Upgrade success:

ArcherPoint helps Medifast tackle skyrocketing growth with a seamless Dynamics NAV upgrade

Medifast is the leading easy-to-use, clinically proven, portion-controlled weight-loss program. Medifast products have been used by over one million customers since 1980. The company sells its products and programs via four unique distribution channels: the web and national call centers, Take Shape For Life personal coaching division, medically supervised Medifast Weight Control Centers, and a national network of physicians. Medifast's clinically proven approach to weight loss focuses on meal replacements coordinated with medical practitioners and health advisors. In 2010, the company was named the number one Small Company in America by Forbes Magazine, number 29 on FORTUNE'S 100 Fastest Growing Companies, and numerous other "top" lists, including FORTUNE'S Top companies: Best investments, Sales Growth, Best Small Companies, and Future 50 winner by Baltimore SmartCEO magazine.

The Challenge

Medifast has three production and shipping plants and Medifast Weight Control Centers throughout the U.S. With reported revenue climbing from $27 million in 2003 to $164 million in 2009, Medifast has grown dramatically in a very short time. The company has consistently doubled sales each year, regardless of economic conditions. While there are no complaints coming from anyone about this phenomenal growth, it has brought some challenges with it.

The typical Medifast customer profile can be credited for many of the challenges. Medifast has tens of thousands of individuals as customers, which means a very high volume of small orders. The company typically ships 6,000 orders per day. As the result of explosive growth, the company outgrew its infrastructure—hardware, networks, and servers—and began to experience performance issues. The system simply was no longer optimized to handle the type and number of transactions being processed by Medifast every day.

With growth continuing at the pace it had been keeping for the past few years, the time had come for Medifast to look for a solution. The company had been using Microsoft Dynamics NAV since 2001 and wanted to stay with it. They knew NAV was capable of meeting their needs; they just didn't know how to get there.

"We determined that the first step was to talk to other high-volume companies that were also using NAV," said Barbara Thompson, Director of Financial Management, "so we went to NAVUG Forum 2008."

NAVUG, the Dynamics NAV User Group, is an association of companies that share Dynamics NAV knowledge and best practices through conferences, virtual tools, educational events, and programs. The NAVUG Forum is a yearly national conference that brings together NAV users, NAVUG Partners and Dynamics NAV personnel from Microsoft.

While at the NAVUG Forum, Medifast met representatives from ArcherPoint. ArcherPoint utilizes its proven methodology and more than 400 collective years of experience with Dynamics NAV to provide companies with end-to-end business solutions that fit their needs. After discussions at NAVUG Forum, Medifast felt confident that ArcherPoint could help, so in early 2009, the process of evaluating the existing solution, business processes, and issues being faced by the company began.

What's different about ArcherPoint?

Our clients see their business systems as unique and important to their competitive position. They prefer software and technology to support their business processes, not the other way around. Our clients are looking for a strategic partnership with the company that implements their software, not just a vendor. They demand the most talented, experienced professionals who understand how to quickly, efficiently solve their business issues. If this describes you, we invite you to contact us to learn more about our people, company and solutions.

The Solution

Taking into consideration all of Medifast's issues and needs, the ArcherPoint team recommended an upgrade to NAV 2009. Most companies cringe at the thought of having to go through a software upgrade—and with good reason. Not managed correctly, upgrades can be time-consuming, expensive, and can tie up resources that otherwise would be focusing on running the business. But this wasn't a concern for Medifast. ArcherPoint has extensive experience and expertise in handling Dynamics NAV upgrades. Using a proven methodology, ArcherPoint consistently avoids issues commonly experienced with upgrades.

Keeping in mind that this upgrade would take time, the ArcherPoint team proposed addressing the performance issues being caused by the infrastructure while the team was conducting the business analysis and planning the upgrade. This approach would not only help put the company in the best shape possible for the upgrade; it would also help immediately address some of the issues and improve operations.

The team started with an upgrade to the client (executables) from NAV 4.0 to NAV 5.0 SP1. This step would allow Medifast to take advantage of the architectural enhancements in the newer version. The ArcherPoint team then did some SQL Server optimization and other tuning. This tuning, along with the upgrade to NAV 5.0, significantly improved system performance.

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As part of the upgrade engagement, ArcherPoint conducted a business analysis, looking at all business processes and everything that NAV touches, to gain a thorough understanding of the company's operations. This important step ensures that all concerns and needs are addressed, even if they are beyond the upgrade itself. The results of the business analysis can include recommending adjustments to business processes while respecting the way the company does business.

For Medifast, the ArcherPoint team's analysis included ensuring the company was optimally utilizing its NAV solution. The team reviewed and suggested improvements to current business processes, determined where processes could be automated, mapped processes to NAV functionality, and evaluated whether or not to move existing customizations forward. The team determined that all the existing customizations were still needed and would work with the NAV2009 code base, and they identified other areas where they could incorporate other small modifications and configuration changes to streamline their business processes. For example, the business analysis led to the recommendation to change their costing method.

With the performance tuning and business analysis complete and business process changes recommended, ArcherPoint provided Medifast with an approach to upgrading their system. Because Medifast wanted to include the entire organization in the implementation, and because of the anticipated complexity of the upgrade, the team set up a detailed go-live plan to ensure every step was accounted for and completed.

The upgrade started by addressing the database. Moving a 200-gigabyte database can be time-consuming, so the decision was made to reduce the size of the database by cleaning up master records. Transactional data was left behind, and only the shipment history, invoice history, and active customers were moved forward during the upgrade. The 200-gigabyte database was slimmed down to 16 gigabytes, making it much more manageable to migrate.

Next, the data was brought forward into a test database in NAV 2009. The team was now ready to take the next crucial step: testing. Barbara Thompson had cited this step as one of the culprits behind the issues around the previous implementations, so she was determined to do it right.

After the data was brought forward, thorough test scripts covering all functional areas were written. Barbara also had the idea of setting up what she calls "conference room testing." The team set up a conference room with areas for each department, where all processes could be tested from end to end—ordering, fulfillment, costing, invoicing, and so on. With everyone in one central location, she and the financial staff could watch the G/L to make sure everything was hitting the right accounts, and the ArcherPoint team could be on hand to answer questions and document issues to be addressed before the next round of testing.

With everything in place, testing began in earnest. Employees from each department were brought in to test their area of the system, giving them an opportunity to provide valuable feedback. Once this first round of testing was completed, the ArcherPoint team made adjustments and corrections as needed. Then, the conference room testing process was executed again.

The team also ran mock go-live scenarios and practiced moving the database, timing these processes so they would know down to the minute how long each would take when the actual go-live occurred. They were able to execute this process twice before the go-live date.

When the time came to go live, the team was confident that everything was ready. The process began 4 PM on Friday and was completed, including all user acceptance testing, by 11 AM on Sunday. Everything transitioned smoothly, including the upgrade of the all the companies under the Medifast umbrella. Barbara Thompson couldn't have been more pleased. "It was an amazingly successful upgrade--not one major hiccup," she said. "It was almost a no-brainer at the end of the day. I was so proud."

The Results

As a result of the successful upgrade and enhancements to improve business processes, efficiency has dramatically improved. As an example, after the upgrade of the client (executables) from NAV 4.0 to NAV 5.0, the time required for month-end closing dropped from five days to one day.

Barbara attributes the smoothness of the upgrade to thorough planning and testing and going with the right partner. "We love our ArcherPoint guys. They're great people. Not only do they have strong technical skills, but they also have a solid understanding of business processes. It helped to have a good partner with the resources to guide us in making smart decisions. With their help, we're really using NAV like it should be used."

And the results go far beyond improved processes. In her position, Barbara is now able to focus on strategic efforts to promote growth and bring in more revenue, rather than spending her time managing the system and being bogged down with day-to-day tasks. "We're doing new implementations all the time. We can be more proactive and spend our time on other projects and innovative processes to save time and money."

So, what's next for Medifast? Since 90 percent of orders come through the web, the company is working on a "unified web cart." This web cart will use a retail e-commerce solution to combine the three separate web carts—wholesale, direct, and medical direct—into one to improve efficiency and meet compliance standards. Since all orders are processed through NAV, ArcherPoint will play a key role in integrating the unified web cart with the NAV solution.

The company also has plans to implement a POS system for its weight-loss centers, as well as a new billing process for handling credit card orders more securely. Again, ArcherPoint will be there to make sure these initiatives all integrate smoothly with the NAV system.

Barbara says the overall goal for Medifast is "going after lean operations. If software is efficient, then we are. That takes knowing and utilizing the system. We still have a lot to learn to fully utilize NAV, and we've got a good partner that tells us we can get even more productivity. We're not done yet."

Medifast's plans for the next 3 years: more growth. Barbara Thompson makes their intentions clear: "We have chosen not to participate in the recession."

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About Microsoft Dynamics NAV

Microsoft Dynamics NAV, formerly Navision, is the best-selling mid-market ERP product in the world. With over 60,000 companies and over 1,000,000 users relying on Microsoft Dynamics NAV solutions every day, it is the clear favorite among growing companies with unique requirements.