

## Tool Industry Innovator TOUGHBUILT Expands and Grows with Acumatica

### OVERVIEW

Founded in 2012, publicly traded ToughBuilt Industries Inc. (NASDAQ: TBLT; TBLTW) makes hardware/tool bags, kneepads, sawhorses, and other professional-quality construction-related products for contractors and do-it-yourselfers alike. Launched on QuickBooks, executives recognized they needed a cloud-based platform for growth, one that could handle international expansion, manage inventory in multiple warehouses, and easily facilitate sales from various online platforms. They deployed Acumatica as their platform for growth, which supported a revenue increase of nearly 25 percent in 2019.

### KEY RESULTS

- Automated order entry processes, reducing hours to minutes, saving time
- Eliminated manual processes, keeping employment at current levels
- Shortened order entry time, saving 13 minutes per order
- Increased transaction volume with automatic recording
- Improved inventory and visibility with contract manufacturers, bolstering partner relationships
- Gained access to data from anywhere making executive and sales jobs easier
- Saved money allowing ToughBuilt to invest in R&D employees who made new products and increased sales

### CHALLENGES

Founded in 2012, ToughBuilt Industries Inc. (NASDAQ: TBLT; TBLTW) is an innovator in the tool industry, making hardware/tool bags, kneepads, sawhorses, and other professional-quality construction-related products for contractors and do-it-yourselfers alike. Selling its products through retail giants including, Home Depot, Menards, and Western Pacific Building Materials in the U.S., ToughBuilt's goal is to build value by making life easier and more productive. The fast-growing publicly-traded company increased sales by nearly 25 percent in 2019 to \$20 million. The company has ambitious expansion plans that include rolling out several innovative new products, developing mobile applications for the industry, and expanding into additional major retailers like Lowe's, Home Depot Canada, Do It Best, and True Value Hardware. ToughBuilt also plans to increase its sales internationally, according to its most recent Securities and Exchange Commission 10K filing.

The company initially used QuickBooks to handle its accounting, but it quickly became apparent that the entry-level software could not support ToughBuilt's rapid growth or its plans to become a publicly-traded company. Just six years ago, ToughBuilt posted sales of a mere \$1 million.

Martin Galstyan, ToughBuilt controller and acting chief financial officer, says QuickBooks did not have EDI capabilities that the accounting team needed. They were forced to manually enter orders and then send them to their 3PL shippers, who then sent a spreadsheet back. That spreadsheet then required more manual work to transfer the information back into QuickBooks.

"It was a headache," he says.

### Prior: Five Hours Daily to Process Orders

Galstyan estimates it took four to five hours a day just to process orders, with some multi-line orders taking 15 minutes each. Executives worried they would have to add three to four more people just to enter orders as the volume of transactions increased.

Expenses also had to be entered manually. It was hard to track inventory, and communication with the sales team was limited to emails and phone calls.



#### Company

ToughBuilt Industries Inc.  
[www.toughbuilt.com](http://www.toughbuilt.com)

#### Industry

Manufacturing and Distribution:  
Building Materials & Hardware

#### Number of Employees

Approx. 40 full time employees


#### Location


United States

#### Products

Acumatica Advanced Financials with Inventory Management and CRM, Artsyl's Order Action, Avalara, DataSelf and MAPADOC

#### Customer Social Sharing Details

 [www.facebook.com/toughbuilt](https://www.facebook.com/toughbuilt)

 [www.instagram.com/toughbuilt](https://www.instagram.com/toughbuilt)

#### Partner Details



Klear Systems  
[www.klearsystems.com](http://www.klearsystems.com)

“QuickBooks is good for small businesses, but once you get to the level where we are, you can’t use it,” Galstyan says.

“We saw the growth coming, and we knew setting ourselves up for success before that growth occurred would be key,” he adds.

ToughBuilt started looking for a new ERP while putting processes and technology in place to become a publicly-traded company. The goal was to find an ERP solution that offered complete end-to-end business management capabilities.

## SOLUTION

ToughBuilt wanted an affordable cloud-based solution that could easily connect to third-party software, handle sophisticated financial reporting requirements, and easily scale as the company grew. The goal was to automate as many processes as they could.

“We looked at Sage and a couple of others but decided to go with Acumatica because we liked its licensing model; it was cloud-based, offered a wide variety of third-party add-ons, and also came with the ability to personalize it to the way we operate the business,” Galstyan says.

Rather than charging per user, cloud-based Acumatica offers a more affordable ERP pricing model based upon paying for the computing resources actually used. Acumatica was a third of the price of other systems, Galstyan noted.

## BENEFITS

### Reduced Order Entry from Hours to Minutes

Acumatica’s ability to extend the solution through seamlessly connected third-party applications gave ToughBuilt a fully automated solution that can scale as the company grows. ToughBuilt’s solution-provider, Klear Systems, hooked Artsyl’s Order Action software, Avalara’s tax software, Data Self’s business intelligence software and MAPADOC, to Acumatica, forming a seamless integrated solution for shared data and automation.

“We can now process orders more efficiently,” Galstyan says. “There’s no way we could do what we are doing now without Acumatica.”

Seamless, automated connections to its online platforms eliminated 20 hours of data entry Galstyan and his team previously did on a weekly basis. With the automation, ToughBuilt eliminated the need to add three to four more employees for order processing as the business increased its transaction volume, Galstyan says.

A key to the automation stemmed from Acumatica’s connection to Artsyl Technologies’ docAlpha transformation platform and the OrderAction intelligent process application, which Galstyan and team members discovered when they attended the annual Acumatica Summit.

“With Artsyl’s OrderAction, what previously took hours of manual work now takes two minutes max to get our sales order information into Acumatica,” Galstyan says. “We cut down on a lot of wasted time for our workers to input sales orders.”

With more than 400 orders automatically processed in a given week, ToughBuilt’s accounting team can now spend time on reporting and analysis. With OrderAction, physical orders are sent to an email account, and data is automatically extracted and sent to ToughBuilt’s Acumatica financial module. Digital sales orders flow automatically into the system, which has reduced the number of days outstanding.

### Data Driven Insight

ToughBuilt has much better reporting and insight into how the business is performing in real-time, Galstyan says. The ToughBuilt team has created various dashboards in Acumatica and roughly 5,000 DataSelf reports pulling from data available at a click of a button, not 30 days later as it was previously.

“Financially, everything is easier to track in Acumatica. Everything is connected and quicker, giving us an efficient way to manage the business,” he says.



““ We decided to go with Acumatica because we liked its licensing model, it was cloud-based, offered a wide variety of third-party add-ons, and also came with the ability to personalize it to the way we operate the business both now and into the future. ””

– Martin Galstyan,  
Controller and Acting CFO,  
ToughBuilt

## Anywhere Access Provides Continuity of Operations

“With locations in the U.S., and manufacturing in India and China, we needed software that could be accessed from anywhere and Acumatica provides that,” says Galstyan. For example, during the Covid-19 outbreak, Galstyan and his team worked from home processing orders and communicating with 3PL shippers from phones and laptops, which kept the operation running smoothly. ToughBuilt has offices in London and Shanghai, 3PL shippers in Mexico and Canada, and has plans to open offices in additional countries later this year.

In addition to keeping the operations staff lean, Acumatica and Artsyl’s OrderAction –“allowed us to hire additional R&D employees who then created new lines and new products we could bring to the market at record speed to generate increased sales,” Galstyan says.

Because the new business system is cloud-based, everyone has access. The sales team sends expense receipts via the Acumatica Mobile Application on their smartphone, which has reduced errors, increased the speed at which sales receives reimbursements, and significantly reduced the amount of work for Galstyan and his team. They previously entered expenses manually after receiving the information through email.

Also, sales team members have anytime, anywhere access to customer account order status and product inventory levels available at the various locations, information it did not have readily available before. “It was really hard for our sales staff to see where inventory was previously,” Galstyan says.

## Persistent, Efficient Growth

ToughBuilt now has more efficient business processes in place to more effectively manage its growth. “With Acumatica, you are going to save money, save time, and you are not going to need to hire more (accounting) people,” Galstyan says. “Being in the cloud makes everything more reliable and easier. Today, everyone wants information, and they want it right away. Because Acumatica is web-based, information is there at your fingertips for you to pull whenever and wherever you need it.”



“With Acumatica, you are going to save money. You are going to save time. You’re not going to need to hire people. You’re going to be cloud-based, efficient. Your business can be run on your phone using the mobile app. Acumatica being cloud-based makes everything reliable and easy.”

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