OneNeck® IT SOLUTIONS a TDS® Company

Customer Case Study

Russell Stover Candies

Bigger isn't necessarily better

The Company

From its humble beginning in the kitchen of Clara and Russell Stover's Denver home, Russell Stover Candies (RSC) has grown into the third largest American chocolate manufacturer. The Kansas City, Missouri-based company's three brands — Russell Stover, Whitman's and Pangburn's — account for more than 60 percent of all boxed chocolate sales in the United States.

RSC manufacturers more than 100 million pounds of chocolate annually and continues to use the same small batch candy making techniques and recipes developed by the Stovers more than 80 years ago. This painstaking dedication to quality has allowed the family-owned company to become America's No. 1 seller of boxed chocolates.

"Our decision to replace our IT partner versus bringing our IT support back in-house was fraught with challenges. We were entering our busiest season of the year and the relationship with our existing outsourcer was untenable. We had to make a decision to jump off the cliff and build our wings on the way down. OneNeck provided us a soft landing."

David Copas
Senior Vice President
Logistics and Information Systems,
Russell Stover Candies

The Challenge

Just two years after Russell Stover Candies outsourced its legacy information systems, they were unhappy with their chosen provider — one of the world's largest outsourcing companies. Their poor performance affected RSC's ability to conduct business, and several attempts to fix the relationship were unsuccessful. The company experienced regular system outages, which affected employee productivity. In addition, invoicing fell behind and critical financial processing and order fulfillment were often significantly delayed.

At the same time, RSC had chosen to purchase and implement Baan's enterprise resource planning (ERP) solution. The provider, along with other consultants, had configured and built the company's new ERP environment. Unfortunately, Baan's ERP application appeared to be a poor fit for RSC and did not meet critical business requirements. Further, the project was behind schedule, a "go-live" date was not planned, and RSC's busy season was approaching fast. Because of these issues, Russell Stover considered bringing its entire IT infrastructure and support back in-house.

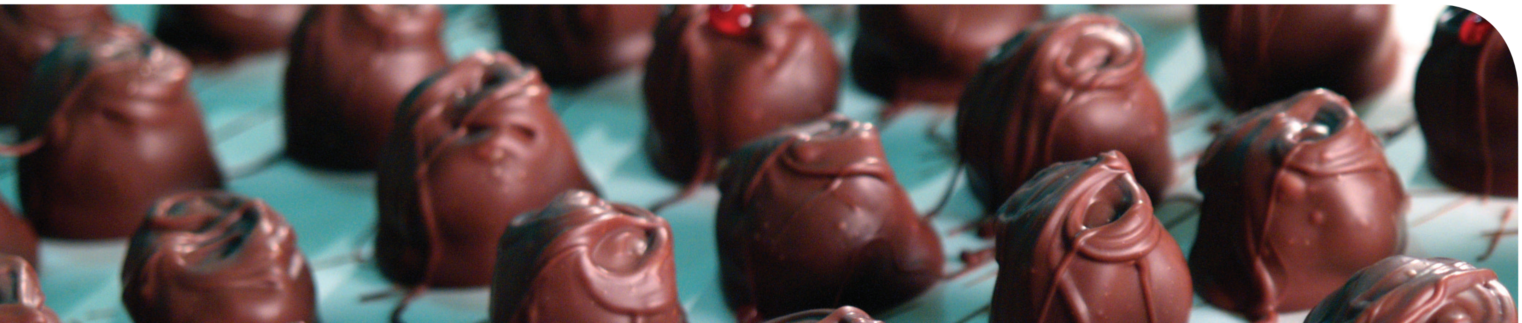
To help navigate these challenges, the company hired a seasoned IT executive, David Copas. After weighing available options, Copas decided rather than go through the expense, upheaval and multi-year process of rebuilding an in-house IT staff, RSC would find a new partner. The criteria for a new partner were:

- Be knowledgeable of mid-sized manufacturing company IT requirements
- Have deep Baan expertise
- Have business process knowledge that would enable them to optimize the company's ERP environment

Copas reviewed the usual list of big brand IT outsourcers but wasn't encouraged given the company's recent experience. He decided he needed a partner who could move fast, be flexible and add value beyond the traditional scope of outsourcing services. After an exhaustive evaluation process, Copas selected OneNeck® IT Solutions.

The OneNeck IT Solutions Answer

RSC selected OneNeck to manage its IT operations just months from the company's busy season. With a nearly impossible timetable, OneNeck developed a plan to swiftly transition and later optimize RSC's ERP environment. With the unique approach of staffing resources at both RSC's headquarters in Kansas City and at OneNecks' operations in Phoenix, their Baan experts worked directly with RSC's users to understand and resolve all mission-critical issues as quickly as possible during the transition.



Russell Stover Summary

Organization	Russell Stover Candies
Industry	Manufacturing/Retail
Business Challenges	Transition of troubled IT environment from existing vendor Support and optimization of entire IT environment in time for high-volume seasonal production requirements
User Environment	985 users 2 U.S. locations
Application	Baan ERP JDA Retail Solutions Warehouse Management Supply chain Data Warehousing Microsoft Exchange
Technical Environment	24 IBM UNIX Servers 86 Windows Servers 43 WAN Circuits

The OneNeck team created manual workarounds for poorly developed interfaces between Baan and RSC's warehouse management system, while in parallel developing and testing automated solutions that would replace the transitional workarounds. During this period, downtime was incredibly costly, and OneNeck needed to keep the environment available while developing better, optimized and permanent IT solutions for the company.

The Benefits

RSC realized immediate savings and a broader scope of services. Additionally, IT costs have decreased year-over-year as a percentage of revenue. But more important are the savings RSC has realized as a result of having a stable IT environment. Initially, Copas thought Baan was a poor fit for RSC's business and believed the "useful life" of the application was only five years.

As a result of the OneNeck Baan optimization program, the application met RSC's needs for years longer than originally anticipated.
The stabilized environment has also enabled significant process improvements and cost savings in RSC's distribution/logistics functions, at the same time, improving service levels such as on-time delivery. As a result of these and other benefits realized from the partnership, RSC has signed several contract extensions with OneNeck over the years. Today, OneNeck manages 100 percent of RSC's IT operations.

About OneNeck IT Solutions

OneNeck IT Solutions LLC offers hybrid IT solutions including cloud and hosting solutions, managed services, enterprise application management, advanced IT services, IT hardware and top-tier data centers in Arizona, Colorado, Iowa, Minnesota, New Jersey, Oregon and Wisconsin. OneNeck's team of technology professionals manage secure, world-class, hybrid IT infrastructures and applications for businesses around the country.

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