

Sage ERP X3 | Case Study

Sage ERP X3 Helps Aceto Corporation Manage Complicated Compliance Regulations

Background

Publicly-traded Aceto Corporation is a global leader in the importing and distribution of over 1,000 chemically-derived pharmaceuticals, biopharmaceuticals, specialty chemicals and agrochemicals used principally as raw materials in the pharmaceutical, agricultural, color, surface coating/ink and general chemical consuming industries. The company's business is organized along product lines into three segments – Health Sciences, Chemicals & Colorants and Crop Protection.

System Evaluation

Aceto had been operating on a legacy system that was antiquated and lacked integration. Already subject to a myriad of U.S. government regulations, including MSDS requirements for the handling of hazardous materials and intense scrutiny by the FDA, the company faced new demands stemming from the bioterrorism Act and the Customs Trade-Partnership Against Terrorism (CT-PAT) program as well as the enactment of the Sarbanes-Oxley Act.

Many of the compliance activities were handled by manual processes with various spreadsheets, leading to insufficient controls with limited real time reporting. The company recognized the need to implement a new back office system, but the increasing demands placed on publicly-traded companies absorbed available corporate resources.

As a result, Aceto enlisted the help of Innovative IT Consulting to define their needs and assess ERP vendor options. Innovative IT reviewed Aceto's business processes and requirements and helped the management team secure approval for the large project.

Aceto preferred that their new solution provider be experienced in implementing ERP software systems in the chemicals industry. After reviewing presentations from six companies, Aceto narrowed the list to Sage and competitor JD Edwards. In July 2004, the company selected the Sage ERP X3 Process ERP suite believing it was the best fit for the size, scope and complexity of the project.

"Our goal was to implement a system that would provide broader, deeper and more efficient processing capabilities without sacrificing business-critical functionality," said Terry Steinberg, Vice President & CIO of Aceto. "Sage ERP X3 offered the best combination of functionality, technology, value and implementation methodology of the systems we evaluated. And, it had the flexibility and the scalability we needed to support our expansion and evolving business model."

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Vice President & CIO
Aceto Corporation

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Aceto also recognized that the functionality offered by Sage ERP X3 was the best value for the price. Sage ERP Process provides a complete array of industry-specific functionality required by chemical companies including the management of formulas, certificates of analysis, potency, by-products, multiple packaging units per product, shelf-life, lot control and traceability, specific gravity and weight calculations.

The Implementation

With the help of Innovative IT, Aceto assembled a team of key personnel who would be instrumental in executing the implementation. While each of the three business units shared similar business processes, each one also had certain unique processes. While this created many challenges in the implementation, Aceto viewed it as an opportunity to standardize and improve processes across all business lines.

Sage ERP X3 offered the flexibility required to support Aceto's unique processes and was able to adapt to meet the company's specific needs. For example, when importing hazardous chemicals from overseas, companies are subject to country-specific regulations in addition to international business practices. The Sage ERP X3 services team customized Sage ERP X3's existing quality module to ensure that products go through a series of internal controls for the necessary documentation required to meet country-specific regulatory demands.

Additionally, Aceto was interested in a software add-on that provides an effective way to track its product in transit, which can be on a vessel for up to six weeks. This module, developed by the Sage ERP X3 services team for the U.S. market, in effect, takes financial ownership of the product upon shipment and manages detailed tracking of the landed cost, including broker fees, terminal handling fees, ocean freight, inland freight, duty, etc. It collects additional detailed product information, such as a Certificate of Analysis, which is entered while the goods are in transit, instead of when they arrive at the warehouse.

Inventory can be pre-allocated to sales orders from purchase orders, again before the goods arrive at the warehouse.

Once the enhancements were complete, extensive pilot exercises enabled users to become comfortable with the system and eliminate potential slowdowns in ongoing workloads.

Results

With Sage ERP X3, Aceto's business processes are streamlined and automated. The company is finding it easier to comply with the financial reporting responsibilities placed on publicly-traded companies. According to Steinberg, "We're completing our financial statements and Sarbanes-Oxley compliance more quickly, and it's a smoother process."

Other customizations are enabling Aceto to better manage its inventory, track foreign exchange costs and control credit and order approvals, and Aceto is managing its complicated compliance processes with confidence.

"We are very happy with Sage ERP X3," said Steinberg. "We made the right choice."

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Lake Success, NY

International Locations
Shanghai, Hamburg, Amsterdam, Singapore, Hong Kong, Mumbai (India) and Paris

Industry
Chemical importer and distributor; sources 67% of its products from Asia

Revenue
\$297 million

Employees
210

Sage ERP X3 Licenses
90

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