

Manufacturing Business Technology

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Stainless strategy: Elkay taps cost-efficient, hosted BPM

Plumbing products maker **Elkay Manufacturing Co.**, considered midsize in scope, derives much the same functionality from its business performance management (BPM) solution as does a larger company, thanks to a subscription-based model with a less-expensive delivery cost.

BPM software organizes, automates, and analyzes business methods, metrics, processes, and systems. Until recently, it was available only to larger companies that could afford to install many seats of the software.

But when executives at Oak Brook, Ill.-based Elkay sought a BPM tool that went beyond mere graphical representation of business data to manage corporate strategy, it was clear the company lacked head count to support an onsite budgeting, forecasting, and planning tool such as **Oracle's** Hyperion solution.

PROFILE

Company: Elkay Manufacturing, an Oak Brook, Ill.-based plumbing products and cabinetry maker with 5,000 employees across two divisions.



Challenge: Finding a business process management (BPM) solution that goes beyond the usual graphics and tools to manage corporate strategy at a price tag that suits the small to midsize market

Solution applied:

Software-as-a-Service-based BPM from Host Analytics

Benefit: Elkay execs are leveraging the on-demand application to follow tactical execution of a long-term plan via budgets and reforecasts that can be viewed every day

Privately held Elkay reports about \$1 billion in annual sales divided equally across its plumbing-fixture division and its cabinetry division, with nearly 5,000 employees.

"There are some very expensive on-premise solutions out there that would have involved a year-and-a-half implementation," says **John Hrudicka**, Elkay's VP of finance administration.

But about one year ago, tapping the **Software-as-a-Service (SaaS)** model, the plumbing-fixture division installed performance management software from **Host Analytics**. As the name implies, **Host Analytics** hosts the BPM software while Elkay pays a subscription fee to access the application via the Internet. The manufacturer need not buy a license for each software seat, resulting in significant cost savings,

Hrudicka says. Elkay's IT team is not required to monitor software glitches or install upgrades, instead, the vendor handles those jobs.

Host Analytics is good fit for a midsize manufacturer looking to grow, says Neil Chandler, a director with Stamford, Conn.-based Gartner. The BPM vendor competes against larger on-premise players like Hyperion because it offers stepped-up budgeting, planning, forecasting, and scorecarding capabilities via the less-expensive SaaS model.

SaaS is a good choice for relatively noncomplex budgeting environments like manufacturing, Chandler says. But companies with more tricky needs—e.g., organizations looking at financial consolidation—must ensure a SaaS-ready BPM solution offers the functions they need. A more traditional application may be a better fit here.

Elkay, which pays an on-demand fee based on user numbers, is in the early stages of calling upon the software as a strategic management tool. The company traditionally



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created an annual strategic plan to guide company sales and growth, "but then it would go on the shelf and people forgot about it until the next year," Hrudicka says. "[Host Analytics] keeps us front and center to achieve goals every day."

Elkay execs will use the BPM application to follow tactical execution of a long-term plan via budgets and reforecasts that can be viewed every day—or at least as often as needed.

Right now, they're looking five years out to create sales and profit targets for all product categories. They'll then break down those end targets into specific attainment steps, and document these steps in the BPM application. The steps will be continually measured and monitored via the BPM tool, which will monitor the steps over a five-year cycle, to 2013.

"The planning process forces us to identify actions toward a goal, and Host Analytics allows us to measure in a scorecard fashion the movement toward the goal," says Hrudicka. ■

—Jean Thilmany, contributing editor (thilmanyj@gmail.com)