

Technology tangle

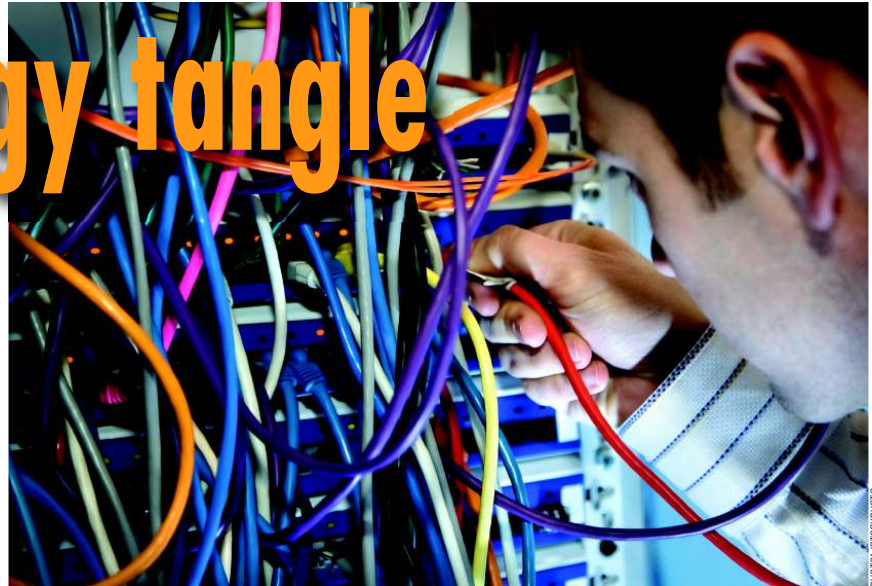
Clemmer SteelCraft and Xylotek unravel an IT mess

Clemmer SteelCraft Technologies (Waterloo, Ont.) is no novice when it comes to mergers and acquisitions. After all, its predecessors, Clemmer Technologies and SteelCraft Industries merged in 2004 to become a leading manufacturer of industrial containment and processing machinery. Even so, nothing could have prepared the organization for the headache last summer when it acquired Brute Manufacturing, a Cambridge, Ont.-based heavy equipment component maker in bankruptcy protection.

"The systems at Brute were in chaos," recalls Graham Barraclough, Clemmer's vice-president and chief financial officer. "The hardware was broken and it was full of viruses." To make matters worse, Clemmer had an IT staff of one person and knew once the takeover was signed, it would have under a week to integrate the disparate systems into its existing IT infrastructure.

"We didn't have a lot of time to do due diligence on the systems side. We were told what we were inheriting," he says. Clemmer brought in Xylotek Solutions Inc., a local systems integrator, to assess Brute's systems. It was a five-day process initially intended to take two days. It was then Xylotek staff realized just how bad the network infrastructure really was.

"It was a very unstable environment...frankly a nightmare," says Douglas Grosfield, CEO and co-founder of Xylotek. Brute's IT administrator couldn't figure out how to set



Mergers and acquisitions often mean IT headaches, since two disparate systems—and reams of data—must be pulled together into one enterprise network.

up remote access to its visual manufacturing ERP system, he says, so all 160 users were granted administrative access—ultimately leading to a total lack of control. Summing up the problem in simple terms, "You may have your TV bolted to the floor but if you don't lock your front door, you're letting everyone in the house," he explains.

Brute was also using a desktop server application called Terminal Services to access its ERP, which only intensified the risk of accidental server shutdowns and database deletions. Employees had unknowingly turned off the desktop, thinking it was just another workstation.

"They could shut down the server and take everyone out of business," Grosfield explains, citing findings which say 85 per cent of corporate data loss stems from internal sources.

Finally, because the multi-site organization didn't have centrally-managed anti-virus, anti-spam or data back-up and recovery software, it faced yet another set of hurdles. "It was just a whole lot of things going wrong at once." That's what he and his team reported back to Clemmer.

"They looked at me straight in the face," recalls Barraclough, "and said 'we can patch it together for a little

while, but what you're looking at is a complete changeover'. In the meantime, we had to purchase the company and make it work from day one, to give us the business information we needed to run the company."

Teamwork pays off

Barraclough knew he needed outside help to get the job done. "We don't have an IT department. We have a person who works 18 hours a day," he says.

There was no way she could have handled a large systems integration project on her own. So he called on Xylotek to handle the case. Clemmer's association with its systems integrator, in fact, goes back a ways. Xylotek's Grosfield and co-founder Michael Topp were working at another IT consultancy when they oversaw the technical aspects of Clemmer's 2004 merger with SteelCraft.

"They were instrumental in designing the infrastructure and...pulling the pieces together to make sure we had one operating system, for both regular office applications like e-mail and Microsoft Office, and one ERP system," Barraclough recalls.

When Clemmer acquired Brute a few years later, Barraclough ap-

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proached the duo again. By then, they had forged out on their own, forming Xylotek, which was named one of Profit's Hot 50 for 2008. As number 40 on the magazine's list of top emerging growth companies, the Kitchener, Ont.-based IT firm reported a two-year growth rate of 209 per cent and 2007 revenues of over \$1.8 million.

"We knew they'd do the best job for us and not oversell or undersell," says Barraclough. "And we knew once they had started [down] the path with us, they wouldn't give up until it was right for the company."

Xylotek helped perform due diligence on Brute's systems, and their services consultants worked with Clemmer's IT administrator to clean up the disparate systems and stabilize the network before connecting up to Clemmer. They also made sure users had access rights appropriate to their job responsibilities.

"If we had just connected the two companies together over the network and allowed the users at [Brute] to access Clemmer's internal systems, they would have taken down the entire network," says Grosfield. "There would

have been pandemonium."

Instead, it was business as usual when the merger went through. Without missing a beat, Brute continued its daily issues of 60 to 70 purchase orders and sheet-metal component shipments to two good-paying mining truck customers, one of which is based in the US.

"Any delays in invoicing would have cost us cash flow," Barraclough says.

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From that perspective, the cost of getting Brute's systems up to snuff—estimated between \$50,000 and \$60,000 according to Xylotek—was worth every penny. "It would have taken an army of people to run the company if the systems weren't ready."

Moving forward, Xylotek is helping Clemmer upgrade its network to take

advantage of the latest advancements and to accommodate the 160 additional users it picked up through its latest merger. It's a big investment, forecasted to cost \$300,000 and designed to take the expanded nine-plant company into the future.

"In this day and age, reliance upon information at the business level is... just as important as knowing the qual-



PHOTO: XYLOTEK

ity of machinery, the quality of people and processes," Barraclough concludes, adding once the new infrastructure is implemented, it will substantially increase the company's network capacity and deliver higher performance.

He also expects better overall user experience on the system, a faster and more reliable network and quicker time to recovery in the event of a disaster—though the average user will likely not notice a difference.

From the user's perspective, Grosfield says, the upgrade will be virtually transparent. "It's going to be 'second verse, same as the first'. It will be business as usual for them... They may notice improvements, but we're not going to change their world day to day."

Though mergers and acquisitions have a strong chance of wreaking havoc in the back office, Clemmer and Xylotek found a way to make the marriage of two disparate systems as seamless as possible, ensuring everyone could get back to business without costly delays. As Clemmer continues on its path of growth, it seems to have found the right partner and process to ensure its technology systems keep pace. **b2b**

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PHOTO: CLEMMER STEELCRAFT

With help from its systems integrator, Clemmer SteelCraft was able to absorb Brute's business, while ensuring production of components such as axles (above) continued smoothly.