



Defense Contractor Helps Save Lives and Sees 100 Percent ROI with ERP Solution

Overview

Country or Region: United States

Industry: Aerospace And Defense Manufacturing—Defense

Customer Profile

Based in College Station, Texas, BMI Defense Systems works with program offices and field-level units in the U.S. military to design and manufacture lifesaving force protection equipment.

Business Situation

When BMI Defense won a multimillion-dollar contract with the U.S. Marine Corps, it needed an enterprise resource planning system that would meet both its government contracting and light manufacturing needs.

Solution

With help from Microsoft® Gold Certified Partner SIS, BMI Defense implemented Microsoft Dynamics® SL in just four weeks, strengthening compliance with Defense Contract Audit Agency rules.

Benefits

- 100 percent return on investment in weeks
- Smooth bid and audit processes
- 80 percent improvement in inventory accuracy
- Stronger scheduling and planning capability

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Traci Gholson, Vice President of Finance, BMI Defense Systems

BMI Defense Systems designs and manufactures protective equipment with patented energy-absorbing designs for the U.S. military. In 2008, the company won a multimillion-dollar contract to ship a gunner platform and restraint system in direct support of the military operations in Iraq and Afghanistan under the Mine Resistant Ambush Protected vehicle program. Faced with a need to exponentially scale up its operations, BMI Defense worked with Microsoft Partner, SIS. LLC to implement Microsoft Dynamics SL for accounting, supply chain, and manufacturing. The solution helped BMI Defense better demonstrate to the government its direct and indirect costs for the new contract, thereby saving the company more than the amount it cost to implement the system. In addition, BMI Defense now tracks inventory with greater accuracy and is better able to meet shipment schedules.



“We can plan product shipments with much greater accuracy, which not only saves us money but also helps save lives by getting our protective equipment to the soldiers on the frontlines faster.”

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Situation

BMI Defense Systems began fiscal year 2009 with less than 10 employees and QuickBooks accounting software from Intuit. The company holds important patents for energy-absorbing protective equipment that can save soldiers' lives if an improvised explosive device hits their vehicle. The urgent need for this equipment in Iraq and Afghanistan meant that BMI Defense had to scale up its operations quickly when it won a multimillion-dollar contract from the U.S. Department of Defense. The company ships its products directly to Iraq and Afghanistan, as well as to supply depots in the United States, where the equipment is installed in vehicles that are currently in service as part of the U.S. military's Mine Resistant Ambush Protected (MRAP) vehicle program.

“The U.S. military has made the MRAP program a priority and allocated roughly \$1 billion to upgrading the protection on its fighting vehicles,” says Traci Gholson, Vice President of Finance at BMI Defense. “As part of that program, the Department of Defense awarded us a large contract to manufacture specially designed gunner harness and restraint systems. Suddenly, our company grew exponentially.”

After BMI Defense won the MRAP contract, the company not only had to hire many more employees but also needed to upgrade its business systems to handle the increased warehouse, manufacturing, and financial accounting activity. “We went from a handful of employees to about 80 people,” says Gholson. “We ran our company by using QuickBooks and Microsoft® Office Excel® spreadsheets, but it was obvious those tools and processes would not scale. We needed a system that would tighten up our processes, help us eliminate opportunities for error, and make tasks more efficient.”

Up to this point, BMI Defense prepared indirect cost proposals for government contracts by exporting data from QuickBooks and then doing calculations in Office Excel. Because BMI Defense did not have a system in place to confidently propose more aggressive cost structures to the government, the company's cost allocations calculations were necessarily conservative and based on estimates. To recoup all its allowable costs associated with a government contract, the company needed a way to quickly and accurately categorize costs according to labor rate, supplier, and other criteria. BMI Defense also needed to tighten up its manufacturing operations, not only to ensure shipments went out on time, but also to accurately track inventory as manufacturing accelerated.

Solution

To solve these problems quickly, BMI Defense performed an expedited survey of enterprise resource planning (ERP) systems suitable for government contractors, including those from Deltek and Microsoft. The company chose Microsoft Dynamics® SL because of its affordability, excellent government contract accounting capabilities, ease of installation, and extensibility. Says Gholson, “Microsoft Dynamics SL handled the government contracting requirements just as well as the Deltek system, but it did a much better job of meeting our light manufacturing needs.”

Implementation in Just Four Weeks

With help from Microsoft Gold Certified Partner SIS, BMI Defense set up the solution in just four weeks, including the financial, manufacturing, and warehouse capabilities, and integrated it with an existing timekeeping system. “We are very happy with the help SIS provided us,” says Gholson. “The company understood the



BMI Defense supplies gunner platform and restraint equipment to help protect soldiers from improvised explosive devices.

pressure we were under and moved quickly to finish the implementation.”

Government Contract Compliance

BMI Defense used accounts and subaccounts in the chart of accounts to categorize overhead costs. This lets the company quickly determine its total allowable and unallowable costs according to Defense Contract Audit Agency (DCAA) rules. “After we had our cost structures set up in Microsoft Dynamics SL, we could detail exactly what the indirect costs were for any particular contract by running a report on a subaccount,” says Gholson.

ERP for Light Manufacturing

BMI Defense also strengthened its supply chain, warehouse, and manufacturing operations with its new solution. The company used the kitting capabilities in Microsoft Dynamics SL to create multitiered bills of materials for its products, some of which are complex and include dozens of components. Now, using its new solution, BMI Defense can reorder these

components from suppliers when inventory reaches a predetermined level.

“Now, we have real-time inventory and greater visibility into our supply chain,” says Gholson. “We can plan product shipments with much greater accuracy, which not only saves us money but also helps save lives by getting our protective equipment to the soldiers on the frontlines faster.”

Future Plans

Going forward, BMI Defense plans to continue adding to its implementation of Microsoft Dynamics SL. The company has plans to add Business Portal so that managers can easily access up-to-date operational and financial information online. BMI Defense also intends to install a barcode system in its warehouse that would work with the solution to further improve the inventory and scheduling accuracy.

Benefits

In less than a year, BMI Defense grew from less than 10 employees to approximately 80 employees with a comparable increase in revenues. With Microsoft Dynamics SL, the company better manages this exponential growth by better organizing the company’s financial accounting according to government contract rules and providing visibility into supply chain, inventory, and manufacturing operations. BMI Defense continues to grow with Microsoft Dynamics SL and recently used the system to win a contract to provide ballistic blankets to the U.S. Marine Corps for direct deployment in light armored vehicles in the field.

“Our company now operates like a much larger firm,” says Gholson. “The components of the solution are integrated so that we have much less margin for error and much greater efficiency.”



BMI Defense used kitting capabilities in Microsoft Dynamics SL to handle multitiered bills of material.

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100 Percent Return on Investment in Weeks

Because BMI Defense was able to more precisely define its allowable costs for the MRAP contract by using Microsoft Dynamics SL, the company's assigned government contract officer agreed to adjust the amount paid to BMI Defense. These recovered costs more than paid for the licensing and implementation of the solution. Says Gholson, "After we set up Microsoft Dynamics SL, we were able to demonstrate to the government what our true allowable costs were for the contract. Because of that effort, our recovered costs paid for the solution within weeks."

Smooth Bid and Audit Processes

Now, doing business with the government is much easier for BMI Defense than when the company relied on QuickBooks and Office Excel spreadsheets. "Before, it would take me up to two days to prepare an Indirect Cost Proposal, which the DCAA requires," says Gholson. "Now, I can report the same information in greater detail in less than one hour."

When the government contract officer assigned to BMI Defense came to audit the company, Gholson could quickly provide the contract officer with the necessary audit information. Says Gholson, "Our contract officer was impressed with the sophistication of our processes given that we are a relatively small company. We attribute this efficiency to Microsoft Dynamics SL and the rigor that we've been able to institute with that solution."

80 Percent Improvement in Inventory Accuracy

Because orders, manufacturing, and inventory are all linked together, BMI Defense now has much greater visibility into the company's inventory. "We've been able to improve the accuracy of our inventory by approximately 80 percent," says Gholson. "Now, we can manage inventory levels to reduce costs and ensure that we don't run into out-of-stock situations that can delay shipments."

BMI Defense typically stocks several million dollars' worth of inventory at a given time, and the company can free up significant amounts of cash by increasing the accuracy and timeliness of information from the warehouse. BMI Defense plans to push its inventory accuracy even further with a barcode system that will connect with Microsoft Dynamics SL.

Stronger Scheduling and Planning Capability

With the manufacturing capabilities in the solution, BMI Defense was able to quickly ramp up its operational capacity and minimize delays. Says Gholson, "We take our role in providing force protection equipment to the soldiers very seriously. Microsoft Dynamics SL helps us coordinate our manufacturing operations so that we can adhere to tight schedules much more rigidly."

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers in the United States and Canada who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about BMI Defense Systems products and services, visit forceprotectionsolutions.com

For more information about SIS products and services, call (678) 336-8775 or visit the Web site at: www.sisn.com

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

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