CASE STUDY: R.J. CORMAN

ERP selection streamlines finance and accounting for diverse organization

Overview

R.J. Corman Railroad Group, LLC is a privately owned corporation that owns a variety of businesses under multiple corporate entities. These businesses are predominately related to the rail industry, but include presences in other sectors as well. In the rail industry, R.J. Corman owns and operates 11 short-line railroads based in seven states (Kentucky, Ohio, Pennsylvania, Tennessee, Mississippi, Texas and West Virginia). In addition to operating these rail lines, R.J. Corman offers a variety of related services to the industry, including:

• Construction and maintenance
• Derailment services and natural disaster cleanup across the United States
• Distribution centers and switching operations
• Railroad material sales and delivery operations
• Locomotive engineering and sales (Railpower)
• Signalling design, build and installation

R.J. Corman also operates the My Old Kentucky Dinner Train and the Lexington Dinner Train which includes weekly lunch and dinner excursions, a monthly murder mystery train and special holiday trains. Additionally, as a certified FAA repair station, R.J. Corman provides aviation services, including aircraft and helicopter maintenance.

Background

R.J. Corman's family of businesses were predominately supported by Sage-related technology products. Its version of the Sage solution was written in FoxPro, which is no longer supported by Microsoft on any platform as of 2013. Because of this and an overall desire to modernize its systems, the company required an extensive review of the different enterprise resource planning (ERP) solutions that might fit its businesses.

Project

RSM was selected for this project because of its reputation in the ERP market and the breadth and depth of ERP services to many of the larger business solutions. The RSM team invested the time to understand the business and its unique needs and
created demonstrations that resonated with R.J. Corman. The company valued RSM’s insight into the next version of Sage as well as other products in the ERP market such as Microsoft Dynamics AX.

After evaluating many alternatives, R.J. Corman selected Dynamics AX as its new ERP system because of its configurability and resulting flexibility. One alternative considered was the next-generation Sage X3 product, but it did not provide the multicompany functionality required by the business. Dynamics AX provides this functionality, which is a necessity for a business with multiple entities. The ability to handle these companies and leverage the extensive intercompany accounting features provided by Dynamics AX made it a natural fit to manage their 23 separate businesses.

In its legacy system, R.J. Corman manually entered sales and purchase orders to create receivables and payables. For intercompany transactions, manual checks were physically cut from one company and literally walked across the office to the accounts receivable department of the other company to pay accounts payable invoices.

Dynamics AX intercompany functionality provides the capability of paying accounts payable invoices in one company directly from another company without having to physically cut a check. The appropriate bank and vendor transactions can be created in each of the companies. Intercompany banking can be used to move money between bank accounts rather than writing checks from one company and creating deposits in another.

The implementation model is designed to minimize enhancements with the exception of the required integrations. Dynamics AX is a highly-configurable system, allowing parameters to be selected and codes and tables to be created using R.J. Corman’s specific business terminology. This will ease the transition from their current Sage system into Dynamics AX.

RSM configured multiple integration points to send and receive data to and from their existing operational systems. The open architecture of Dynamics AX enables core business logic to be leveraged by Microsoft C# or other external programs. This minimizes the need for external code to be written to execute Dynamics AX business logic.

The R.J. Corman Derailment Services Company relies heavily on an operational system that logs each service call, and triggers alerts to various divisions within the company. RSM determined that Dynamics AX’s project accounting can be leveraged to manage the jobs (i.e. job costing) created from this system after they are pushed through another integration.

Dynamics AX provides enhanced workflow capabilities, specifically accounts payable invoice and project accounting budgeting workflows. R.J. Corman can leverage the Windows Workflow Foundation as well as an intuitive interface where it can build its own logic. Dynamics AX comes with nearly 50 out of the box workflows and additional workflow can be created that is specific to the company.

The organizational business model requires production and master planning for a subset of its companies. Dynamics AX provides this functionality while still incorporating a single accounting system of record in true ERP fashion with all other modules.

Outcomes

Following the discontinuation of service of its Sage ERP system, R.J. Corman required a new platform, and desired additional functionality across its portfolio of businesses. The RSM team understood the company’s challenges and goals and helped choose an optimal ERP solution with implementation that has not disrupted day-to-day operations. Dynamics AX has the flexibility to accommodate the company’s necessary transactions and increase efficiency out-of-the-box with user-friendly tools to easily analyze data. Other implementation benefits include:

- Multicompany functionality
- Increased configurability and flexibility, a must for a business with multiple entities
- Streamlined accounts payable and receivable functions through intercompany banking
- Increased and fully customizable workflow capabilities
- Integration of company language, codes and tables to ease transition and adoption
- Support for different business units with significantly different processes with a single ERP solution capable of configuration specific to the unique needs of each type of operation

+ 1800 274 3978
www.rsmus.com

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