



BUSINESS PROFILE:

- LEADING LIGHT COMMERCIAL VEHICLE RENTAL BUSINESS

BUSINESS CHALLENGE:

- EXPERIENCED DOUBLE-DIGIT GROWTH YEAR ON YEAR
- EXISTING LEGACY SYSTEMS WERE STRAINING
- NO SINGLE VERSION OF INFORMATION
- SINGLE GROUP-WIDE PROCESSES NEEDED

SOLUTION

- MICROSOFT DYNAMICS AX 2009
- TECTURA PROFESSIONAL SERVICES

BENEFITS:

- FOCUS ON RENTING VEHICLES
- VISIBILITY OF MANAGEMENT INFORMATION
- DELIVERING ON CUSTOMER SERVICE
- MANAGING CONTROLLABLE CASH FLOWS

DRIVING BUSINESS TRANSFORMATION WITH TECTURA

NORTHGATE BUSINESS PROFILE

Operating since 1981 Northgate plc is the leading light commercial vehicle rental business in the UK, Ireland and Spain, with a fleet of 130,000 vehicles, over 100 sites and over 3500 employees across the group.

As a FTSE company with a turnover of over £550 million, their clients come from a wide variety of businesses ranging from leading supermarkets, construction companies to large utility companies and nationwide delivery organisations.

In addition, to its core product NORFLEX (flexible commercial vehicle hire) Northgate has grown its organisation by extending its product portfolio, such as vehicle monitoring and fleet management. Also, when vehicles reach the end of their rental life, they are sold through Northgate's sales channels direct to either consumers or to trade customers.

With Northgate's core product, NORFLEX, their customers enjoy the freedom of managing and changing their fleet at any time without the risks of ownership or the constraints of contract hire, supported by a full range of backup services.

BUSINESS/IT CHALLENGE

Northgate had experienced double-digit growth year on year, enhanced by a number of significant acquisitions. As a result of that expansion, Northgate needed to focus on its infrastructure to support the business. "The existing legacy systems were straining, and restricted Northgate's long-term growth plans," explained Jon Garwood, Financial Systems Manager at Northgate plc. "The IT landscape was hampering our business and we were not focused on efficiency." Following detailed analysis, looking at internal processes and existing paper chains, Northgate had the ammunition to think seriously about a large-scale systems implementation.

There was no single version of information, and Garwood stresses; "People were employed in connecting and reconciling systems rather than doing business. In some cases we were literally entering the same data seven times." Northgate wanted a new platform to support its core objectives including improved customer service, cost reduction, revenue enhancement and easing the increasing strain from administrative/

legislative requirements. “Our processes, such as the way vehicles were managed and disposed, were limited to existing company boundaries,” continues Garwood. “Single group wide processes were needed.”

With a unique operating model, they needed a solution that brought their business together, whilst maintaining the identity of Northgate’s individual local operating companies across the country. Their current processes were inefficient and labour intensive. “We needed a new integrated system across the organisation to allow us to run the business proactively and on a real time basis,” explains Garwood.

SOLUTION - A SINGLE PLATFORM FOR ALL USERS

Replacing all systems was ambitious, and it needed to be a business led programme rather than by IT. With projects ranging from finance to rental through to workshop, processes were challenged on their effectiveness rather than just re-implementing a replica of the systems

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Financial Systems Manager
Northgate plc

already in place. Northgate wanted to drive the best aspects of their business into the new application and this inevitably caused change management issues. “A system on this scale affects people, roles and how they perform,” emphasises Garwood. “This isn’t just about a system implementation; it is one aspect in a programme of business transformation.”

Northgate looked at 30 companies that could provide a rental solution. With external advice and support, they ran a rigorous proposal and risk assessment process, including reference visits. From a shortlist of three, Garwood highlights, “Pre-sales effort, presentation and good cultural fit were all contributing factors in selecting Tectura. Northgate recognised that the two growing and successful companies complemented each other.”

“We selected Microsoft Dynamics® AX, as we had confidence in the longevity, investment from Microsoft and the clear roadmap of the product”, says Garwood. “The competitive solutions were built on old technologies, and although they would be initially cheaper, the ongoing development costs would have been significant, and technologies ultimately limiting.”

Northgate took advantage of Tectura’s implementation methodology. The right governance structure was established with operating and executive committees in

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place, and representation from across the business. “With a project of this scale and a lack of internal capability, Northgate relied on Tectura for their experience and pan European presence,” explains Garwood. “Our biggest challenge was keeping the project high priority and business involved during periods of business acquisition and restructuring”.

The most recent phase focused on an upgrade to Microsoft Dynamics AX 2009, which included vehicle assets and finance for effective purchasing, asset management, and disposal. Northgate was challenged to get users on board. The transition of staff from very personal based legacy systems into Microsoft Dynamics AX needed a programme of change management. “It’s hard for people to adapt to new ways of working, with such fundamental changes,” says Garwood. Wanting to be sure the system was accepted; Northgate involved the core project team of 12, 30 Managers to represent the business, and over 100 key users to validate the functionality. As well

as supporting user adoption, it laid the foundation for this successful upgrade to the latest version of Microsoft Dynamics AX completed during April 2009.

The new system challenged existing internal processes, and encouraged more effective ones to replace them," explains Garwood. "Implementing Microsoft Dynamics AX has been a catalyst for change, and Northgate now manages vehicles for the operating businesses differently". Assets are now a group process from vehicle purchase to disposal. Northgate now has a view of their overall status. With one set of information, the management of their vehicles from purchase request through to disposal is greatly improved and much more efficient.

Both parties invested significant effort to enhance their relationship. "We have fine tuned how we work with Tectura, and spent time making sure we have the right structure, resources and organisation going forward," highlights Garwood. Northgate now considers Tectura to be a

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very different company compared to their first engagement. With experience in delivering large implementation projects, even through the hard times, Garwood goes on to say; "Tectura has a strong management structure in place with a high calibre of reliable consultants."

On reflection, Garwood emphasises the important aspects to consider with such a large programme and says; "You need to be careful about under-estimating the time scale, and complexity of such a project. With hundreds of system users, getting the business involved early on, and taking them on the journey with you is crucial."

BENEFITS

Northgate will be running around 25 customer focused businesses over multiple sites, covering around 90 geographical locations, all combined into one Microsoft Dynamics AX "single entity". This would not have been possible without the recent upgrade to Microsoft Dynamics AX 2009. They can now break away from the overhead of monitoring and reconciling intercompany transactions, monthly accounting routine and work through the month, not just at month end. Using integrated information real time. Once all systems work is complete the process of closing the month will be faster, reporting deadlines improved, and the business team's can spend more time on business

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value adding and cost reduction activity.

The business units using Microsoft Dynamics AX across the country will be more effective. "The removal of time consuming inter-company transactions and asset and funding transfers from the rental businesses enables them to focus on renting vehicles, delivering on customer service, and managing controllable cash flows," highlights Garwood. With efficient back office systems in place, Northgate can focus on more customer facing and value adding roles. "Using Microsoft

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Dynamics AX, Northgate can now take control of its business with a single view of all available information," continues Garwood.

It's a dramatic change from the historic focus on internal reporting. Vehicle information is automatically pulled into one system rather than manually entered into many. Highlighting one aspect of Northgate's future improved productivity, Garwood explains; "One of our key measures is vehicle utilisation. We report this one measure through five systems. In future, using Microsoft SQL Server Reporting Services 2005, this will come from one Microsoft Dynamics AX system and one report. We use to look at it daily, weekly and monthly from different systems. Once the new Microsoft Dynamics AX rental system is in place we will in future be able to view it real time." The Role Centres in Microsoft Dynamics AX 2009 are an ideal way to bring together all management information for the various roles that run our businesses.

Central purchasing now creates supplier orders quickly based on requisitions from within the business units, significantly reducing the time for process and authorisation. As the asset register is integrated to purchasing, there is no re-keying of data, and we also now benefit from real time connections to external providers of vehicle technical and specification information. Vehicles required by a customer can be easily tracked, checked against group availability and converted to a purchase request where necessary. Fleet asset levels are kept to a minimum whilst still meeting consumer demand. "Purchase trends and spend can now be analysed effectively and results fed back for supplier negotiations," explains Garwood.

With the improved user interface, increased functionality and improved reporting in Microsoft Dynamics AX 2009, Northgate will enjoy the benefits of increased efficiency, better visibility of business information and improved customer service levels. "With the upgrade to Microsoft Dynamics AX 2009, and with over 200 users on board currently, along with the forthcoming implementation of the operational systems, the expected benefits will drive the business forward.," highlights Garwood. "Northgate will really reap the rewards."

With consistent business processes and real efficiency gains at department level, Garwood concludes; "We have enjoyed some solid performance to date, and are optimistic about this year's programme of delivery with Tectura. Both organisations have grown in confidence together."

LOOKING FORWARD

With the goal of complete business transformation, Northgate are consolidating over 20 systems into one. Having completed the Microsoft Dynamics AX 2009 upgrade, it ensures that the strong foundations are in place to build their business. As well as additional functional benefits achieved from this upgrade, the next phase of delivery will include rental, workshop and fleet management applications. The Company expect to reap further benefits when they start dealing directly with customers and suppliers through the enterprise portal for fleet and account management.

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