

A review of new software products that can make a big difference to your business

For Blue Link, small is profitable*



By Michael Burns

**This is an expanded version of a column that originally appeared in the March 2005 issue of CAmagazine.*

Blue Link Associates Limited is a small Toronto-area company with about 20 employees that competes against the likes of ACCPAC, MAS 90 and BusinessVision. How can such a small company be successful? When it was first created 13 years ago, Blue Link carved out its niche by providing the "perfect fit methodology" — its own version of customization, which also included fix-price updates (calculated as a percentage of the original customization). But a few years ago, it realized the only way to compete with the major vendors is to specialize. So it took a different and smarter approach by focusing on specific target markets.

Target market

Currently, Blue Link is targeted at small to medium-sized companies with five to 50 employees. It is an out-of-the-box solution for distributors of products such as housewares and sporting goods and for wholesalers and distributors in the food industry. Apparel distributors are its secondary target market.

Cost

Blue Link is less expensive than products with similar features running under Microsoft SQL Server. A software licence costs \$1,200 per concurrent user. A company with 15 concurrent users should expect to pay about \$40,000 for software and implementation services. Maintenance runs at 18% a year, which includes upgrades and five hours of support for the year. Additional hours can be purchased at a discounted rate.

The product

Assets	Liabilities
<p>The vendor. Blue Link has been around for about 13 years and has built a respectable business with more than 280 site licenses and more than 3,000 people using the system.</p>	<p>Since Blue Link is a small company, some potential prospects are concerned about the company's longevity, and turn to vendors they think will be around forever.</p>
<p>Microsoft. Blue Link was developed using Microsoft tools, has achieved certified partner status and is currently completing its gold level certification under the Microsoft partner program. It also has a field-based Microsoft partner account manager. As a managed partner account, Blue Link gets the highest level of access to Microsoft's marketing, sales and technical support services. Working with Microsoft Canada, Blue Link has been able to take advantage of various programs, some of which are subsidized by Microsoft, allowing Blue Link to extend its marketing programs and increase its reach. Having access to Microsoft technical resources before making architectural changes to the software has been invaluable to Blue Link.</p>	<p>The company's usual competitors are ACCPAC, BusinessVision, MAS 90 and Everest. But Microsoft also has accounting/ERP systems such as Great Plains and Navision, and soon will be releasing Microsoft Office Small Business Accounting. At the moment, Blue Link sits as an alternative between Great Plains/Navision and Microsoft Office Small Business Accounting. It's unclear right now what will happen when Microsoft starts competing in the same space as Blue Link.</p>
<p>Microsoft SQL Server. A number of years ago, Blue Link made a strategic decision to sell only new systems that use Microsoft SQL Server. About 30% of its clients are now on Microsoft SQL Server. The rest use Access for the database. Microsoft SQL Server offers a number of advantages — scalability and reliability and SQL Server Reporting Services. Reporting Services is a new product from Microsoft that allows you to publish reports on the Internet. And the price is right: free for</p>	

Assets	Liabilities
SQL Server 2000 users. Blue Link has started to provide reports for its customers using Reporting Services.	
Functionality. The system includes multi-currency, general ledger, accounts receivable, accounts payable, bank management, inventory management, order entry & invoicing, purchase order, job costing, production control / bill of materials, contact management, payroll, RMA, customer contract pricing, product configurator (order entry) and financial report writer. Included with the system is a third-party program, Paymate, for Payroll.	You get it all whether you want it or not. The contact management system is fairly basic, as is the production control system. The Blue Link system was not designed for large, complex organizations and lacks features such as advanced work flow (routing documents for electronic approval and alerts), online analytical processing (slicing and dicing of operations across multiple dimensions) and analysis codes. Customer relationship management must be purchased from third parties.
Optional components. Many of the components have been developed for the target market and consist of advanced landed cost tracking, backorder fulfillment, warehouse shipping, commission processing, inter-warehouse transfers, inter-company accounting, sales order accruals, sales budgeting, asset register, expense tracker, point of sale, apparel matrix (style/colour/size), service management, lot tracking and Web.Venture (B2B eCommerce). An optional component costs about \$3,500 on average.	
Financials. Blue Link should meet the financial requirements of most small and medium-sized businesses. It has a number of strong financial features, including the sales budgeting component, which allows for budgeting by product/customer/period or at higher levels such as by product class. The sales order accrual component will allow you to accrue shipping and other costs related to the cost of sales. Blue Link has a strong taxation system that will handle Canada, the US, the UK, Ireland and many other jurisdictions. Another good feature is alternative vendor payment, which allows you to pay vendors using a credit card. The system will automatically transfer the liability from the vendor to the credit card. Payment by credit card is very popular among small businesses that collect points in the process.	Blue Link has its own financial report writer, which does include row and column formatting and some formatting for bolding and underlining. It is not as strong as a product like FRx, which is one of the leading financial report writers. But Blue Link customers do have the option of using FRx for an additional investment. So far, Blue Link customers have all chosen to stick with Blue Link's own financial report writer.
Distribution. Blue Link's strength is in its distribution functionality, including inventory control, order processing, purchasing, RMAs, configurator, shipping and landed cost. If you purchase the B2B eCommerce component, customers can check online on the status of their order and shipment.	Blue Link lacks requisitions.
Customization. One-quarter of Blue Link's new clients (acquired in the past six months) have had customization. As always, Blue Link will fix-price customization updates at a percentage of the original customization fee (usually 18%).	Blue Link will now do customizations only if they relate to the company's target market or can be upgraded painlessly. However, Blue Link does not have some of the customization capabilities that some products have (e.g., adding user-defined fields and changing the appearance of a screen outside of source code). However, you can hide fields that are not applicable.
Backorder fulfillment. This component will automatically allocate inventory to customers based on rules including customer priority and request date. You can easily override the system's allocations.	
Service management. You can track labour, serial numbers, warranties...	This component was designed for an in-house service department and lacks dispatching/scheduling.
French. You can generate forms such as invoices in French.	Screens and documentation are not available in French.

Assets	Liabilities
<p>User interface. The user interface looks similar to Windows Explorer, but there are also shortcuts and menus to get you where you want to go. There is also good drill-down to source documents.</p>	
<p>Commissions. Blue Link has one of the stronger commission systems available with split commissions, multiple methods (based on gross profit, sales...), commission schedules, date sensitivity, commission holdbacks and the ability to adjust commissions after posting. You can adjust the commission with or without an audit trail.</p>	
<p>Credit collection. Credit collection is often a problem for small companies. Blue Link provides the tools to reduce the number of days for payment by providing ways to easily filter outstanding amounts by amount or age of receivables. You can easily send an email or fax that contains invoices and a statement. There is also a basic contact management system to record all discussions with the customer.</p>	
<p>Inter-company transfers. Blue Link offers inter-company balancing across companies with one of the optional components. Inter-company balancing would be required when, for example, one company paid an expense for another company.</p>	<p>When it comes to inter-company transfers of product, Blue Link does not automatically create a sales order in one company from the purchase order of another company. You can use warehouse transfers to move the inventory between companies with one transaction.</p>
<p>EDI. Blue Link uses Edisoft, a Canadian company that integrates EDI functionality into many of the major accounting software systems, including ACCPAC, MAS 90, Great Plains and QuickBooks. The advantage of using Edisoft is that it specializes in EDI and has already developed translations for many, if not most, of the companies that require it. As well, some of the companies that require EDI will introduce EDI changes, and Edisoft will quickly make the change for all of its customers who need it. There are also costs for using what is called the Value Added Network (VAN) for secure EDI transactions. Edisoft customers get a break on VAN charges.</p>	<p>You will need to purchase additional software from Edisoft, and you will be relying on a third party for your EDI needs.</p>
<p>Colour/size matrix. The colour/size matrix is a critical requirement for apparel companies. It will speed up the order entry process substantially by being able to enter one style with multiple colours and sizes on the same row. The colour/size matrix is available as one of Blue Link's components.</p>	
<p>Dashboard. Blue Link also includes a useful dashboard in which management can keep a pulse on the business.</p>	

Bottom line

It's great to see that a small Canadian company can successfully compete with huge multinational software vendors. Blue Link's customers have direct contact with the company's developers to ensure enhancements meet their needs. The president of Blue Link, Mark Canes, CA, told me he meets with at least 10 customers a month. Some of Blue Link's customers would rather be a big fish in a small pond than a small fish in the deep blue sea.

Michael Burns, MBA, CA, is president of 180 Systems (<http://www.180systems.com/>), which provides independent consulting service, including business process review, business case development and system selection. Michael can be reached at 416-963-1296 or mburns@180systems.com.