

Moving Your Business to the Next Level

Cee Kay Supply Inc. Partners with TrackAbout and TECSYS to Create a Step-Change Tracking/ERP Solution



Moving your business to the next level can feel like jumping off a cliff — you know you need to make a leap, but you are not sure where you will land. With a clear vision of your goal and the appropriate commitment, resources, and partners, you can make the leap with greater confidence.

For Cee Kay Supply Inc., a leading independent distributor of industrial and specialty gases and welding and cutting equipment based in St. Louis, Missouri, the decision to team with two top-notch software solutions providers proved crucial in helping the Company take a huge step forward. Cee Kay owner and CEO Tom Dunn and President Ned Lane recognized the need for a new information technology (IT) platform — one that would enable them to manage their business more effectively and compete more aggressively with larger regional gas distributors and major industry players.

TrackAbout Inc. is a next-generation software-as-a-service provider that helps companies track and manage their fixed and portable assets. By first partnering with TrackAbout, Cee Kay realized major savings and efficiency gains in cylinder tracking and rental. Then Cee Kay and TrackAbout launched an extensive search for another software technology provider that would enable Cee Kay to take its IT platform to the next level. That search resulted in a joint partnership with TECSYS, a Montreal, Canada-based software and technology provider for mid- to large-size warehousing, order fulfillment, and distribution operations. Together, the companies created the TrackAbout/TECSYS solution, a comprehensive ERP (Enterprise Resource Planning) and cylinder management system that is transforming the way Cee Kay does business.

We asked Tom and Ned to describe the evolution of their relationship with TrackAbout and TECSYS and explain what Cee Kay has gained from the new solution. Cee Kay Systems Manager Dave Healzer weighed in on technical aspects. TrackAbout President and COO Tim Fusco, and TECSYS Director of Product Management Marie Fournier, added insight into how the solution works and its benefit to the gas distribution business.

CryoGas International (CryoGas): Thank you for agreeing to be part of our “Moving Molecules” issue. We believe Cee Kay’s story is very important to distributors wanting to improve profitability through better tracking and ERP systems. To begin, please give us some background on Cee Kay’s business capabilities and focus.

Ned Lane: Cee Kay is based in the St. Louis area and serves a 100-mile radius there. We have about 90 employees across seven locations in Illinois and Missouri, and recently celebrated our 60-year anniversary (*see “Cee Kay Celebrates,” October 2008, CGI, p. 19*). We sell gas and welding goods. In the past decade we’ve shifted our focus more to gas and gas rental and our business ratio is now about 45 percent hardgoods and 55 percent gas. We’re a solution-selling organization; we look to provide value-added products to our customers. So, if you’re coming from a spreadsheet viewpoint — that is, if all you want is a low price — we’re probably not the supplier for you. But if you are a customer that is looking for support, expertise, and/or service, we should be your first choice.

CryoGas: What are some of Cee Kay’s most important product segments or delivery modes?

Lane: Part of Cee Kay’s success comes from being first-to-market with new products and technologies. We are always looking to take the next big thing off the drawing board and put it into action. We are willing to work through early product and technology imperfections because we find we are good at eliminating the bugs. For example, we had one of the first microbulk gas delivery systems in the field. Cee Kay wanted to be an early microbulk adopter, even if it meant experiencing some bumps along the way. The first tanks we received had some design flaws, but microbulk was still a great solution. As a pioneer in providing microbulk systems, we were able to sign contracts with customers early on; we continue to maintain and renew those con-



The Cee Kay team celebrating 60 years of serving the greater St. Louis area.

tracts 10 years later. Looking at the big picture and being willing to work through short-term problems has allowed us to achieve long-term market gains.

CryoGas: When and why did you decide you needed a new cylinder tracking and ERP solution? For example, what management needs weren't being met and how did you foresee MIS/IT solutions helping you to meet them?

Tom Dunn: There are two to four major ERP software providers that most industrial gas distributors use, and they have been supplying our industry for 20-plus years. Their systems offer cylinder tracking and rental functions, which are critical to us. Unfortunately, these providers really have not stayed on top of the changes in technology. We had been aware that we needed more from Management Information Systems (MIS) and IT for a while. What kept us, and others, from going outside these two providers was the need for a cylinder tracking and rental module, which only they had. If we were only dealing with hardgoods transactions, there would have been plenty of providers to choose from.

In 1998 we had our existing software supplier install a cylinder bar coding system. Unfortunately, we found it hard to use, drivers didn't like it, and not many cylinders were getting bar coded. Then Jim Glessner developed the TrackAbout system, which had the accuracy and user-friendliness we needed. We adopted the TrackAbout system in 2003. This really enhanced our cylinder management capabilities, allowing us to eliminate errors and minimize balance disputes.

To Cee Kay, the appeal of TrackAbout over its competitors was its focus on cylinder tracking. Other companies offered cylinder tracking as a kind of add-on, which was not necessarily a core competency, just a me-too type of thing. With TrackAbout, asset tracking was all they did. They had sophisticated thinking on algorithms unlike other providers. In addition, other tracking systems we reviewed had existed for over 30 years with only modest improvements.

Lane: With the reports TrackAbout built into our system, we could deliver more value. For example, our asset utilization report lets us tell customers about every cylinder on their site and how long they've had them, which hopefully helps them realize that we're really taking care of their account.

TrackAbout also made a major commitment to helping us with the rental on our

welders and other machines. This was difficult as equipment rental is very different from cylinder rental, but TrackAbout stepped up and developed a software program that worked for us. It was a great improvement over our old software.

Tim Fusco: TrackAbout provides a lot of advanced capabilities. We invest the time in observing what goes wrong in the field, so we can provide solutions focused on accuracy. In the case of Cee Kay, we weren't afflicted by all the legacy thinking and we had real-world experience on what worked and what didn't.

Dunn: We realized then that in order to get away from the aging ERP packages in our industry, we had to find a new wholesale distribution supplier — one willing to work with TrackAbout to integrate their expertise on cylinder tracking and equipment rental into a more comprehensive software solution for our business.

CryoGas: Creating something new was a major step. What motivated you to make that commitment?

Lane: We considered going to another gas distribution industry provider, but that represented a baby step, not a leap. The existing solutions were somewhat alike — all were batch-processed and on similar platforms. If we had to turn our organization upside down to make a change, we felt we needed a bigger transformation.

We had a strategic planning session in 2003 and recognized that the weakness in our IT and software was limiting our ability to get information and react. In 2005 we had another strategic planning session that identified the same weakness, so we set a goal to spend 10 percent of our budget on finding technology solutions to resolve this. Being happy with what TrackAbout was providing, in 2006 we asked them to help us find a partner that they could work with to build a more comprehensive IT solution for Cee Kay.

TrackAbout put together a list of 14 potential providers. We reviewed some of the major ERP companies along with accounting and distribution software packages. This was a large bucket of choices, but with TrackAbout's help we narrowed this down to three candidates. Ultimately, TECSYS came out on top.

CryoGas: What made TECSYS the best choice?

Lane: For Cee Kay, the goal was to find a



Scanning cylinder barcodes is quick and easy with TrackAbout.

leading-edge provider who would work with TrackAbout to create a joint solution. TECSYS was ideal because they offered a browser-based platform. Cee Kay had been operating with a character-based platform, which is not as user-friendly as a browser-based system and offers less flexibility in terms of adding new functionality. They were also willing to start with a blank piece of paper and deliver a product that was good for Cee Kay and the gas distribution industry as a whole. The TECSYS team worked hard to learn the unique aspects of our business.

TECSYS and TrackAbout reached a development agreement in October 2006. They looked at the competition and saw the same things we saw — the gas and welding industry lacked effective ERP technology. We signed our agreement with TECSYS in January 2007, with plans to go live in January 2008.

Marie Fournier: Before TECSYS jumped in, we wanted to ensure there was a real market there for us. Our due diligence included a hard look at the competition and who they were serving in the gas distribution industry. Our findings and our work with TrackAbout led us to a "yes." We saw real opportunity in the Cee Kay project and were willing to do whatever it took to make it successful.

Tim Fusco: Those comments are spot-on. Cee Kay, like many of our customers, liked what TrackAbout was doing with asset tracking, but needed a system that worked for the whole business. Since we couldn't provide that, they asked us to find a partner who could. With Cee Kay taking the lead, that's what we did. It took lots of collaboration, cool heads, and perseverance, but it all came together.



Cee Kay is presented with "Pioneering Spirit" award for their vision and leadership in the industry.
From left to right: Marie Fournier, Tim Fusco, Tom Dunn.

We especially liked TECSYS' deep knowledge of distribution. The Company has been creating software for distribution for decades and understands the kind of problems our customers are trying to solve. They also cover the whole enterprise — from the warehouse, to the counter, to the customer site. We love their technology, too. With a browser on the front-end, the TECSYS solution is designed to give everyone the information they need, when they need it. Customers and end-users can even design their own screens.

We also liked the fact that TECSYS was publicly traded and could scale from global companies down to small distributors. And they had a real commitment from their top executives to invest the resources needed to create a solution that works for gas distributors. Other companies we looked at were unwilling to make that kind of investment. By working with TECSYS we felt we could become the dominant industry solution.

CryoGas: A critical component in the distribution business is the movement of goods — getting cylinders from the dock to the truck, then to the customer, and so on. Did you recognize in TECSYS the potential to handle this physical side of distribution as well?

Fusco: Yes, TECSYS had experience in many kinds of distribution, so we believed they could definitely handle the physical side of the business.

Fournier: Distribution infrastructure can be very complex, and managing it requires not only establishing the physical infrastruc-

ture to move the goods, but also understanding information flow. TECSYS covers a lot of scenarios for both those areas.

CryoGas: Gas distributors need to better understand the economics of physical distribution through activity-based accounting. Actual costs are often a mystery to distributors as they are unable to quantify specific activities in dollars and cents, like cylinder handling, trucking, picking up empties, etc. How does TECSYS address this?

Fournier: TECSYS facilitates a better understanding of costs by providing information such as the number of invoices, the number of returns, and the number of deliveries per customer over a period of time. We also recognize the cost to produce, send, and collect payment for an invoice. Does \$100,000 of business with a particular customer translate into 10 or 1000 shipments in a year, and what's the per-transaction expense of that? If you've moved a certain amount of inventory, was it with one customer or fifty different customers? Was there one big order or many smaller orders? Does the activity justify the risk of stocking an item? Is there a high enough gross margin to justify the investment? This kind of information is critical to distributors.

CryoGas: What about establishing benchmarks and good performance ratios? For example, do you plan to collect and feed data into the TrackAbout/TECSYS solution and relate the ratios to standard costs? That's a capability the majors already have.

Lane: Benchmarks are definitely a goal, and part of setting good benchmarks involves applying activity-based costing — not just looking at margins on a customer, but truly what your cost is to serve them. TECSYS is working on a model that includes things like number of invoices, number of deliveries, etc. When base cost numbers are plugged in to this model you can see what the cost per invoice and delivery is, and calculate it like a mini P&L for each customer. This enables accurate reporting of account profitability. For example, our margin on an oxygen cylinder can now be correctly determined.

Fusco: On the TrackAbout side, we have mountains of data about cylinder movement that we can turn into activity-based costing. We just launched a user-activity module that tracks what happens between point-to-point movements, such as the user's time, their login when the day starts, mileage readings, cylinders per trip, when the driver makes stops, and so on. This is an accurate cost-based accounting solution.

Lane: The TrackAbout/TECSYS solution is also helping Cee Kay fine-tune our cylinder utilization. It gives us much more information. We used to take the number of cylinders for which we charged rent versus the ones in our population to come up with a utilization number. We also counted a cylinder rented for any day in the month as fully rented, when it was really only rented for maybe three out of thirty days. With the TrackAbout/TECSYS solution, our utilization numbers are more accurate because we have a greater level of detail in the data. A year ago, if you asked me my cylinder utilization rate, I'd say it was pretty good, but I didn't have a number. Now I have a number. I think most companies would be alarmed if they knew how many cylinders they're actually renting based on available days. We may not like some of the answers we discover, but knowing them allows us to manage our business better.

Fournier: The ERP component also helps by providing documented evidence of cylinder or hardgoods transactions in the event of a dispute. So much happens in adjustments. Whether you're off-loading cylinders at a customer's site or you're on the phone with their accounts receivable or operations people, your ERP needs to cover every point of contact with the customer, and this information needs to be easily retrievable.

CryoGas: TrackAbout/TECSYS gives you a real business advantage over your competitors. Why share this information with other gas distributors?

Lane: The industry giants have already made or are in the process of making these types of investments. From a selfish viewpoint, we could keep a competitive advantage if other distributors did not adopt this product. We're willing to be a reference account for this solution to other independent distributors, because we realize that additional users will mean faster improvements. The more distributors that invest in this solution, the better the solution will be; so what's good for us is good for the industry.

CryoGas: How would Cee Kay describe its working relationship with TrackAbout and TECSYS? Which attributes of each company have proven most valuable in helping you meet your goals?

Lane: We have a great working relationship with both partners that began with trust. Tom [Cee Kay] already had a good working relationship with Jim Glessner of TrackAbout and this connection grew with the introduction of Tim Fusco. When Tom and I met Marie and Peter Breton, the President and CEO of TECSYS, we immediately felt we could work with them as well. There was a sense of commitment by all parties that we were in this project together.

We liked the way TECSYS approached the project; they attacked it as a vertical with the solution targeted to the industrial gas distribution industry. TECSYS is a large company with 250 employees, but it didn't feel that way — we had a specific group focused



A sample of the TECSYS EliteSeries Sales Dashboard

on us. We worked directly with the software development people creating the product. This is very different from working with a value-added reseller that is customizing someone else's software for you.

TrackAbout's most important attributes are the Company's willingness to take on specific challenges and their flexibility in dealing with them. When we propose things we need in order to run our business, TrackAbout responds. We can pick up the phone and say, "Here's what I'd like. What do you think?"

Among the three partners there was never a "no" without first giving careful thought to the proposal. While there were the inevitable few negative responses, these were based on payoff, that is, the solution did not justify the time and effort required to execute it. Our mutual professional respect and the ability to

communicate kept this project on target and successful.

Cee Kay has gained a lot from TrackAbout and TECSYS. They challenged many of Cee Kay's processes, causing us to evaluate their real value. They shared best practices, which led us to question processes we thought were givens, but really were not.

Fournier: A project like this requires adaptable people who realize the benefits that will be gained by its success and are willing to work together to achieve them. From our perspective, the end-product also has to be generic and able to evolve, so you're not out there with an overly customized solution that begins to age immediately.

CryoGas: What technical capabilities do you have now with the TrackAbout/TECSYS solution that you lacked before?

Dave Healzer: As Systems Manager, the most beneficial change I see for Cee Kay in adopting the TrackAbout/TECSYS solution is moving from a batch system to real-time processing. This enables the Company to have faster and easier access to much more data than it did previously. Reports that would have taken a day or more for Ned to get using the previous system can now be pulled up quickly — sometimes in minutes. The TrackAbout/TECSYS solution also provides a much stronger security model than our previous software, and it's a true distribution package. Before, we had one provider trying to spread resources in three different areas: accounting, distribution, and cylinder tracking. Now we have an entire company focusing on cylinder



Barcoded gas cylinders are scanned using TrackAbout before delivery.



Dave Healzer has faster access to data using TrackAbout/TECSYS technology.

tracking and rental generation, and another one focusing on accounting and distribution. That's why the solution works so well.

Another large benefit we saw in going to the TrackAbout/TECSYS solution is that it would be used in a way that was already familiar to our employees: it's browser-based and point-and-click, which is where the world continues to head.

Fournier: The browser is the first truly universal computer interface; your six-year-old knows how to use it. In addition to allowing you to easily access account data, a browser allows you to view pictures and get further details on products by clicking on links. It is also easy to train new customers on a browser-based platform. You can quickly get someone up to speed on how to use and find information.

CryoGas: What kind of results did Cee Kay get in terms of improved margins and eliminating manual processes by implementing this new IT solution?

Lane: We've added a half percent margin to our hardgoods sales, and the automation has given us a huge range of new capabilities. For example, we now have much greater visibility into order entry at the management level. Color codes (green, yellow, and red) let order entry personnel see the margin for each line item on the ticket and make them more aware of the process. And this allows me to ask questions, like was selling a product at a certain margin necessary. Prior to this solution, there was little logic to the discounting

process; now our sales team is more accountable for pricing decisions. Where there are no checking mechanisms in place, managing the process is difficult and people may be discounting more than is warranted.

With the TrackAbout/TECSYS solution, Cee Kay can now also drive greater process consistency. For example, if someone overrides system pricing at the counter, management has the tools to see and question the transaction. It is our belief that if a customer really deserves a special price, he should always get it, but it shouldn't be done on a whim.

Overall, with the TrackAbout/TECSYS solution we know a lot more than we did; we can make quick and accurate decisions based on numbers, not gut feeling. We've identified internal problems we didn't see before. These are now on our radar for correction.

CryoGas: How will the TrackAbout/TECSYS solution help you and other distributors compete more effectively with larger companies? Do you think this will be important in the next five to ten years?

Lane: It will definitely make a difference for those who make the move. The biggest distributors are now developing state-of-the-art tools that will give them access to the information we believe we've got now. Those who don't adopt this solution will fall behind Cee Kay as well as their main competitors.

The TrackAbout/TECSYS solution lets us do many things we couldn't before. We currently are working on five independent IT projects including: utilizing an extranet for human resource and payroll functions; document imaging; a phone system with pop-up access to customer information; on-line portals that give clients 24/7 self-service access to their own data; and automated cylinder retesting and maintenance tracking. The ability to integrate new tools into the ERP system is essential — that's where the power of technology comes in. You need an open interface to let things come and go.

CryoGas: What advice do you have for those who are considering adopting the TrackAbout/TECSYS solution?

Lane: In terms of data, you don't know what you don't know. Identifying your data is key, and that's what the TrackAbout/TECSYS solution lets you do. For example, Cee Kay, like many distributors, has been bar coding our cylinder stock since 1998, so I can tell you

that we have 66,400 cylinders. This technology eliminates estimates, making business decisions much easier. But if you ask most distributors what percentage of their business is retail versus wholesale, there is often a long pause, because they don't know. They don't have the technology to come up with those numbers. With the TrackAbout/TECSYS solution, you can get that kind of detail, which is very important.

There are about 10 benchmark distributors in the industry we consider the best-of-the-best. Within the year, I estimate that probably half of them will adopt the TrackAbout/TECSYS solution, and that's who we want to run with.

CryoGas: What are the rewards for independent distributors who move forward with IT solutions?

Fournier: You need to look at your enterprise system as a competitive weapon — not just a necessary evil or bookkeeping tool — and recognize its benefits. Economic pressures and changing customer expectations about price and service have led to consolidation in the industry, which creates a much more competitive landscape. The geographical boundaries from years ago are disappearing, and consolidated buying power has driven prices down. As an independent, you have to view your business more competitively and think about how you're going to survive. The economy has also impacted revenues, and distributors need to automate wherever they can; they have to do more with less and react very quickly, and they need a solution that lets them do all that.

Lane: At Cee Kay we looked at where we thought the Company could and should be in 10 to 15 years, then decided that the TrackAbout/TECSYS solution could get us there. That's a comfort we never had with our previous software packages. The rewards for being an early adopter of this solution are in keeping with our core business strategy. We already see improved profitability and have every confidence that the TrackAbout/TECSYS solution will help us meet our future business development goals.

To learn more about Cee Kay, Inc, call 314-644-3500 or visit www.ceekey.com

To learn more about TrackAbout, call 800-960-1510 or visit www.trackabout.com

To learn more about TECSYS, call 800-922-8649 or visit www.tecsys.com ■