



Business challenge

To spur growth, an international leader in fitness sought a service provider with the global presence, local know-how across key marketplaces, and best practices expertise to help refresh its ERP system.

Transformation

A fitness powerhouse sought to drive global growth by enabling greater automation, innovation and efficiency in its financial operations. The company engaged IBM® Services™ to help select the right ERP solution for its business—a cloud-based Microsoft Dynamics™ 365 application—and provide worldwide rollout and support services.

Results

~50% savings in on-premises management costs

by offshoring support to IBM before adopting the new cloud-based solution

Significant savings on software licensing fees

using IBM's insights into the Microsoft Cloud Solution Provider program

Near-zero error rates in month-end financial reports

automatically generated using Microsoft Dynamics 365 out-of-the-box functionality

International fitness company

Building core strength with help from IBM Services

The company creates and distributes group fitness programs designed to motivate users through movement and music. Its suite of offerings includes workout programs for weight-training, high-intensity interval training, yoga, cycling, dance, martial arts and other areas. The company operates worldwide.

"IBM's process gave me confidence to stand in front of the board, put my hand on my heart, and say I absolutely believe that this is the right way to go."

—Head of Technology, International Fitness Company

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Keeping ERP fit and lean

Fitness and motivation are often two sides of the same coin. For many years, this company has strived to help people fall in love with fitness by designing highly engaging workout experiences that choreograph movements to music. Through a network of franchises and other business associates, it licenses group fitness programs in a range of exercise categories to nearly 20,000 health clubs in 100 countries. Every week, the programs inspire millions of people worldwide to exercise.

The business continues to drive growth, including by expanding distribution of on-demand offerings to boost its total cross-channel weekly workout experiences to 100 million.

Growth of this magnitude requires the same focus and discipline as any successful exercise program. To expand the business, the leadership team needed to consolidate and optimize the company's global business systems. In the area of finance, the company relied on Microsoft Dynamics AX 2009 ERP software with an on-premises legacy infrastructure and manual, paper-based workflows. The application was close to the end of its support lifecycle. In addition, the software's user base had rapidly grown after the company recently bought out several

of its worldwide franchises, and many users expressed dissatisfaction with the aging product. The company wanted more powerful ERP capabilities to enable higher levels of automation, innovation and efficiency across its organization. It also needed to deliver a consistently excellent user experience to employees, business associates and customers, regardless of their location.

"It's important to us that we are 100% efficient in everything we do. We're growing at a rate where having any manual processes isn't good enough anymore," explains the company's Head of Technology. "We knew we had to change."

The Head of Technology employed a vendor-agnostic approach to upgrading the ERP software, narrowing the options down to the Microsoft Dynamics 365 for Finance and Operations software-as-a-service (SaaS) solution and two other offerings. He decided to engage outside professionals to help thoroughly evaluate and compare the offerings and also potentially deploy and manage the solution on a cloud platform, once selected. The team needed to use a comprehensive selection process based on industry best practices. It also required the global presence and experience to perform rollouts with minimal risk and in compliance with each country's rules and regulations.



Strength in automation and innovation

The company chose IBM Services to work with it on the multiple phases of its global ERP deployment. "We needed a local partner with truly global reach," says the Head of Technology. "That is the primary reason why we selected IBM. Other benefits came along with it, such as a robust selection process, flexible delivery models and pricing, and the ability to leverage resources in different locations, depending on skill and knowledge."

The business first engaged with IBM Services in March 2018. As part of an IBM Microsoft Dynamics Value Assessment, IBM consultants guided

the IT and finance teams through an in-depth ERP software evaluation. Employing [IBM Enterprise Design Thinking™](#) methodology, they helped align the organization's business-driven solution requirements with best practices. Throughout the process, they covered virtually all aspects associated with adopting each offering, including how each one would affect the company's budgeting, forecasting, reporting and other financial processes; impact its IT infrastructure and staff; drive efficiencies; and reduce risk. The IBM consultants also identified potential user issues and brainstormed solutions. They then conducted a cost-benefit analysis to determine the anticipated value associated with licensing and implementing each offering.

At the end of the assessment period, the Head of Technology selected the Microsoft Dynamics 365 solution without hesitation. “IBM’s process gave me confidence to stand in front of the board, put my hand on my heart, and say I absolutely believe that this is the right way to go,” he says.

In July 2018, prior to the worldwide Microsoft Dynamics 365 implementation, IBM Services assumed management and licensing of the company’s on-premises Microsoft Dynamics AX software. By replacing local-based IT support services with outsourced resources from the IBM Client Innovation Center (CIC) in India, the business realized

significant cost savings during the interim basis in which IBM helped plan a multiphase ERP deployment.

Together, the two companies designed new business models and finance processes using Microsoft Dynamic 365 standardized functionality with very few customizations. “Both IBM and our team have been really strict on aligning to out-of-the-box functions, and there’s some massively clear benefits because of it,” explains the Head of Technology, calling out faster rollout speed, streamlined monthly software updates and significantly reduced TCO. Once the company automates and consolidates its core finance operations using

standardized functions, he adds, it can introduce other, more innovative features, drawing on IBM’s in-depth knowledge of the Microsoft product roadmap if needed. “IBM has innovation at its core, and they’re always looking at ways to improve our business. In regard to the Microsoft Dynamics 365 application, I know I’ve got great advice,” he says.

The global rollout began at the company’s headquarters. Taking advantage of Microsoft Dynamics 365 data migration tools, IBM rapidly transferred data from the previous on-premises application to the new SaaS solution, deployed on a [Microsoft Azure™](#) cloud computing platform. An early adopter of cloud technologies, the company had already moved its other mission-critical systems to a cloud platform. IBM specialists helped refine the cloud strategy to accommodate the new Microsoft Dynamics 365 offering. In July 2019, the solution went live, on time and on budget, and IBM next turned its attention to rollouts in other geographies.

With each rollout, IBM can deliver value by pulling in data privacy, tax and other experts who understand the local complexities of operating in each region. For example, IBM helps ensure that the business prevents theft of cardholder data by complying with the Payment Card Industry Data Security Standard (PCI DSS) wherever the company operates. In addition, IBM can provide rapid access to Microsoft Dynamics

software specialists based in each geography and serve as the initial contact point for reaching out to Microsoft should any issues arise. As each deployment is completed, IBM will then provide ongoing maintenance and support services through its worldwide data center network.

Trimming costs and boosting satisfaction

The firm benefits in multiple ways by teaming with IBM. In 2018, it realized approximately 50% savings by switching management of its on-premises Microsoft Dynamics AX application to IBM. Capitalizing on its alliance with Microsoft and insights into cloud licensing, IBM also helped the company select the right Microsoft Dynamics AX licensing model for its business needs, which generated significant savings in licensing costs in 2018.

In addition, by collaborating with IBM to implement the Microsoft Dynamics 365 solution using standardized functions, the company can significantly simplify and speed deployments. Avoiding multiple customizations as previously used with the Microsoft Dynamix AX application, it can also maintain a low TCO, minimize risks associated with software updates and achieve high efficiency gains, especially involving intracompany transactions.



For example, the company now generates key financial statements, including month-end reports, using automated, streamlined processes. Previously, the company's internal cost centers often waited up to several days to receive month-end reports from a third-party reporting tool. Now, every cost center can run its own detailed month-end report, with outstanding transactions clearly highlighted, ultimately strengthening internal controls and reducing error rates to near zero. The business also reduces enterprisewide office expenses by slashing paper consumption.

Finally, with fully automated processes supported by a solution designed for high availability and performance, the organization now has the core ERP strength to drive higher satisfaction among employees and business associates. It can deliver a better customer experience, such as

with faster invoicing and PCI DSS-compliant credit card payment processes.

Through its continued relationship with IBM, the firm is ultimately better positioned to drive automation, innovation and efficiency throughout its organization and achieve its goals for growth. "With IBM, I've got massive flexibility and coverage," says the Head of Technology. "I've got different levels of capability I can call on to solve various problems. There's no more having to go to a partner and wait. I have huge confidence in the depths of IBM's capabilities to work with us."

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Solution components

- IBM® Enterprise Design Thinking™
- IBM Services™
- Microsoft Azure™
- Microsoft Dynamics™ 365

Take the next step

To learn more about the IBM solutions featured in this story, please contact your IBM representative or IBM Business Partner. Read more about the IBM Microsoft Dynamic Value Assessment [here](#).

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