

Jarrow Formulas, Inc. finds BatchMaster ERP most closely maps to their industry model.

About Jarrow Formulas, Inc.

Jarrow Formulas, Inc. (JFI) (LA, Ca), is a formulator and supplier of superior nutritional supplements.

While their sister company Jarrow Industries, Inc. (JII) holds a bank of intellectual properties (formulas) that distinguish themselves in the marketplace, they also represent an organization willing to create customized formulations to meet the ever changing needs of the customer, as is common in the industry.

Jarrow Industries, Inc. manufactures the bulk of JFI's over-the-counter products, available in store and on-line, as well as many products ordered by partners and even competitors to JFI. Though the two entities operate independently they rely upon both private and public contracts to maintain profitability.

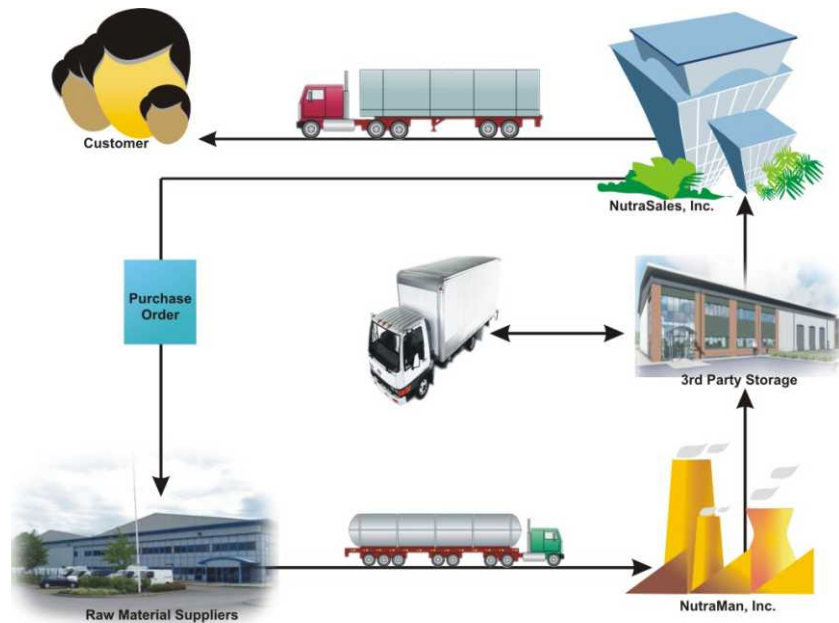
A primary challenge for JII was to adopt a system that would, over time, accommodate the needs of their primary customer, JFI, while preparing for and anticipating their growing model of contract manufacturing.

Company Name
Jarrow Formulas, Inc.

Industry
Nutritional Supplements

Location
Los Angeles, CA

Company Size
100 Employees



"BatchMaster was the industry standard, and most closely mapped to our business model out-of-the-box."

Kay Duncan
Production Manager

Jarrow Formulas chose BatchMaster software because, according to Production Manager, Kay Duncan, "BatchMaster was the industry standard, and most closely mapped to our business model out-of-the-box."

Time for Change

Meeting the needs of the fast-paced Nutraceutical market is a true challenge.

With many companies offering similar or even identical formulations, vendors must compete based on customer service capabilities.

Being able to quickly react to multiple inbound calls at the same time became crucial to the sales order entry process.





"BatchMaster gives the CSRs what they needed - the capability to view not only inventory availability, but the forecast of which products would be packaged on what dates, to predict customer satisfaction."

JFI had adopted, early on, a financial software package that allowed for simple order entry, but had little understanding of the industry they supported.

Like other industry leaders, Jarrow recognizes that Business Process Integration is the key to success and meeting the pending requirements of the FDA and GMP (Good Manufacturing Processes).

In a study conducted by APICS and Clemson University, the ratio of individuals necessary to facilitate customer orders is drastically reduced as a result of Enterprise Resource Planning system implementation.

Metric	Pre-ERP	Current	Future
Number of Expeditors	10.8	5.1	2.1

More dramatic are the figures on the overall impact of estimated resources needed after adoption ("Future" column) and acceptance of these types of all-encompassing enterprise systems.

BatchMaster ERP provided the critical components, expertise and industry standard financial platform for Jarrow Formulations to continue growing as an industry leader.

Sales

Crucial to Jarrow is the need to handle multiple inbound orders quickly and efficiently, while reducing the time spent researching customer data and terms. Jarrow's primary concern was to reduce the time spent from quoting customers, through developing new or revised formulas, to delivering product to the customer.

In researching ERP solutions, Jarrow identified that BatchMaster supported all their requirements, while providing the ability to have open concurrently an unlimited number of Sales Order records. Customer Service Representatives (CSR) can toggle between all active orders as needed within the user interface.

With its SAM-e products ranked Number 1 and 2 in sales in the natural channel for 52 weeks ending November 29, 2008 (according to SPINs, a market research and consulting firm for the Natural Products Industry), a critical feature to Jarrow was the need to obtain a system that would allow them to improve their OTIF "On-Time In-Full," metrics / KPI's.

BatchMaster gives the CSRs what they needed - the capability to view not only inventory availability, but the forecast of which products would be packaged on what dates, to predict customer satisfaction.

Additionally, the CSRs now have the capability to communicate with management the potential for volume sales that might be fulfilled if the current production schedule were adjusted to meet the customers' packing requirements.

Jarrow customer service representatives appreciate the ability to evaluate if the formula their customer requested was planned for a different or similar production run, so that they could work with the Production staff to re-plan that same production run to meet the needs of priority customers or orders.

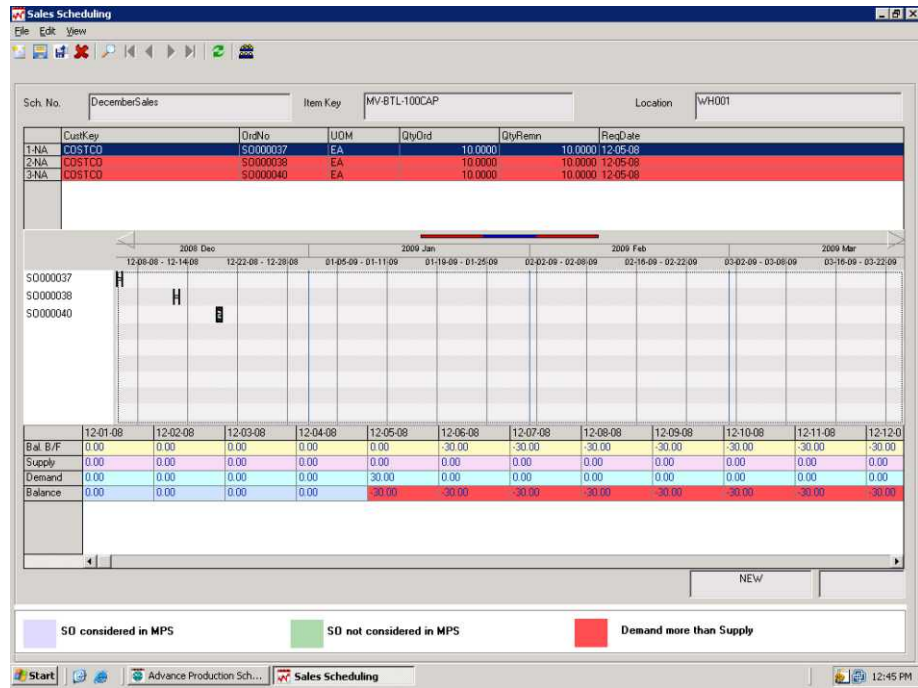
Being able to communicate remotely with production personnel on critical decisions saves CSRs time and increases customer satisfaction in the order-entry process.

BatchMaster provides them not only the capability to anticipate the availability of packing or production runs, but also the insight into ATP, or Availability to Promise (based on production schedules) as well as CTP, (Capability to Promise) determined by production capacity.





“Order-taking for the Nutraceutical vendor is fast, fluid and user-friendly”



Here, BatchMaster provides Jarrow users the balance, or available inventory, on any specific date as well as the “Balance Forward” for each date. Balance Forward represents the capabilities of both the purchasing and production organizations, given anticipated scenarios.

This feature empowers sales organizations to more accurately quote price and availability, based on the constraints of the purchasing, production and distribution arms of the supply chain.

In Jarrow's standard sales cycles, customers often shop several vendors at once, so while customer service agents move from call to call, they needed to access more than one sales order at a time.

BatchMaster provides CSR's the ability to move between unlimited numbers of open orders at one time, without the need to save the order or place it on hold before moving to the next call in the queue.

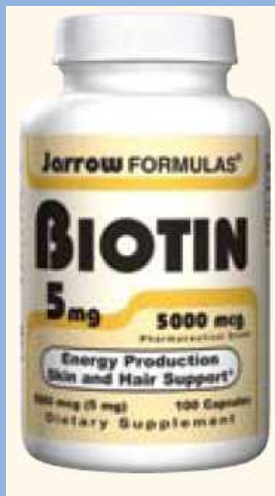
Additionally, BatchMaster supplies users with the ability to capture notes in the process that are time, date and user-stamped. If another representative subsequently handles that account, they can access all prior customer history by simply accessing the notes by tabbing and viewing the history created by their peers.

Other features utilized include sales history, formula availability, end item availability, as well as order templates. Order Templates can be used to define “families” of products typically ordered together, standing orders for specific customers, or to restrict the ability to sell private-label products to anyone but the owner of the brand. All of these features make order-taking for the Nutraceutical vendor fast, fluid and user-friendly.

BatchMaster assists customer service reps by accommodating their fast-paced sales cycles, and streamlines the credit terms and approval process.

“Typically, customers may require that we charge any number of credit cards,” says Kay Duncan, Director of Production and project sponsor for BatchMaster's adoption at Jarrow. BatchMaster allows them to securely store this information and get on-line pre-authorization, based on the last four digits of the card number.





"The time saved in people moving around the building for these simple tasks is invaluable."

Bang Nguyen
System Administrator

If the customer is requesting or attempting to extend credit, the system automatically alerts finance, who can make real-time decisions on whether or not to extend the clients' terms.

By automating these processes, manual movements throughout their three-story West Los Angeles facility is greatly reduced.

As the company has grown, this process has taken on new complexity. Order processing often takes place in an off-site facility, requiring that sales occur in one location, while credit cards are processed in a separate facility.

With each department residing not only on separate floors, but at separate addresses, the trips and phone calls necessary to get the job done are virtually eliminated. "The time saved in people moving around the building for these simple tasks is invaluable," says System Administrator, Bang Nguyen. "As a result, we've seen a thirty percent improvement in productivity."

A November 2008 Aberdeen Study called 'ERP Plus in Process Industries' (© 2008 Aberdeen Group) identified "Best-in-Class" companies as achieving significantly better results in two key Sales Order performance criteria:

- 20% improvement in order cycle times.
- 94% complete and on-time shipments.

With a 30% improvement in order cycle times, and near perfect OTIF score, Jarrow's BatchMaster ERP implementation certainly qualifies them as "Best-in-Class" by anyone's standards.

Research & Development

Jarrow prides themselves on their commitment to "...promote optimal health with high quality, effective, affordable and 'cutting edge' formulations, which are based on sound scientific research data."

Jarrow commits itself to actively "monitoring governmental regulatory affairs, which affect the nutritional industry. It also vigorously promotes the rights of Americans to free access to dietary supplements."

As part of their ongoing participation in the marketplace, Jarrow funds research studies on important nutritional products such as CoQ10, to ensure that customers receive the full biological value of these products.

For Jarrow, BatchMaster ERP provides the utilities necessary to generate the supplements facts panels derived from physical properties of the ingredients entered into the formulations.

This equates to vital time saved, replacing the process of manually determining the supplements facts using calculations and spreadsheets.

Because both companies, JFI and JII, rely heavily upon a contract manufacturing model, the mix of products they produce from week to week varies considerably.

Popularity plays a significant factor on market trends and what products will be produced for any given period.

Jarrows' formulators are often challenged with reworking staple formulations based on ever-changing whims of the marketplace.

For this reason, it is necessary for Jarrow to capitalize on a solution like BatchMaster that can keep track of every instance of every formula, for every customer, both formulated and produced.



Cordyceps	60 Veggie Capsules
Cran Clearance™	100 Capsules
Curcumin-95	60 & 120 Capsules
Ginger 6:1 Concentrate	100 Capsules
Ginkgo Biloba 50:1	60 & 120 Capsules
Ginkgo Biloba 50:1 + Grape OPC's	100 Capsules
Hawthorn	100 Capsules
Larix 1000	60 Tabs
OleaSelect™	60 Tablets
OPC's + 95	50 mg - 60 & 120 Capsules, 100 mg - 50 & 100 Capsules
PycnOlive™	30 Veggie Capsules
Quercetin 500	100 & 200 Capsules
Resveratrol Synergy™	60 & 120 Tablets
Resveratrol 100	60 Veggie Capsules
Rhodiola Rosea 500	60 Capsules
Saw Palmetto	60 & 120 Softgels
Ultra Saw Palmetto + Pygeum	60 & 120 Softgels
Silymarin 80%	100 & 200 Capsules
Yucca Extract	100 Capsules

"The generation of supplements facts panels from physical properties saves vital time."

Like most of the Nutraceutical manufacturing industry, this is an important software feature for Jarrow, because although not every reformulation results in finished goods production, it is not uncommon for that same prospect to request that same formula again somewhere in the near future.

Formulators enjoy not replicating the time spent re-creating the same formula, when the same, or similar customer, returns for a quote for like product.

Understanding this requirement, BatchMaster ERP is designed with the ability to access data as to which individual in development has generated each formula, for whatever reason, at any specific date and time, and to maintain a complete history of all changes, samples, and communications for each project.

Additionally, BatchMaster provides critical functionality in the ability to size formulations based on the milligram quantity of the active ingredient, while resizing the excipients evenly as required.

Aberdeen Group's 2008 survey of process manufacturers returned "Must reduce costs" (46%) and "Must improve customer response time" (32%) as the top pressures impacting ERP strategy. *Source: Aberdeen Group, November 2008.* Jarrow's experience in leveraging BatchMaster ERP's ability to formulate 'on-screen', using the same stored property values that drive the calculation of the supplement facts, points to significant reductions in actual laboratory formulation, saving both time and cost, and accelerating the customer response initiative.

With the "Rising cost of raw materials" being reported as the top challenge (76%) to reducing or containing costs (*Source: Aberdeen Group, November 2008*), Jarrow formulators value BatchMaster ERP's ability to manage Byproducts and Co-products, and to recognize that scrap product has value and can be re-worked into other products.

Production

Jarrow, like most Nutraceutical manufacturers, faces complex issues in production. These sister companies strive to satisfy each other, as mutual customers, while growing their business as separate entities.

Like most of the industry, the pending deadline of GMP looms over both organizations. "That's one of the main reasons we chose BatchMaster," says Kay Duncan. "We knew that good infrastructure was only one-half of the equation. We needed a software package that could automatically enable the documentation processes of GMP if we were going to survive past the July 2009 deadline."

Jarrow Formulations plans production independent of the work taking place at Jarrow Industries. This requires the parent company to employ production managers for both facilities.

Kay Duncan, Production Manager for Jarrow Formulas says, "We needed a system that allowed for planning of purchasing and production at our sales facility, with the ability to automatically distribute that information to the systems being used at our contract manufacturing partner, JII."

Before the implementation of BatchMaster ERP, Jarrow employed a system which lacked any manufacturing modules designed specific to batch process planning. That's why Jarrow sought out a solution like BatchMaster, designed for their ability to purchase and plan based on multi-level formulations, multiple packaging destinations and formula history capabilities.





"We needed a software package that could automatically enable the documentation processes of GMP if we were going to comply past the July 2009 deadline."

Kay Duncan
Production Manager

Jarrow needs the ability to create and record formulations, used in multiple end items during the final phases of packaging.

A single blend can be consumed in a tableted, encapsulated, gel cap or even powder, form of finished goods. Even the packaging of the end-item can vary, based on the contract and / or the needs of the customer.

"The FDA estimates that twenty-percent of the nutraceutical industry will not be electronically compliant with the rules of GMP by the July deadline," says Kay Duncan. "Being able to properly document production is essential to the process."

At Jarrow Industries, the most critical needs center on receiving purchase orders for finished goods automatically from the JFI instance of BatchMaster, with traceability into the order's origination date and invoice number.

Because the sister companies are not exclusive customers, the replication of sales orders and purchase order numbers is impossible. It's necessary to both companies to ensure that references to the other company's documents are available on their instance of BatchMaster, in order to rectify and reference financial transactions and ensure customer satisfaction at both locations. This delicate balance becomes even more critical considering that the FDA and GMP standards require a four-hour turn-around of lot recall for all Nutraceutical Manufacturers, starting July of 2009.

WHERE LOT CONTROL IS REQUIRED IN THE SUPPLY CHAIN



Looking at this model of Supply Chain Management, it's obvious that Nutraceutical Companies, structured like Jarrow, bear a greater responsibility than a typical sales organization or contract manufacturer.

It's necessary, for Jarrow and its peers, to capture purchase data, incoming QC, lot traceability, production recording, shipment and handling information as well as dispatch records.

Jarrow is not alone in assessing that their need to meet customer expectations outweighs any regulatory compliance requirements, however they also recognize that the impending compliance requirements are the public proof of meeting the quality standards their customers expect. In an industry where the bottom 30% of companies may take in excess of 30 hours to effect a recall, and with an industry of around 12-14 hours (Source Aberdeen Group December 2008), the FDA's estimate of non-compliance may be low. Jarrow knew they could meet the 4-hour requirement, but the impact on productivity of bringing together a large group of people from multiple departments would be severe. BatchMaster ERP gives them the ability to effect a recall in mere minutes by one user selecting a few pieces of data and clicking a button to generate the recall report, which can then be exported to MS Office® applications to produce call sheets or to generate recall letters for just the customers to whom the defective product was shipped.





Shipping & Warehouse Management

Jarrow Formulas resides in modest, but prime real-estate in the West Los Angeles area. While their offices are conducive to productivity and employee comfort, there facilities are limited in space available for the storage of finished goods.

SALES ORDER CUSTOMER WISE									
Nutraceutical Sales Inc.									
CUSTOMER : AFC									
Order No.	Line	Item Key	Location	Ord Date	Req Date	UOM	Qty Order	Qty Ship	Status
SC000002	1	BC-5082-FG FG (MEL) Vitality Mineral Complex	ANM	03-02-08	03-10-08	EA	100.0000	100.0000	processed
SC000005	1	BC-5082-FG FG (MEL) Vitality Mineral Complex	ANM	04-10-08	04-16-08	EA	100.0000	100.0000	processed
SC000008	1	1PSLG Pure Synergy Large 12.5oz	WH001	06-19-08	07-17-08	EA	1,000.0000	0.0000	new
SC000009	1	MV-BTL-100CAP Multi Vitamin 100 Capsule Bottle	WH001	06-25-08	06-25-08	EA	100.0000	100.0000	processed
SC000010	1	MV-BTL-100CAP Multi Vitamin 100 Capsule Bottle	WH001	04-15-08	04-15-08	EA	100.0000	100.0000	processed
SC000015	1	MV-BTL-100CAP	WH001	06-26-08	06-26-08	EA	20.0000	20.0000	processed

Born from necessity, raw materials are shipped directly to their contract-manufacturing sister company, Jarrow Industries, who in turn, forwards finished goods to either the corporate shipping department, or one of two off-site local facilities that employ staff and manage warehouse transfers in the delicate balance, necessary to meet customer needs.

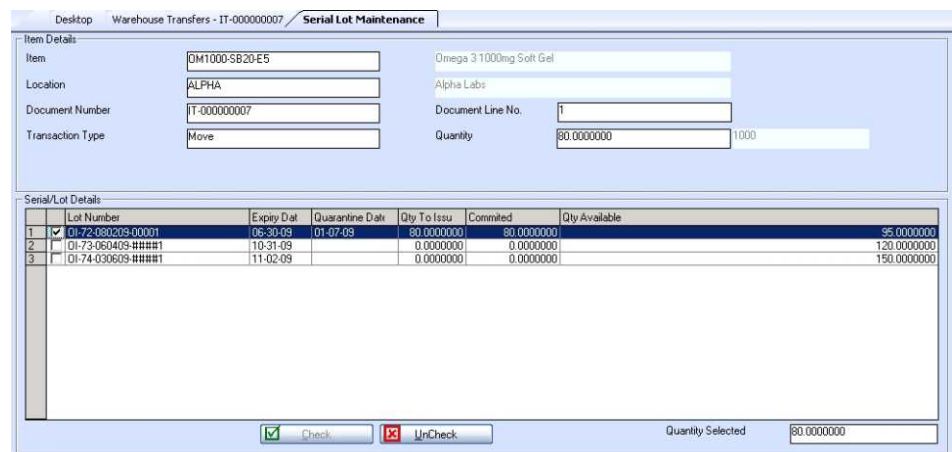
This complexity also makes lot traceability hard to manage in a paper process. Jarrow relies on BatchMaster to automatically allocate lot numbers to incoming raw materials received at their contract manufacturing sister-company, JII. Next, as intermediates, like powder-blends, capsules, tablets and gel-caps are produced, prior to packaging, BatchMaster efficiently manages lot recording and tracking of Jarrow's Work in Progress (WIP).

Subsequently, as product is packaged and moved to any one of their three finished goods warehousing facilities, BatchMaster adeptly tracks which lots are transitioned to which facilities.

Most importantly, the system is at all times able to automatically recommend the oldest, unexpired lots available at each stage of the supply chain.

"BatchMaster provides us with Pick Lists that are specific to the category of order that will be prioritized in our fulfillment process."

Ozzie Cruze
Director Order Processing





"We saw that BatchMaster was focused on constant improvement of features and functionality."

Kay Duncan
Production Manager

Movements between warehouses require the flexibility to either immediately process shipments between adjacent facilities or initiate a formal process, requiring audibility of logistics during the movement process.

BatchMaster supplies all the necessary documentation to track and audit Jarrow's multi-location logistic needs.

Jarrow, like many Nutraceutical vendors, bases their contracts on customer expectations. Some customers, like Whole Foods, represent a staple of their overall sales volume, and receive immediate attention, when it comes to the picking and packing of their orders.

Ozzie Cruse, Director of Order Processing says, "We provide rush-order service to orders to customers who represent a significant volume to the organization. BatchMaster provides us with Pick Lists that are specific to the category of order that will be prioritized in our fulfillment process."

Often, busy shipping organizations lose track of printed documentation, due to mishandling or misplacement. Jarrow's shipping department enjoys the ability to reprint or replicate any shipping document, regardless of date or content, when data is lost or misplaced.

Finance

Software companies, in today's marketplace, often fall into one of two categories: innovators and aggregators.

While companies like BatchMaster dedicate the majority of their resources to Research & Development and the support staff necessary to maintain customer satisfaction, aggregators follow a very different model.

"We saw that BatchMaster was focused on constant improvement of features and functionality," says Kay Duncan "Our existing package had experienced little to no recent change. Even basic functionality that we desperately needed had not been added to the old system."

In the world of finance software packages, more often than not, vendors fall under the heading of aggregators. This business model dictates that publicly held companies purchase distressed and outdated software.

In order to show profit, the ratio of technologists to sales and marketing are often drastically unbalanced. Software companies become more engaged in supporting and selling financial packages than innovating and keeping pace with market needs.

BatchMaster ERP leverages the power of leading industry-standard financial software platforms. This ensures that innovation and progress on the financial side of the ERP equation matches that maintained for the manufacturing functions provided by BatchMaster, drawing together a host of possible options to ensure a seamless End-to-End Supply Chain Management and true ERP solution.

BatchMaster ERP either loads the finance modules within its own structure, or inserts the BatchMaster modules into the financial software.

Jarrow Formulations chose BatchMaster to capitalize on this platform of constant innovation in the fields of process manufacturing, finance and supply-chain management.



"The time spent entering an order, running payments through a terminal, updating finance and generating and invoice has been reduced by one-third."

Lot Ramos
Finance Manager

In Nutraceutical sales, storing and accessing numerous payment methods is a constant. Since many customers purchase with any number of credit cards, Jarrow relies on BatchMaster to securely store this information and provide accessibility to it by both CSR's and accounting.

"Our existing system didn't have any credit card processing capabilities," according to Kay Duncan. "This proved time consuming for us, because we had to take credit card authorizations, store the paper documents securely, then re-run the cards every time a customer would call in."

BatchMaster provided JFI with a built-in, secure credit card processing module as an option for implementation. This module not only securely stores customers' credit cards and payment authorizations, but also cuts out the addition steps necessary for finance to recognize the payment and generate the invoice.

"The time spent entering an order, running payments through a terminal, updating finance, then generating an invoice, has been reduced by one-third," says Finance Manager, Lot Ramos

"We were confident in the relationship between BatchMaster and the financial software partner," says Ramos. "BatchMaster provides us with all the support we need to be successful with this platform. Both companies are keeping us current with not only the finance world, but the software industry as well."

BatchMaster offers an integrated interface for AP, AR and GL management through a single workspace. This level of integration provides users the capability of leveraging a single interface to accomplish all of the daily management routines.

BatchMaster ERP's financial platform understands the most critical components of the JFI / JII business model, right down to the assignment of ordering and billing debits and credits that take place throughout the day.

"At JFI, we make a purchase order that needs to show up in our system with billing assigned to us, the marketing company. At the same time, that purchase order needs to show up with a zero dollar charge in the JII BatchMaster company," says Kay Duncan. "In receiving, both companies need visibility to ensure proper inventory valuations in each facility."

While this sophisticated business model has become common in the Nutraceutical industry, few ERP packages are poised to gracefully handle this relationship.

Not only does this model require that the ERP platform understand a multi-company relationship, but also financial assignments in the chart of accounts in each entity as they interact.

For more information about BatchMaster Software, contact sales@batchmaster.com

23191 La Cadena Drive, Suite 101, Laguna Hills, CA 92653 • 949-583-1646 • www.batchmaster.com

India Office: 201, 2nd Floor, Brilliant Solitaire, Plot No. 6-A, Scheme No. 78, Part-II, Indore- 452 010
Ph: +91 731 4008031/35 • www.batchmaster.co.in

Pune Office: Office No 714, 7th floor, Spot 18, Jagtap Dairy Square, Rahatani, Pune - 411017
Ph: +91-20-27808215/30/31 • +91-75662 01373