



Microsoft Dynamics Customer Solution Case Study



Makeup Brand Automates Operations, Reducing Costs and Enabling Greater Growth

Overview

Country or Region: United States

Industry: Manufacturing, Distribution

Customer Profile

Leading beauty company Benefit Cosmetics manages its manufacturing, wholesale, and retail activities from offices in San Francisco. Benefit Cosmetics is a subsidiary of Louis Vuitton Moët Hennessy.

Business Situation

The manual shipping and fulfillment processes used by Benefit Cosmetics did not meet its growing needs, and they caused the company to incur monetary penalties from retailers.

Solution

Benefit Cosmetics implemented Microsoft Dynamics™ AX, a comprehensive business management tool. The solution solves inefficiencies in shipping processes, as well as in the inventory and supply chain.

Benefits

- Eliminates costly charge-backs
- Saves millions with tighter inventory controls
- Extends technology to retail outlets
- Supports ambitious growth goals

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Osh O’Crowley, Vice President of Information Technology, Benefit Cosmetics

Benefit Cosmetics creates inventive, problem-solving beauty products. A subsidiary of Louis Vuitton Moët Hennessy, Benefit Cosmetics has transitioned from an independent brand to a global presence in just years. The company’s technology and processes struggled to keep pace with the fast expansion, and the manual methods it relied upon made the cosmetics company vulnerable to monetary fines for not following the strict procedures required by large retailers. The company also needed to accurately forecast supply and demand metrics. This led Benefit Cosmetics to deploy Microsoft Dynamics™ AX business management software, which enables the company to streamline packaging and shipping, drastically reducing costly penalties and increasing efficiencies. Benefit Cosmetics has also saved millions of dollars with the resource planning tools available in Microsoft Dynamics AX.



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Situation

Benefit Cosmetics, a subsidiary of French-owned Louis Vuitton Moët Hennessy, creates fun, innovative makeup with cross-generational appeal. Its whimsical yet solution-focused products, such as top-selling Boo Boo Zap, have made Benefit Cosmetics a favorite in kitschy boutiques, as well as large-scale department stores.

Benefit Cosmetics is currently the third best-selling makeup brand in the United Kingdom. The cosmetic company is also a top-seller in the United States and Japan, and has plans to expand into China in the near future. The transition from an independent cosmetic brand operating out of a single store to a world leader in beauty products with 450 employees called for a significant leap in the sophistication of the company’s business tools and technology.

Selling wholesale beauty products to leading department stores comes with strict packaging, labeling, and shipping requirements—and failure to comply with them can result in costly penalties. To fulfill these stringent guidelines and compete with other beauty brands, Benefit Cosmetics needed to quickly change its informal processes and implement an automated business management system.

“Our processes involved a lot of manual work—people running around with bits of paper. We were receiving a large amount of charge-backs, where money was actually deducted from our invoice, for not meeting the retailers’ requirements,” says Osh O’Crowley, the Vice President of Information Technology at Benefit Cosmetics.

Continues Crowley, “Benefit Cosmetics needed to invest in a software package that would support a systematic process and that would support our goal to keep the size of the IT department small.”

Benefit Cosmetics also makes its own beauty products and wanted to create more efficient manufacturing processes. To do so, the company hoped to gain a solution that could accommodate its increasingly complex inventory management and material resource planning needs, in addition to enhancing the effectiveness of everyday processes.

Solution

In 2003, Benefit Cosmetics deployed Microsoft Dynamics™ AX. The adaptable business management solution addressed the company’s most pressing pain points, including integrated order fulfillment, shipping, and customer inventory management.

“Benefit Cosmetics is a manufacturer, retailer, and wholesaler, and we wanted a single solution that would address all of our needs. Other software packages met one or two of our requirements, but Microsoft Dynamics AX was the only solution that addressed each one,” states O’Crowley.

In addition, solutions such as SAP and JD Edwards would have required Benefit Cosmetics to make a greater investment in IT resources. Says O’Crowley, “Our main goal is to focus on growing the business, not the IT department and the company’s technological infrastructure.”

Microsoft Dynamics AX enables Benefit Cosmetics to support a range of retail partner integration options, including support for an Electronic Data Interchange system to communicate more effectively with outside retailers. The software manages the electronic orders the company receives from large department stores while automatically providing three-way financial validation and invoicing. Benefit Cosmetics employees are now able to meet higher volume order and fulfillment requirements, all with greater compliance and efficiency.

“It’s a delicate balance between buying too many materials—and not buying enough. But Microsoft Dynamics AX lets us replace almost all of the guesswork with accurate forecasts.”

Osh O’Crowley, Vice President of Information Technology, Benefit Cosmetics

On the manufacturing side, Microsoft Dynamics AX enables Benefit Cosmetics to manage the entire planning horizon, even two to three years in advance. The company uses raw materials from all over the world to create its formulas. To effectively manage suppliers and inventory against seasonal demands, Benefit Cosmetics uses Microsoft Dynamics AX for real-time production planning, supply-demand match, and inventory allocation management.

“We bring in materials from all over Europe and use them to make products here in the United States. Once we have a new product developed, we need to create marketing materials and present that product to our retailers—and they have to buy it from us. We manage all these processes in Microsoft Dynamics AX,” says O’Crowley.

Benefit Cosmetics has recently teamed up with Microsoft® Gold Certified Partner Avanade to add increased functionality to Microsoft Dynamics AX through strategic integration with other Microsoft technologies and third-party software products. Adds O’Crowley, “Microsoft Dynamics AX allowed us to start out simple and add additional features during the course of our business, with the help of Avanade.”

Benefits

The holistic solution provided by Microsoft Dynamics AX empowers Benefit Cosmetics to enact positive changes throughout the company. From financial management to the supply chain, each aspect of the business has experienced increased agility and efficiency.

“Initially, we focused on addressing immediate issues within our order fulfillment process. Since then, however, we’ve successfully met every challenge that’s arisen by using Microsoft Dynamics AX, in very little time. Our rapid growth means we usually

don’t have much time to respond,” states O’Crowley.

Eliminates Costly Charge-Backs

The streamlined, automated operations that became possible with Microsoft Dynamics AX allowed Benefit Cosmetics employees to eliminate error-prone paper trails and expensive charge-backs. Relationships with large-scale vendors are better because of the company’s ability to comply with vendors’ requirements and to streamline communications.

“Today, we work with a highly manageable and flexible solution. Microsoft Dynamics AX facilitated a systematic approach to shipping, something our trading partners greatly appreciated. The number of charge-backs we’re receiving is reduced by 80% and our retailers are much happier doing business with us,” says O’Crowley.

In addition, Benefit Cosmetics is increasingly able to compete with large, well established cosmetic companies. This added layer of sophistication has helped transform Benefit Cosmetics from a specialty brand into a global player.

Saves Millions with Tighter Inventory Controls

A restructured supply chain using the production planning capability of Microsoft Dynamics AX allows Benefit Cosmetics to minimize inventory-carrying costs and optimize product availability to customers.

“Using Microsoft Dynamics AX, we’ve been able to reduce our inventory holding by several million dollars, through tighter control over the supply chain,” says O’Crowley.

The updated supply chain ensures that the Benefit Cosmetics production process works at peak effectiveness and that planning is on target. Continues O’Crowley, “We’re focused

right now on the 2008 holiday season, and bringing in the necessary materials to create our products. It's a delicate balance between buying too many materials—and not buying enough. But Microsoft Dynamics AX lets us replace almost all of the guesswork with accurate forecasts.”

Extends Technology to Retail Outlets

According to O’Crowley, “One of the reasons we originally picked Microsoft Dynamics AX was its ability to scale to our needs. We could start out simply and add more complex functionality as it’s needed.”

The top priority of the original deployment was shipping and inventory management. Benefit Cosmetics is currently adding increased capabilities to Microsoft Dynamics AX, including integration with third-party solutions.

With the assistance of Avanade, Benefit Cosmetics is implementing an integrated retail solution that combines Microsoft Dynamics AX with both Microsoft BizTalk® Server 2006 and Retail Pro point-of-sale software. This trio is expected to provide real-time inventory and replenishment data to employees in a boutique setting—and to allow the corporate offices immediate insight into store sales. Benefit Cosmetics plans to build 40 boutiques in the near future, each using this integrated solution.

Supports Ambitious Growth Goals

In addition to the creation of 40 new Benefit Cosmetics boutiques, the cosmetics company expects growth to continue at an unprecedented rate. Says O’Crowley, “We’re expanding on all fronts, doubling in size every two to three years.”

The versatility of Microsoft Dynamics AX helps the company act on global opportunities. Benefit Cosmetics currently boasts offices in the United States, the United Kingdom, and

France—and each office uses Microsoft Dynamics AX. Not content to rest on its current accomplishments, Benefit Cosmetics is poised to enter beauty markets in China.

The company’s quirky yet flattering beauty products have found an audience with the women of China. Microsoft Dynamics AX enables Benefit Cosmetics to successfully penetrate this significant market, supplying both the means to ship into China and a way to forecast demand, ensuring that supply will keep pace.

“We’re confident that Microsoft Dynamics AX will allow us to continue to grow and expand into the markets we need to enter,” concludes O’Crowley.

For More Information

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For more information about Avanade products and services, call (206) 239-5600 or visit the Web site at: www.avanade.com

For more information about Benefit Cosmetics products and services, call (415) 781-8153 or visit the Web site at: www.benefitcosmetics.com

Microsoft Dynamics

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