

cbdMD Replaces Oracle NetSuite with Acumatica Manufacturing Gaining an Easier-to-Use ERP, Better Reporting

OVERVIEW

When Oracle NetSuite decided it would not support the cannabis industry, it left cbdMD and other companies scrambling for new ERPs. CbdMD had just implemented NetSuite a few months earlier, and had suffered through a year-long implementation delay due to Covid-19. In swift fashion, cbdMD deployed Acumatica Manufacturing Edition, gaining better reporting, an easier-to-use platform, and seamless integrations, including a much-needed quality management system.

KEY RESULTS

- Implemented a single, connected, modern manufacturing platform to expand
- Eliminated several software licensing fees, saving \$200,000 annually
- Sped order fulfillment by 30 percent, eliminating needless data transfers
- Increased data visibility and connections to other programs with a click of a button, saving time
- Eliminated manual data manipulation between NetSuite and Microsoft Excel for reporting, saving time
- Increased shipments from 3,000 a day to 1,000 an hour, saving time and reducing labor costs
- Reduced inventory cycle count times from a month to less than a week
- Improved IT management with a centralized system
- Acquired an integrated quality management system from eWorkplaceApps, saving hours
- Streamlined compliance with rigorous lot traceability

OVERVIEW

Abandoned by NetSuite

Founded in 2015, cbdMD, Inc. (NYSE American: YCBD) has quickly become one of the leading hemp-derived cannabidiol (CBD) brands with a comprehensive line of American-made, THC-free CBD products as well as Full Spectrum and Delta 9 THC products. The cbdMD brand includes high-quality, premium CBD tinctures, gummies, topicals, capsules, sleep aids, and more. The company's pawCBD brand includes formulated pet tinctures, chews, and topicals in varying strengths.

The Charlotte, N.C.-based company became publicly traded in late 2017 and sells its consumer and pet products online and through thousands of retail outlets including GNC, Wegmans grocery stores in the Northeast, and in 32 countries.

The use of CBD products is growing quickly as more and more states legalize its sale and as more products are available in easy-to-take forms such as edibles. To accurately disclose the cannabinoid ingredients in its products, CbdMD uses quality manufacturing processes, tests its ingredients and products for purity and potency, and adheres to compliance mandates and label requirements, all of which allow cbdMD to maintain the highest level of independent third-party cGMP certification by NSF.

As a startup, cbdMD launched on QuickBooks, but executives soon realized they needed an ERP solution, one with quality and process management and one that was SOX compliant. Operating very leanly and growing quickly, the former team had some familiarity with NetSuite so they decided to forge ahead with a NetSuite implementation.

Just a few months after implementing NetSuite in 2021, however, cbdMD received notice that NetSuite's new owner Oracle was not going to support the cannabis industry, and that cbdMD had just a year to find a new ERP.



Company cbdMD Inc. www.cbdMD.com

Industry Manufacturing: Broad- and full-spectrum CBD tinctures, gummies, capsules, topicals for consumers and products for pets

Number of Employees
Approx. 100 full time employees

Location Charlotte, NC

Products

Acumatica Manufacturing Edition with:

- | | |
|------------------------------------|---------------------------------|
| • CRM | • Manufacturing Data Collection |
| • Intercompany Accounting | • Bank Feeds |
| • Multiple Currencies | • Advanced Expense Management |
| • Fixed Assets | • Outlook Add-in |
| • Warehouse Management | • IIG G-mail Integration |
| • Case Management | • Private Cloud |
| • Advanced Authentication | • Kensium |
| • Advanced Planning and Scheduling | • Magento Commerce Integration |

and extended applications that include:

- | | |
|-----------------------|--|
| • Velixo | • SPS Commerce |
| • eWorkplace Apps QMS | EDI (sales order, shipping, warehouse, purchase order) |
| • Celigo Integrator | |

Customer Social Sharing Details



www.facebook.com/people/CBDMD-Inc/100090000387229



www.tiktok.com/@cbdmd_usa



https://twitter.com/cbdmd_usa



www.youtube.com/channel/UC0JRS0WTMuleH28N1Jpe-6g



www.linkedin.com/company/cbdmd

Partner Details



NexTec Group www.nextecgroup.com

Oracle-NetSuite Pulls Plug

That news was troubling, especially since the entire NetSuite implementation was delayed a full year due to Covid-19, says Casey Lassiter, ERP Manager for cbdMD. Although finding a new ERP and implementing it would be challenging in such a short time, it allowed cbdMD to fix several problems it had implementing and then running Oracle NetSuite.

The cbdMD NetSuite implementation was rocky, which was due mainly to different communication styles and miscommunication because the entire NetSuite implementation team was located off-shore, Lassiter says. Then, during the first six months of use, the cbdMD team learned the ERP didn't provide several of the efficiencies it had hoped to achieve, nor the detailed data executives wanted.

Company executives found it difficult to dive deep into customer information and uncover trends, and downloading data from NetSuite was difficult and "took a considerable amount of time." It was hard to pull data in a timely manner, Lassiter says. The ERP was a resource hog because some operations needed to transfer data between multiple siloed systems one application at a time, which slowed data retrieval and caused a lot of frustration.

"Each piece of data required a developer's hand," Lassiter says. "We had to have a developer on staff that knew SuiteScript, the NetSuite version of Java."

Warehouse Data Delays Slowed Shipments

"We had a lot of challenges with our pick, pack, and shipping capabilities. It was quite slow, and on busy days, people had to sit and wait for RF scanners to update. There were many days where time was wasted waiting for the system to process 30 orders so the pickers could move to the next step. We had a lot of complaints from the warehouse," Lassiter says.

NetSuite didn't have an expense application that met their requirements, so cbdMD added Expensify. The sales team used Salesforce, which the company had implemented when it used QuickBooks. With siloed systems, it was difficult to get a complete picture of its customers and adequately understand project profitability and worker costs.

CbdMD tracked quality and material traceability using a manual system that stored critical information on a stand-alone hard drive. This complicated and sometimes delayed the manufacturing process when proper paperwork had to be printed and hand-delivered to the manufacturing floor for each batch or when the paperwork went missing.

SOLUTION

Acumatica Manufacturing Edition

The company evaluated Microsoft Dynamics, Rootstock, Sage Intacct, Acumatica, and SAP Business One, which Lassiter was familiar with from past work experience.

"We needed to find a system that could handle the amount of data we processed every day, preferably a cloud solution, and had as many things as we needed out-of-the box, or we could easily add integrations," says Lassiter. They swiftly narrowed the list to SAP Business One and Acumatica.

Acumatica's ease of use and its modern platform sealed the decision over SAP, Lassiter says. "I was leaning toward SAP, but it's true that its end-user interface isn't the best."

"The SAP interface looks like Windows 95 and acts like Windows 95," he says. "It's very blocky. You have a tree menu option, and every page is associated with a T-code and users have to memorize T-codes to quickly get to where they need to be in the system. It's sort of clunky and hasn't been refreshed for the typical user experience you have on computers in the 2020s."

SAP Business One, which was also significantly more expensive, "mentioned that the end-user experience was something new they were rolling out, but it was exactly the same product that I had used in the past with some minor optimizations."

Acumatica is as easy to use as an Internet browser and is very intuitive, he says.



“We're constantly coming out with new products and new innovations based upon our research efforts. With Acumatica, we're well-prepared to handle whatever is next.”

– Casey Lassiter,
ERP Manager,
cbdMD Inc.

Further cementing the decision was that Acumatica's partner NexTec Group was ready to mobilize its team immediately, while the SAP partner wanted to delay the implementation a few months. "As soon as we signed the paperwork, NexTec started immediately," Lassiter says.

NexTec Group deployed the modern ERP quickly, within the Oracle NetSuite termination deadline, and on budget.

BENEFITS

Connected Platform Provides Deep Data Visibility

Implementing Acumatica Manufacturing Edition, and Acumatica's expense management and CRM in one connected platform allowed cbdMD to eliminate Expensify, Salesforce, and the added licensing costs of NetSuite. Doing so has saved the company more than \$200,000, says Lassiter.

Acumatica greatly improved data visibility throughout the company. CbdMD now has robust financial reporting that includes business intelligence tools that seamlessly connect with Acumatica. "We can now look at our business data from every angle," says Lassiter. "We are monitoring month-by-month profitability, for example, and can drill down and see profits for a specific product batch."

The company also created a daily sales snapshot that is automatically emailed to stakeholders, and executives analyze sales trends and customer retention rates more accurately.

Sales has direct visibility into customer orders and can see where an order stands, if it's been picked, packed, or shipped, Lassiter says. "There's no crazy integration that could break; everything is there for immediate viewing, which is awesome."

Previously, information did not flow seamlessly from NetSuite to Magento and Salesforce. Instead, data flowed from one program to another and back again through integrations, he explains. "The integrations would break, information was not accurate, and everyone ended up looking at different information."

With Acumatica's streamlined and connected platform, cbdMD has increased its throughput, says Dustin Dickerson, ERP Analyst with cbdMD. "Whereas we were maybe shipping 3,000 orders in a day during eight hours, we're now processing 1,000 orders an hour. That's a lot of time and labor saved."

Improved Inventory and Reduced Cycle Counts

"Immediately, the warehouse was happier," Lassiter says. "They had more picking and packing options and are working towards going paperless, which was never going to happen with NetSuite."

Acumatica improved and streamlined cbdMD's inventory management. "Before, cycle counts could take a whole month," Dickerson says. "Now we can export a cycle count, have multiple people work on it, and upload it back into the system, and that's saving people weeks of work."

Although many of the products cbdMD sells are manufactured by outside laboratories, it maintains a production line for packaging and labeling tasks. "While our primary focus is distribution, it's beneficial to have manufacturing capabilities in our ERP," says Lassiter. "For example, we run an MRP report in Acumatica daily to trigger purchase and production orders."

Optimized Quality and Improved Traceability

Because it operates in the cannabis industry, cbdMD maintains NSF cGMP 455 compliance, and its products must adhere to rigorous testing and compliance mandates. The company tests its products to ensure quality and consistency standards and provides forward and backward lot traceability. Before implementing Acumatica, these tasks were manual and housed on a siloed drive that had to be accessed separately.



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ERP Manager,
cbdMD Inc.

Finding needed paperwork took hours and was not connected to a production order or plan. "It was not guesswork but a lot more work to see where (a test or information) was related," says Dickerson. "It could take hours."

With the Quality Management Suite from eWorkplace Apps, the quality team simply types in a lot number and all related documentation—such as origin, location status, product testing through sale - is instantly available. "We are able to upload all our COAs (certificates of analysis), our microbial tests, and quality tests, and if we're audited and someone wants to know what happen in April, we're able to pull a PDF. The quality department always tells me how much easier it is now," says Dickerson.

The company has shaved days of work during mock recalls. "The last time I helped it was a few days of work just to go through all the batch records," he says. "Now everything is digital so we have a slimmer margin of error, and can have a lot trace report at the push of a button."

The quality management system is seamlessly connected to Acumatica, employs the same user interface, and has eliminated extra paperwork and spreadsheets needed in the event of a mock recall or audit. "It's definitely helped us a lot," says Dustin. "It shortened the process from days to 10 to 15 minutes; you have all the information you need right there."

In addition to distributing its products to retailers, cbdMD sells its products globally through multiple branded Magento-based websites that NexTec implemented using a tool from Kensium, an Acumatica ISV. Another company site runs on WooCommerce, and connects to Acumatica using AcuWoo. Since launching Acumatica, cbdMD has migrated all Magento sites to Shopify, integrating through Celigo's integrator.io iPaaS.

CbdMD is now moving its wholesale business onto the Acumatica platform, and that project includes adding credit card processing for wholesale clients.

Continued Growth

With streamlined operations and deeper data insights, cbdMD plans to continue to expand its product line into new markets and new countries. It is investing heavily in research and development, a move that includes clinical studies to study the health benefits of CBD and THC as pain, mood, sleep, and immunity boosters.

CbdMD also launched a new full spectrum line of tincture and soft gels and began selling Delta 9 gummies and tablets.

This year, it launched cbdMD Max, a new product that includes patented Uninvestin™ that has clinical pain claims. The company continues to forge relationships with new retailers and sell in new countries; it recently began selling products in Japan and launched on Amazon UK.

"We're constantly coming out with new products and new innovations based upon our research efforts," Lassiter says. "With Acumatica, we're well-prepared to handle whatever is next."

