FROST & SULLIVAN

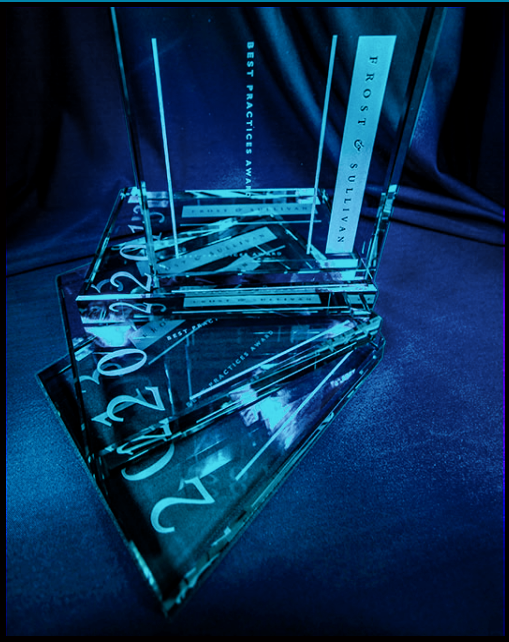## deacom®
the artisans of erp software

2016 North American ERP for Chemicals Customer Value Leadership Award

FROST & SULLIVAN

2016 **BEST PRACTICES AWARD**

NORTH AMERICAN ERP FOR CHEMICALS
CUSTOMER VALUE LEADERSHIP AWARD

2016
BEST PRACTICES
AWARDS

Contents

Background and Company Performance

Industry Challenges

Chemical manufacturers, similar to other industries, want to reduce incurred operational/ownership costs, increase productivity levels, record faster revenue growth, and transform and accelerate their businesses with changing market trends. Chemical manufacturers are currently stumbling as their existing traditional enterprise resource planning (ERP) systems are not flexible, scalable, fast, or efficient enough to enable them to achieve the desired growth in revenues. Traditional ERP systems that come with bolt-ons, customizations, and tedious workarounds are slow, difficult to use, and expensive to upgrade, which translates into huge costs on the part of chemical manufacturers when upgrading their legacy ERP systems. In addition, such upgrades on traditional ERP systems are time consuming and can slow down future development processes as required by chemical manufacturers. As chemical manufacturers evolve in their growth curve, they face the challenge of not having an ERP system that would significantly impact their productivity levels and facilitate their growth through easy upgrades, according to the latest technological advancements. For instance, chemical manufacturers are currently limited by their ability to perform business in real time on either the mobile or the tablet platform.

Consequently, chemical manufacturers face the challenge of maintaining regulatory documents such as globally harmonized system (GHS) labels, safety data sheets (SDS), and certificates of analysis (COA). Many chemical manufacturers have become more international in scope, resulting in the generation of documents for different countries for manufacturing different products. Trying to manage this becomes a complicated task.

ERP vendors that can eliminate the complexities arising out of third-party bolt-ons and customizations of legacy ERP systems and enable chemical manufacturers to reduce costs of upgrades, increase productivity, achieve growth, and handle their growing business demands are better positioned to enhance the value proposition for their customers and secure a leadership position for themselves in the North American market.

Customer Impact and Business Impact

Price/Performance Value

Understanding the growing concerns within the North American chemical industry, Deacom, Inc has leveraged its experience and in-depth know-how to offer its customers a breakthrough end-to-end single-system approach to ERP that is easy to use and ensures long-term value for its customers. Deacom's value proposition for chemical manufacturers stands out from its competitors in the North American space. Deacom's ERP system does everything that a batch and process manufacturing would need but with the help of just one software system. Deacom's competitors typically take a Microsoft, SAP, or some other product and bolt-on third-party vertical market solution. These bolt-ons can include

formulation, quality control (QC), document generation, warehouse management, customer relationship management (CRM), and all other features that chemical manufacturers would need. In other words, ERP systems from Deacom's competitors are traditional bolt-ons with tedious workarounds. Such traditional ERP systems are slow and difficult to use, thus making it hard for customers to upgrade their processes and, thereby, compelling chemical manufacturers to incur additional costs.

Deacom effectively addresses all of these issues with the help of a single ERP system. By using the single-system approach, according to which all requirements of Deacom's customers are built into the base code, Deacom reduces the costs associated with upgrades and system support. With Deacom's ERP solution, chemical manufacturers enjoy speed and operational simplicity from using a single system that is coded in-house, as opposed to the complicated bolt-ons, customizations, and integrations associated with the ERP systems of Deacom's competitors. By using a single system with the same set of code to run all of their business applications without the need for customization, Deacom's customers are now free of any ERP-related complexities. Deacom achieves this simplicity by enhancing the base code and consistently providing updates that customers can easily implement. In addition, Deacom's single-system approach results in a smaller data footprint that not only drives significant system performance but allows for the seamless/systematic/efficient handling of larger data sets as and when its customers grow.

With Deacom's solution, managing regulatory documents becomes easier as Deacom's single system can streamline regulatory processes by accommodating all information and tools (GHS labels, SDS, and COA). Using the warehouse management solution (WMS), Deacom's system automatically generates the appropriate regulatory documents for chemical manufacturers based on their location. In addition, Deacom's WMS helps chemical manufacturers implement and adhere to quality control check points, move inventory efficiently, improve inventory visibility, and enable manufacturers' access to real-time data.

Deacom has come out with new features and functions to provide its chemical manufacturers with a consistent user experience across all applications. While traditional ERP offerings from Deacom's competitors are slower to adapt to any new technology advancements, Deacom's ERP system continues to evolve and adapt rapidly to the pace of new technology advancements. The adoption of tablets and mobile devices has increased, and Deacom's ERP is architected so that all functionalities and main applications can run on its mobile platform. Deacom has created a structure in its ERP system that will allow its customers to take advantage of the mobile technology better and faster than what is possible with offerings from its competitors. Deacom's ERP system, which is built on a browser-based Web application, can be accessed from any device such as tablets and smartphones that run on any browser such as Chrome, Opera, MacBook, or Safari.

Customer Ownership Experience

Deacom's ERP solution ensures a faster response to rapid technological advancements and enables its customers to grow quickly as their businesses evolve. Deacom's solution has eliminated the need for customization. Its customers now have the ability to upgrade their system as their businesses evolve in tandem with emerging market trends, which had not been previously possible because of the limitations of legacy systems. With its ability to support through continued innovation as part of the flexibility of its single-system approach to ERP, Deacom enables its customers' growth by allowing them to continue to evolve without causing any disruption to their operations. Most of its customers have stated they would not have been able to achieve their next level of growth without using Deacom's ERP solution.

As identified earlier, Deacom's ERP solution has a broad set of functionalities such as a fully integrated ERP. The company's offering, however, is inherently simpler to use than its competitors' ERP systems. Deacom does not customize the ERP system as per its customers' needs, but configures the ERP or writes new functionality into the base code instead. Deacom has a user-defined table that allows the configuration of its customers' units of measure. In other words, when Deacom's customers have a new unit of measure, Deacom can immediately add it without the need for any complex programming process. These factors instill a sense of pride in customers in owning Deacom's single-system ERP.

Customer Service Experience

With an aim to render an enriched experience to its North America customers, Deacom is committed to offering exceptional service to its customers by staying as close and transparent as possible. As Deacom makes rapid changes to its ERP system, it contacts its customers on a regular basis to ensure their systems are up to date.

Deacom has many customer-centric programs in place such as the annual user's conference and Deacom University, through which it provides training programs for its customers, either in-office or on-line. Deacom's project manager is in charge of all implementations and has an issue tracker that is part of the Deacom system (the issue tracker is built into the software), wherein customers can log any issues and see the progress through the Deacom process. Deacom has created a transparent approach as opposed to having customers call a 1-800 number to report their issue, allowing customers to track the progress of their concerns.

Customer Acquisition

Deacom's strategy of accurately analyzing customer requirements and fabricating ERP systems best suited to them can be largely attributed to the successful deployment of its single-system ERP across numerous applications within the North American chemicals industry. Several manufacturers and distributors of chemicals and specialty chemicals to the cosmetic, personal care, lubricants, surfactants, defoamers, and reaction

intermediaries sectors as well as industrial markets and laundry and institutional industries have benefitted from using Deacom's single-system ERP. With its ability to come up with a technologically advanced single-system approach to ERP, Deacom has been fostering the growth of its customers by enabling them to handle their growing business demands efficiently and, thus, evolve. Deacom achieves this by reducing ERP upgrade and system support costs, driving productivity, eliminating complexities driven by customizations and third-party bolt-ons, providing real-time mobile access, enabling continuous innovation, accelerating time-to-market, and enabling the use of the latest innovations and technology advancements for future product development and sales.

Some of the few elite chemical manufacturers that have reaped huge benefits by deploying Deacom's ERP include U.N.X. INCORPORATED, Spray Products, RITA Corporation, and Manufacturers Chemicals, LLC (Synalloy Corporation). With an already robust portfolio of chemical manufacturers and distributors, which the company continuously expands, Deacom is expected to strengthen its position further in the North American market in the coming years.

Such differentiated value propositions have been strongly instrumental in enabling Deacom to consolidate its customer base in the North American market. For instance, Synalloy Corporation, at one point, adopted ERP solutions from 5 different vendors, and Deacom's ERP was used only in its chemicals division. Later, Synalloy Corporation wanted only 1 system and replaced all its systems with Deacom's single-system ERP. Deacom's customer retention is staggering as it has never lost a customer because of any incompetence in its ERP system. Drawing from the heightened satisfaction that Deacom renders to its customers from numerous verticals within process manufacturing, the company has a huge potential for growth in this market.

Growth Potential

With broad feats of success in ensuring unmatched value to manufacturers in the North American chemicals industry, Deacom's single-system ERP has amassed attention from a wide range of other industries. Deacom works with companies in both the batch and the process manufacturing industries such as food, pharmaceuticals, nutritional supplements, and coatings, basically anything that is manufactured with a formulation. Deacom's ERP system is one product for all verticals, whether the customer is a food manufacturer or a chemical manufacturer.

Deacom tends to work with companies with revenues between $50 million and upwards of $2.0 billion. Deacom's customers tend to go up market at this point, i.e., the average revenues of its customers are increasing every year. Since 2012, Deacom has grown about 295% in revenues. The company had 40 employees at the beginning of 2015, which has now increased to 80 employees. Deacom is growing rapidly and anticipates further growth in the future.

Conclusion

Deacom has ramped up its capabilities to render unmatched customer value and consolidate its position in the North American ERP market for chemicals. Leveraging its expertise and sound technical knowledge in ERP, Deacom has secured an edge over its competitors in the chemicals industry by providing a single-system approach to ERP that increases productivity, reduces upgrade costs, and eliminates complexities related to customization. With a unique ERP that has browser-based Web applications and enables chemical manufacturers to manage regulatory documents seamlessly, Deacom has clearly enhanced the value proposition for its customers, thereby setting a high standard for itself in the North American ERP domain. With its strong overall performance, Deacom has earned Frost & Sullivan's 2016 Customer Value Leadership Award.

Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. Delighting customers is therefore the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: customer impact and business impact. These two sides work together to make customers feel valued, and confident in their products' quality and long shelf life.   This dual satisfaction translates into repeat purchases and a high lifetime customer value.

Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

Customer Impact

Criterion 1: Price/Performance Value
Criterion 2: Customer Purchase Experience
Criterion 3: Customer Ownership Experience
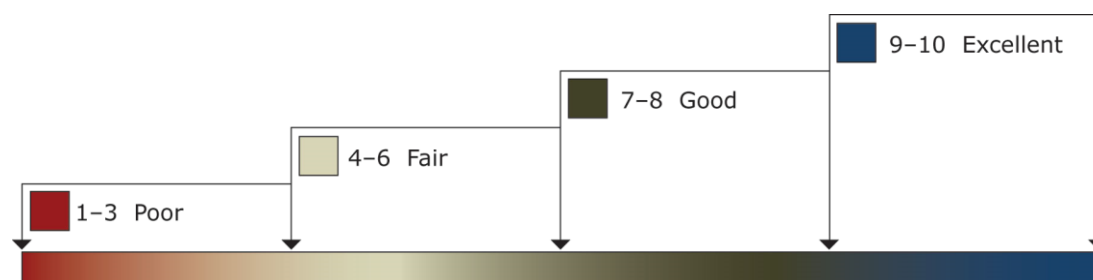Criterion 4: Customer Service Experience
Criterion 5: Brand Equity

Business Impact

Criterion 1: Financial Performance
Criterion 2: Customer Acquisition
Criterion 3: Operational Efficiency
Criterion 4: Growth Potential
Criterion 5: Human Capital

Best Practice Award Analysis for Deacom, Inc.
Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.

RATINGS GUIDELINES

9–10 Excellent
7–8 Good
4–6 Fair
1–3 Poor

The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD FOR CUSTOMER VALUE LEADERSHIP AWARD

Measurement of 1–10 (1 = poor; 10 = excellent)			
Customer Value Leadership	Customer Impact	Business Impact	**Average Rating**
Deacom, Inc.	**9.5**	**9.5**	**9.5**
Competitor 2	8.0	8.0	8.0
Competitor 3	7.5	7.5	7.5

Customer Impact

Criterion 1: Price/Performance Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

Criterion 2: Customer Purchase Experience
Requirement: Customers feel like they are buying the most optimal solution that addresses both their unique needs and their unique constraints

Criterion 3: Customer Ownership Experience
Requirement: Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

Criterion 4: Customer Service Experience
Requirement: Customer service is accessible, fast, stress-free, and of high quality

Criterion 5: Brand Equity
Requirement: Customers have a positive view of the brand and exhibit high brand loyalty

Business Impact

Criterion 1: Financial Performance
Requirement: Strong overall financial performance in terms of revenues, revenue growth, operating margin and other key financial metrics

Criterion 2: Customer Acquisition
Requirement: Customer facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers

Criterion 3: Operational Efficiency
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard

Criterion 4: Growth Potential

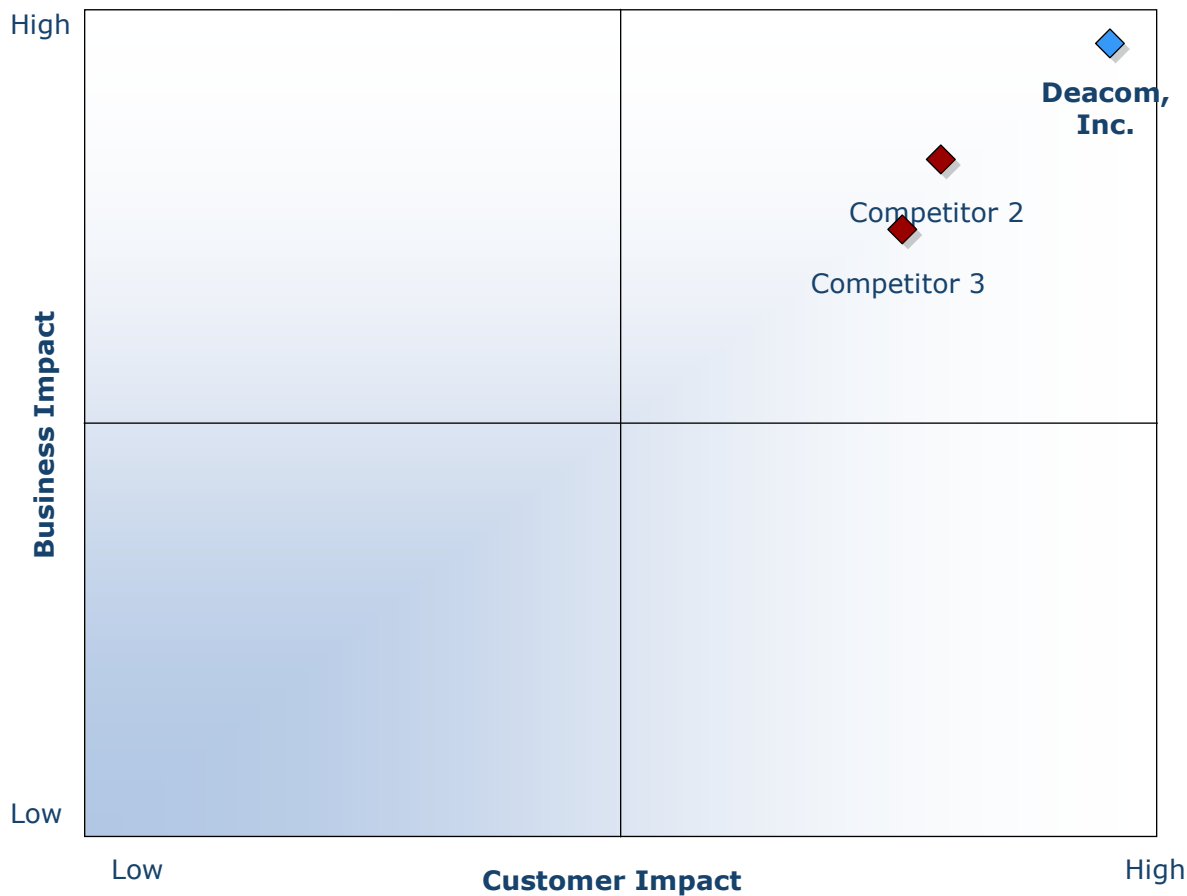Requirements: Customer focus strengthens brand, reinforces customer loyalty and enhances growth potential

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.

DECISION SUPPORT MATRIX FOR CUSTOMER VALUE LEADERSHIP AWARD

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	**Monitor, target, and screen**	Identify award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized award candidates
6	**Conduct global industry review**	Build consensus on award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best-practice award recipient	• Review analysis with panel • Build consensus • Select winner	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform award recipient of award recognition	• Present award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of award and plan for how recipient can use the award to enhance the brand
10	**Take strategic action**	Upon licensing, company may share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in future strategic planning	Widespread awareness of recipient's award status among investors, media personnel, and employees

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.