

Retaining Ring Maker Truarc Retains Monarch for Easy BPCS Data Auditing and Analysis

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Truarc Company LLC, based in Millburn, New Jersey, prevents companies from falling apart...literally. Truarc's retaining rings, which the company first designed over sixty years ago, fasten together machine parts in everything from vehicles and appliances, to recreational, industrial and commercial equipment.

Today Truarc manufactures and stocks one of the widest varieties of retaining rings available anywhere. To help keep its accounting, auditing and inventory management activities running like a well-oiled (not to mention well-fastened) machine, Truarc uses Monarch to mine and analyze data from reports produced by the company's BPCS ERP system.

Before Monarch, Truarc printed thousands of report pages annually needlessly, particularly to satisfy requests for information from their external auditor, explains Bill Ferris, VP Finance. "We used to run a 300 page report just to get certain subtotals as backup for a particular monthly journal entry," Bill says. "We'd run certain reports, like our aging reports or inventory report, pull out a few subtotals, and then throw the report away! Other journal entries required us to print and store the entire report as backup. On a monthly basis, the paper piled up quickly. Clearly, working with these reports within Monarch saves us a lot of paper and printing right off the bat."

"We have also used Query 400 to directly access some data from our production BPCS database on our AS400 system, to get the data down to a more manageable size," says Bill, "but quite often these data queries never reconciled to the totals shown on BPCS' existing reports. We found the database queries were somehow not picking up

certain BPCS database tables needed to match the totals.

"It did not make sense for us to reinvent the wheel of the original BPCS aging and inventory reports. Instead, we can just run the BPCS reports, which we know are right, and mine the data directly using Monarch."

The need for 100% reliable accounting data became very clear to Truarc following a difficult audit process in 2002. "Our external auditors were not satisfied with our ability to easily retrieve certain accounting records," Bill says. "We clearly needed to move in a new direction. Since we were printing boxes of paper to fulfill our auditors' requests for data, it made sense to turn these stacks of paper into electronic data with Monarch."

Truarc's auditors readily accepted data mined from the company's BPCS reports using Monarch. "We can mine not only the data in the report, but data about the report itself," says Bill. "For example, we can easily mine the date and time stamp from accounting month-end reports. This is important to the auditors, because they are looking for that 'snapshot' of data as of the close of the company's books. Without this, they may insist on going directly into the raw BPCS transaction databases and 'rolling back' all transactions since the accounting closing date. This is very time-consuming and very expensive for Truarc. Monarch helped us avoid such additional hefty auditing fees."

Although Truarc is a privately held company, like public companies, it too must fulfill certain anti-fraud auditing requirements. "SAS 99 is an auditing standard which requires any auditor to evaluate every

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organization for risk of accounting fraud," says Bill. "Monarch helped us fulfill requests for data from our auditors, to in turn help them fulfill the demands of SAS 99."

"We exported data from our BPCS reports into Excel for our auditors, plus, using Monarch, selectively printed a few pages from the original reports, such as the last page with totals and grand totals, to prove the Excel data was correct," added Bill. "Our auditors were happy, we got out from under what was an avalanche of paper, and we expect very positive post-audit feedback from our auditors this time around."

Monarch has not only greatly reduced the paper and pain associated with auditing and accounting for Truarc, but is also being used to work with operational data to facilitate superior financial results. "Our newest Monarch project mines detailed data from our BPCS Shop Order Cost Variance & WIP (Work In Process) Report," says Bill.

Bill explains, "When raw materials is transferred to WIP, labor and overhead costs are applied by BPCS, but we find it very difficult to determine how much labor and overhead is being applied to each individual job. Also, WIP is later automatically transferred to Finished Goods, but there is no easily accessible data for scrap costs and

actual labor versus standard labor cost by job.

"This detailed data by job does exist, but it is buried within the Shop Order Cost Variance & WIP Report, but it is a huge report - several hundred pages, typically - with data literally all over the page. We now use Monarch to mine the data from that report, analyze and filter the data by job, to identify those jobs in which we incurred costs beyond standard levels, and determine what happened to keep costs down in the future.

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Summing up his experience with Monarch, Bill concludes, "Monarch really came to the rescue to dramatically simplify our annual audit as well as general accounting processes. We are now putting Monarch to use on a regular basis to ensure our manufacturing and inventory management is running at the most efficient and profitable level possible.

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