

"This project reinforced that RSM is a company that is dedicated to serving the middle market. They understood we had limited resources, and they provided us with a platform to help us grow."

– Ed Kubek, Chief Financial Officer, Paro Services Corporation

CASE STUDY: CHEMICAL COMPANIES GAIN VISIBILITY AND PROCESS EFFICIENCY WITH NETSUITE

Overview

Paro Services is a holding company located in Twinsburg, Ohio, operating multiple subsidiaries, including DeForest Enterprises, Innoleo and Halbouty Energy. DeForest is a specialty surfactants company and Innoleo is a provider of bio-based chemical raw materials and derivatives. Most recently, Paro Services established Halbouty Energy, a manufacturer of innovative chemical compositions that have proven effective in addressing paraffin mitigation and related challenges associated with crude oil production, transport, storage and refining.

Background

Paro Services was concerned about the ongoing viability of the enterprise resource planning (ERP) systems at its subsidiaries. DeForest utilized a legacy ERP platform that was nearly 30 years old. As the company grew, it required new software that made more sense for the company's business model. In addition, Paro Services needed to transition Innoleo from its QuickBooks system to an ERP platform with more visibility and functionality.

Paro Services also wanted to ensure that a new ERP system would be able to seamlessly expand to Halbouty Energy and any other new acquisitions or start-up companies. However, with limited IT resources, Paro Services sought a cloud ERP platform in order to leverage a vendor's hardware and security. While the three companies are very different, the holding company sought an ERP solution that could manage each of their unique processes and requirements while presenting robust financial transparency and visibility.

"We wanted to get that burden off our company, because we are not IT rich," said Ed Kubek, Paro Services chief financial officer. "With a cloud-based ERP solution, all we need is a reliable connection to the Internet, so that limits our risk exposure. In this day and age, with cybersecurity concerns, that's a huge risk that many small companies don't want to take on."

Project

Based on discussions with customers, vendors and industry peers, Paro Services evaluated several ERP systems, searching for the right option that was affordable, efficient and aligned with its limited IT staff. The company then chose RSM US LLP to help with the final selection and implementation based on the team's understanding of key business processes and success with prior ERP projects.

"We wanted an impartial group that understood business, understood accounting and could provide back office assistance," said Kubek. "That's why we chose RSM."

RSM consulted with key process owners, including logistics and distribution, sales and marketing, as well as senior management from each company. After narrowing down the search to two ERP systems and viewing the demos, Paro Systems selected NetSuite for its subsidiaries. NetSuite became the clear choice for the company based on the system's ease of use, scalability, reporting capabilities and visibility into operations.

"I found it refreshing to talk to someone who understands typical business processes, how our business is unique, and how to take the two and determine what system was best for us," said Jason Schiavoni, Paro Services accounting manager. "At the end of the day, when we looked at Innoleo, DeForest and Halbouty, we felt that NetSuite, with RSM's guidance, was the way to go."

Innoleo

Innoleo is a provider of unique specialty chemicals and specialty chemical intermediates derived from renewable bio-based feedstocks including castor oil derivatives, select fatty acids and other bio-based raw materials and derivatives. The new ERP system implementation began with Innoleo to support its sales to procurement to delivery process.

RSM leveraged the supply chain processing capabilities within NetSuite, allowing Innoleo to capture landed costs quickly and accurately for products sourced domestically and internationally. The RSM team developed tables and landed cost codes to account for the multiple customs and import fees associated with international procurement.

In addition, to increase visibility for products arriving from overseas, RSM developed a search and tracking feature, utilizing container numbers to provide insight into container contents, as well as when they leave port and reach their destination. This information helps Innoleo give better delivery estimates to customers. The system gives the status on the containers when they arrive at the dock, clear customs and are on a truck for delivery to the customer.

DeForest

DeForest develops, markets and sells a diverse line of specialty surfactants and related additives such as emulsifiers, corrosion inhibitors, wetting agents and hydrotropes for a variety of end use applications. The RSM team structured the numerous bill of materials to support DeForest's unique product compositions and production batches. NetSuite manages the complex ratios and percentages of chemical ingredients that go into finished product production.

The RSM team set up the stocking units in NetSuite to support DeForest's multiple container types, increments and systems to account for full and partial container inventory, a scenario that is unavoidable in a production environment. DeForest packages products of various compositions and densities in multiple sizes and filled to different weights. The company now has significantly greater visibility facilitating accurate inventory management.

"Coming from a legacy system, the visibility into our data and the plethora of information that we can access and research at any time and in real time is a significant benefit," commented Schiavoni. "Those processes were cumbersome in our previous system."

In the chemical industry, customers require pricing in various package sizes and increments, and in different units of measure. RSM developed a custom pricing script for DeForest, where employees can enter the price per pound, and NetSuite calculates the price per container. Finally, RSM developed a table to house proprietary formulas and production batch details, allowing users to enter components using percentages or ratios.

Halbouty and beyond

After laying the foundation through NetSuite implementations at Innoleo and DeForest, the process was further streamlined for the Halbouty Energy launch. The RSM team had NetSuite invoicing systems and processes integrated and operational within a month. With the quick success of the Halbouty Energy implementation, Paro Services and RSM have a proven strategy that allows Paro to grow with NetSuite.

Training

In many cases, moving from an established legacy platform to a new ERP system can be a difficult transition. However, RSM and Paro Services worked together to train employees and help users understand the state-of-the-art system. Employees had a platform to provide opinions and advice, and the companies worked together to address any concerns.

"I think it was a good combination of RSM understanding the process, what NetSuite could do from a general business perspective, and then helping explain it to people that had been on a system for over 20 years," said Kubek.

Further NetSuite expansion

After becoming familiar with NetSuite in year one, Paro Services plans to do further training with RSM to expand the system within the company to realize even more benefits.

"I think the first year was to get used to the new ERP and get back to day-to-day processes," said Schiavoni. "Now that they have been using NetSuite for a year, we want to show them what else NetSuite can do."

"NetSuite is on the cutting edge of doing bigger and better things, and we are happy to be a part of it and grow with them," commented Kubek.

Outcomes

RSM's NetSuite implementation has given three Paro Services subsidiaries a comprehensive ERP platform that can scale with new demands and future growth. NetSuite allows the three

distinct companies to operate on one system, while managing their specific processes and needs, and providing interaction between subsidiaries where necessary.

NetSuite provides more visibility into their key business processes with a cloud deployment that takes the system maintenance burden off of Paro's IT department. Employees are now more efficient and effective with NetSuite, and the company expects even more success as the system is expanded to other areas of the company.

"Between the collaboration, the teamwork and the transformation, it was truly a pleasure to be a part of this project, and I cherish the time that I had with everybody to do it," said Schiavoni.

Other benefits of RSM's NetSuite implementation included:

- Enhanced tracking capabilities for overseas product shipments
- Increased security and access with the cloud deployment
- Stronger measurement processes for more accurate inventory management
- Real-time visibility into key business processes with dashboards and customizations

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