

cbdMD Saves Over \$125k Annually with Move to Acumatica and NexTec Group

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—Casey Lassiter, ERP Manager, cbdMD

THE MARKET FOR PRODUCTS containing Cannabidiol, better known as CBD, is expected to grow at an annual rate of nearly 17% for the next decade. That's good news for cbdMD, the publicly-traded (NYSE American: YCBD) leader in the hemp-extracted wellness category. cbdMD produces a range of CBD products, including gummies, capsules, oil tinctures, topicals, drink mixes, botanicals, and bath bombs—all sold directly to consumers through its successful eCommerce site.

The company operates in a dynamic industry, and to ride the wave, it needs bulletproof technology running 24/7/365. Recently, cbdMD changed from its ERP vendor, Oracle NetSuite, and moved to NexTec Group and Acumatica to deliver that reliability.

Time to Pivot

“The company had recently gone live with NetSuite when we learned that Oracle would no longer support companies in the CBD market space,” explains Casey Lassiter, ERP Manager for cbdMD.



Customer Story: cbdMD



Key Results:

- » Project delivered on time and under budget
- » Eliminating licensing fees saves well over \$100k annually
- » Order fulfillment hours decreased by 30%
- » Increased data visibility powers informed decision making
- » Integrated quality management application eliminates paper files
- » Rigorous lot traceability streamlines compliance

"We had to pivot quickly, so we knew we would need a business partner with experience in this industry to help us identify and implement the best solution. That's when we found NexTec."

Experienced Partner Delivers Confidence

The company first reviewed multiple solutions, Sage Intacct, SAP, Microsoft Dynamics, and Acumatica. "We then narrowed the list to SAP and Acumatica," Lassiter recalls. "I was initially leaning toward SAP simply because of the name recognition, but once we spoke to NexTec and saw a demonstration of Acumatica, we knew it was the best option. NexTec was responsive, they have excellent references from companies in this space, and they have deep expertise with retail eCommerce companies as well."

NexTec worked closely with Lassiter and his team to plan the implementation. "They clearly understood the urgency of our situation and allocated the resources to our project," he says.

On Time and Under Budget

In addition to the migration from Oracle NetSuite to Acumatica, cbdMD was able to streamline systems and consolidate its CRM from Salesforce to Acumatica CRM and Expensify to Acumatica Expense Entry.

"It was a massive project, but we completed it on time and under budget," he says. "NexTec's experience really came into play here. They looped in several consultants, each with specific skill sets. They kept the project on track while still being able to adapt to changes along the way."

\$125,000 in Annual Savings

The migrations resulted in substantial savings for cbdMD. "The move to consolidate third-party platforms and middleware integrations into Acumatica saves us over \$125,000 annually in CRM software licensing fees," reports Lassiter.

eCommerce Integration

cbdMD's operates several branded websites serving customers globally. NexTec integrated the Magento-based sites with Acumatica using a tool from an Acumatica ISV, Kensium. Another company site that runs on WooCommerce integrates using the third-party tool, AcuWoo. The tight integration keeps commerce flowing around the clock, in any currency.

"Acumatica's interface and workflows are much more fluid and straightforward than NetSuite's. As a result, we've accelerated our pick, pack, and ship cycle by 30%."

Lassiter credits NexTec's consulting team with streamlining the transition. "Our eCommerce sites are essential to our operation, and they made sure we could continue to access and process orders throughout the change."

30% Reduction in Fulfillment Resources

In the B2C space, rapid order processing is essential, and cbdMD is meeting its customers' expectations every day.

"Acumatica's interface and workflows are much more fluid and straightforward than our legacy ERP" he says. "As a result, we streamlined our pick, pack, and ship processes and have reduced labor hours to fulfill by 30%. Acumatica offers multiple options for picking, including wave and batch, and depending on the time of day and workload, we can switch and use the most efficient method. We're now able to process 1,000s of orders in a day. On Cyber Monday, we shipped over 10,000 orders."

Optimizing Quality and Traceability

The cannabis industry faces immense regulatory pressure and cbdMD maintains NSF cGMP 455 compliance so products must adhere to rigorous testing and compliance mandates. In addition to forward and backward lot traceability, the company must test its products to ensure quality and consistency.

To streamline quality management, NexTec recommended an Acumatica Marketplace solution, Quality Management Suite, from eWorkplace Apps. "It's ideal for our needs," says Lassiter. "We can track the results of all our testing right in the application. It's eliminated a lot of paperwork and spreadsheets and ensures we can easily produce the details needed in the event of an audit or a recall event."



While cbdMD contracts with laboratories to manufacture many of its products, it maintains a production line for packaging and labeling tasks, relying on Acumatica's manufacturing capabilities to keep things operating smoothly. "While our primary focus is distribution, it's beneficial to have manufacturing capabilities in our ERP," says Lassiter. "For example, we run an MRP report in Acumatica daily to trigger purchase and production orders."

Data-Driven Decisions

As a high-volume, sales-driven organization, cbdMD needs tools that deliver visibility into sales activity, commissions, and profitability. Management gained a direct view of daily activity by eliminating disparate applications and combining ERP and CRM into a single solution. “We no longer have to check two systems to get the full picture,” says Lassiter. “Everyone is on the same page. Real-time access to our business data is essential for better planning and decision making.”

cbdMD worked with NexTec to build a robust financial reporting platform that includes business intelligence (BI) tools and Excel-based reporting tools that directly integrate with Acumatica.

“We can now look at our business data from every angle,” Lassiter says. “We are monitoring month-by-month profitability, for example, and can drill down and see profits for a specific product batch.”

“We also create a daily snapshot report of sales that Acumatica emails to stakeholders each morning. It’s now possible to analyze sales trends and customer retention rates more accurately since we can combine Acumatica data with Google Analytics.”

Equipped for the Future

The success of its transition to Acumatica gives cbdMD confidence to expand its use of the application. For example, in the coming months, the company plans to transition the wholesale arm of its business into Acumatica, adding integrated credit card processing to handle payments for wholesale orders within the system.

“cbdMD has big plans for the future,” concludes Lassiter. “And we’re well-prepared to handle whatever is next.”

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