



Tensoft® Fabless Semiconductor Management *Customer Solution Case Study*

OVERVIEW

Country/Region: USA
Industry: Fabless Semiconductor

Preface

This is an actual Tensoft FSM customer success story, based on interviews conducted in early 2014. However, due to business conditions that affect their ability to publicly release company information, the company's identity must remain anonymous at this time.

Customer Profile

The company profiled in this case study is a leading supplier of value-added semiconductor solutions for code and data storage. Its product portfolio includes patented memory technology products for a variety of markets, both embedded and discrete.

Business Situation

Radical and dramatic company change was coming, requiring this start-up to scale rapidly. A lean team needed to hire people, implement business software, support new customers with high expectations, all while building and shipping millions of units.

Solution

The company selected Tensoft's Industry-specific ERP approach. Leveraging Tensoft's operations management solutions (FSM, HTD) with Microsoft Dynamics financial management they realized an instant industry-specific fit for their business needs.

Benefits

- Complete management of the semiconductor manufacturing process
- Tight integration for finance, operations, and sales operation key business processes
- Unmatched visibility into production, procurement and shipping
- Ability to scale to manage ever-expanding growth
- Supply chain integration to vendors for real-time WIP analysis

Fabless Semiconductor Company Goes from “Zero to Sixty” in Record Time with Integrated ERP and Supply Chain Solution

“Tensoft already spoke our language and their Tensoft FSM product was integrated with Microsoft Dynamics for a total solution. Because Tensoft knew about the semiconductor industry, we had confidence that our ambitious project was possible.”

V.P. Operations, A Silicon Valley Semiconductor Company

In late 2012, the company's VP of Operations was considering his challenge. In just 5 months, he would need to be ready to build and ship well over 100 million units per year. However, in late 2012, he was the entire manufacturing organization for his company, with no business software solution in place to help. His challenge was to make the right decisions to instantly scale his organization and to support the other relevant departments within the company, and to do it very quickly.

The three teams working together to scale this massive project included finance, operations, and sales operations. All three departments needed to add the right hires, implement the right ERP software, and deliver on the company growth objectives. This case study is their story.

By April 2013 the operations team, the finance team, and the sales operations team were building and shipping product in their implemented solution. Selecting Tensoft's industry-specific ERP Solution was an important part of their ability to instantly scale the organization. The Tensoft team's knowledge of the semiconductor industry as well as their experience helping companies rapidly scale was critical to meeting the challenge.

TENSOFT®

Tensoft specializes in innovative, end-to-end ERP and supply chain solutions for the fabless semiconductor industry.

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V.P. Operations, A Silicon Valley
Semiconductor Company

SITUATION

The founders of this Silicon Valley semiconductor firm set out to build a company focused on developing innovative, low-power memory solutions. They followed the Silicon Valley start-up model – venture funding, great ideas, and on engineering excellence. The company had licensed its technology as an embedded memory to several large SOC (System on Chip) companies -- something the company sees as the first step in its adoption as the memory of choice for even more demanding applications such as low power mobile devices and high performance servers.

In late 2012 the company expanded its value-added memory business by acquiring an entire product line from a large public company. The acquisition was strategic, helping the company move toward its overall goals. At the same time, this acquisition necessitated the change of the small company's focus almost overnight from a company shipping no products to a company building and shipping hundreds of millions of units to an existing customer base.

The company just did not have systems and procedures in place to support this new semiconductor operation – nor did they have the necessary infrastructure in place to support the business volume, long-term. Contractually, the company needed to be prepared to totally take over production, supply chain, accounting, customer service, and shipping - every aspect of the business - by April 2013.

SOLUTION

The company's small team included the V.P. of Operations, the CFO, a bookkeeper, and contractor support for sales operations. There were no internal IT support personnel. The company needed to hire their additional team members, select and implement the right business software system, and integrate a significant acquisition all at the same time. They had no time to define their ERP requirements or to train a provider. They needed a provider that already understood the semiconductor industry and a solution that could manage both manufacturing operations and ERP.

The business software used to manage its R&D business was QuickBooks plus Excel, but the company's team knew that had to change. “When we acquired the product line, we went from basically zero to running approximately 120 million units per year,” said the V.P. of Operations, who spearheaded the company's transformation. “For that kind of unit volume, we knew Excel and QuickBooks wouldn't work. With the sheer volume we anticipated, there was no way to track all that in Excel.”

The company started their system review looking at standard Silicon Valley mass market ERP solutions NetSuite, Oracle and SAP. “One solution looked attractive, but their consultants had never implemented it for a semiconductor company. They didn't know what an inverted BOM was. They knew nothing about our industry,” the V.P. of Operations said.

The company widened their review by searching their own network for what their peers had used before – leading the V.P. of Operations to discover Tensoft. “Tensoft already spoke our language and their Fabless Semiconductor Manufacturing (FSM) product was integrated with Microsoft Dynamics for a total solution,” he said. “Because Tensoft knew about the semiconductor industry, we had confidence that our ambitious project was possible.”

The already-ambitious implementation was even more difficult than initially contemplated. The data from the SAP system used by the public company that sold them their product line needed streamlining at the same time the FSM implementation was being put in place. “And we were acquiring not only technology from this large public company, but also a list of Tier 1 customers as well,” said the company's Senior Sales Operations Manager, who managed the sales/customer service transition. “Each had some very specific restrictions and expectations that we needed to meet in order to retain the business.”

“Without the Tensoft FSM system, we would have exponentially higher headcount. If I was still doing everything it in Excel, I would need four planners instead of two. I have two people doing shipping in the Philippines, but without FSM, I would need three more. For probe, I have four people right now; I would need ten people without FSM.”

V.P. Operations, A Silicon Valley
Semiconductor Company

The company's team came to rely on Tensoft to fine-tune the system to the high expectations of their new Tier 1 customers. “I had very good support from the consulting team at Tensoft. They understand the semiconductor industry manufacturing process and the FSM system intimately. That unique blend of expertise helped us a lot.” the V.P. of Operations said. “In the past, I have dealt with folks who were not so familiar with semiconductor processing, who put the implementation planning completely on me. They did what I asked them to do, but could not foresee any problems. In Tensoft's case, one consultant said ‘Yes, but if this happens, how will you deal with it?’ And I would say ‘Yes. You're right’... and we could then think it through together. This partnership was invaluable.”

BENEFITS

Streamlined Sales Operations

After the initial sprint to get the system up and running in such a tight time frame, the company has now been working to maximize the system and learn more. “We're excited about moving forward to use additional capabilities,” the Senior Sales Operations Manager said. “I use the Tensoft High-Tech Dashboard (HTD) a lot. I look at bookings, billings and backlog, take that information add a couple of charts, create a report, and send it out to our executive team. It's a great way to illustrate complex information. My near-term plan will automate the distribution of this information through the HTD automated email reports.

The Order-to-cash process includes order entry, commit date management, shipping, and invoice creation. This integrated business process lets sales operations meet their business requirements fully, while integrating with operations for scheduling and finance for invoicing.

The FSM Shipper Portal is now fully functional, allowing offshore logistics providers hands-on system access. In addition to eliminating communication issues and speeding the shipment process, this functionality allows the

company to optimize inventory, while ensuring that their customers have the right products when they need them.

The company's Senior Sales Operations Manager is looking forward to leveraging additional available functionality to integrate with CRM quotes and ship & debit agreements plus Tensoft Revenue Deferral Management for Distribution Channels (RDM/D) to better manage the company's huge sales through distribution.

A Lean Team Made Possible

The small three-person team that started this project has necessarily grown somewhat over time, but the company is still a very lean organization that works hard to keep costs down and profits up. When asked how headcount would differ without the Tensoft FSM system, the V.P. of Operations did the math: “Without the Tensoft FSM system, we would have exponentially higher headcount. If I was still doing everything it in Excel, I would need four planners instead of two. I have two people doing shipping in the Philippines, but without FSM, I would need three more. For probe, I have four people right now; I would need ten people without FSM.”

Tensoft FSM is also the primary tool the company uses for working with their subcontractors. “Without it, we would not be able to give our subcontractors their work orders or pay them, so, that's a big benefit to me” the V.P. of Operations said. “The system is simple for us to deploy overseas. It can be deployed from anywhere in the world, so we are maximizing our facility in the Philippines. We don't have to spend extra dollars in the U.S. to do something simple like issuing ADIs or scheduling orders.”

The company's sales and customer service side has also been able to stay “lean and mean” because of the FSM system. “I can't even imagine how we would manage without this system,” the company's Senior Sales Operations Manager said. “How would we generate invoices? We would probably need triple the number of people. I truly don't think it could have been done.”

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"Having the full system run in the cloud was also a big plus rather than hiring internal IT staff," she added. "Our IT group would have had to grow exponentially to manage the hardware. We simply don't have the resources. It's been nice having it all consolidated into the cloud and let others worry about infrastructure and system maintenance."

More Than Expected

A Financial Controller joined the company's team in April 2013. He wasn't part of the selection process and was not sure what to expect from his new business software solution. He also had significant semiconductor experience so he knew what he needed.

"Once we got working with the FSM system, I thought it was really slick in terms of some of the things you could do from a semiconductor perspective. Because the system is in the cloud, you can access it away from the office, so you're not dependent on being in the office or requiring a VPN. I do a lot of work from home, so I can easily access the system remotely.. That works out well. Our overseas people also have access. They can easily generate and send out reports to the management team here in the U.S."

The Controller continues: "Semiconductor cost accounting requires unique functionality. The FSM system for cost accounting is excellent. I am able to examine standard costs and work in Excel and upload that data into the system. The variance accounting is very robust compared to other systems I've worked with in the past. In other companies, I've had to work with spreadsheets even though we had a supposedly slick ERP system. Tensoft FSM is tailored specifically for a semiconductor company. It has the features and capability that we need."

TENSOFT, INC.

Tensoft provides business management applications to automate industry-specific lifecycle processes for the semiconductor, technology and software industries. Tensoft's business-ready solutions extend broad, horizontal ERP functionality to complete the most vertically demanding, high-tech challenges. For over 17 years, technology companies worldwide have relied on Tensoft software and cloud-based services to power and improve operations. Tensoft is a Microsoft Partner with a Gold Enterprise Resources Planning Competency and a Silver Application Development Competency. Tensoft is headquartered in Silicon Valley with offices throughout the U.S., Europe and Asia.

Tensoft FSM is a web-based product for technology companies with outsourced manufacturing operations. It supports the unique manufacturing, supply chain and financial needs of semiconductor and high tech businesses, and is designed to scale with growth and changing business requirements. Tensoft FSM is a clear leader in its field, and is the only industry-specific solution that is fully integrated with Microsoft Dynamics GP out of the box.

Manufacturers benefitting from Tensoft FSM include: fabless and traditional semiconductor, integrated circuit, optical, RF, MEMS, solid state device, LED and solar companies. Tensoft's user base ranges from start-up organizations to established public companies. Tensoft FSM can be deployed on-premise or in the Cloud, hosted at a SAS70 Type II data center. The product is delivered as an end-to-end ERP system, with a low total cost of ownership and a fast return on investment.

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