcare’s structure of 64 pharmacies located around Ireland. Given its back ground Allcare had a heavy financial reporting requirement and Dynamics NAV gave it the flexibility of reporting by branch or, in Allcare’s case, as an operation group of trading pharmacies, by individual entity, by Bank aligned group in what is an extraordinarily complex structure. In fact, the incorporation of the complex structure never impeded on the system’s ability to report on the key metrics in the underlying businesses.

Dynamics NAV can be implemented quickly, which was another strong selling point, and it offers powerful reporting tools that allow for closer analysis of the business performance. “The Dimensions reporting function in NAV is very powerful. You can slice your data any way you want in a very easy, flexible manner. We were impressed with the level of detail we could get, by product level, by shop, by reimbursement scheme, group payments, private prescriptions, HSE payments ... it was able to deal with all of the complexities of a retail pharmacy,” says Ryan.

Getting the project ready on time presented challenges. There was a short window of time in which to go live with a deadline that was immovable. The rollout of new hardware to the stores had to be considered, and the EPOS partner McLernons had to build head office functionality into its system. Then, data would



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have to be migrated onto the NAV platform – all of this coinciding with the group's financial year end.

In addition to the software, a critical factor was the choice of partner to deliver it. Here, ProStrategy stood out from others in the market, says Ryan. "When we sat down with the ProStrategy guys to explain what we wanted, we felt there was a good rapport there. It was very simple, very straightforward, they got what we were trying to do very quickly. What they proposed was much more cost-effective than other solutions we were looking at. The chemistry between the two groups was good to begin with. They took the time to understand what we wanted and kept coming back. The engagement was excellent, and their team's personal commitment to the project and their can-do approach to the complexities was exemplary. I think a key factor was that the team pitching for the business included the guys who had to deliver the outcome whereas with some other vendors chose a different approach." says Ryan.

An intense second half of 2012 resulted in a "real win", he adds. "ProStrategy listened and they understood our requirements, and they have an impressive team to back it up. They have a strong track record and a very good reputation. I think we had about 120 development days built into the project. We probably went over that, post go-live, but ProStrategy were prepared to put the resources in place to get this implemented quickly and cost-effectively." Phased rollout of Dynamics NAV took place throughout January 2013.

#### **The Project Benefits:**

##### **Cost Reduction**

Total savings in year one of the ERP project amounted to more than €1 million. AllCare were able to bring its full finance function back in house as result and reduce head count which delivered a significant saving. The generation of reliable intelligent reporting that could be interrogated right through to the originating transactions quickly delivered information that resulted in operational activity which drove margin growth and reduced investment in working capital management. Month end reporting timelines were also reduced significantly which gave the business timely and highly accurate management





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information.

### **Margin protection**

Dynamics NAV gives Allcare management a real-time view of what it expects to be reimbursed by the Health Service Executive every month and has led directly to identifying significant margin leakage that needed to be eliminated. The identification of the size of the opportunity resulted in the investment in a new resource that has and continues to generate a significant return. Ryan added “that as a result of the Nav implementation we have much greater visibility and control of the claims process and significantly reduced leakage”.

### **Reporting timelines decreased significantly**

There has been a massive improvement in the speed with which vital data is available to the business, thanks to Microsoft Dynamics NAV. “Because the data is coming in every night from our shops through an interface, we’re able to have sales margin stockholding positions in real time, effectively, which would have taken us three months to get previously. We’ve been able to reduce our reporting timelines, to within 21 days of month end. That’s been a huge plus,” says Ryan.

### **Summary:**

In its first phase alone, the ERP project has resulted in significant progress for Allcare. Through Microsoft Dynamics NAV, the group now has live sales and margin data; cash is controlled centrally, the payroll function has been integrated, claims leakage is under control and the business has consolidated its accounts payable ledgers from 65 to just five. All pharmacies are now supplied from the Uniphar distribution centre, and there is an interface from each pharmacy to the ERP. The package also offers flexible financial reporting. “Our forecasting and budgeting is much more accurate,” confirms Ryan. “There’s just no comparison with what we had previously.”

As a result of the system, Allcare has also changed the role of the territory manager. With the back office



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now taking care of their previous responsibilities such as approving invoices, they are now freed up to focus on improving retail standards in the pharmacies. In his previous career, Ryan has seen major ERP implementations up close, and he knows what it takes to make them a success. “In this case, we were very focused on what we wanted, and the team in ProStrategy got that from the first meeting and were able to deliver. I couldn’t compliment them enough. Overall, it’s a complete transformation in how we run the business and it greatly assists in delivering on our basic management principle – What gets measured gets done.”

### **About ProStrategy:**

ProStrategy is a Gold Certified Microsoft Partner and recognized as the leading partner in Ireland for Microsoft Dynamics and Analytics solutions. Since 1985, ProStrategy have been helping businesses to streamline their operations and gain deeper insights into their business processes. To do this, we bring over 30 years’ experience of the industry and world-class software to the table. ProStrategy’s success to date has been built on an impressive track record of high quality service delivered to a diverse customer base.

We have replaced, upgraded and implemented Microsoft Dynamics NAV across a broad range of industries for some of Ireland’s leading brands as well as establishing ourselves on the international scene in recent years. All of this is backed by a team of over 40 highly skilled consultants who have an average of 10 years’ experience ensuring a successful return on your technology investment.