

# Al Majdouie Group

Top-ranked Saudi Arabian Logistics and  
Manufacturing Company Performs Detailed ERP  
Comparison with Custom TEC Report

by Jane Affleck

CASE STUDY



# Al Majdouie Group

- Industries and Services:**
- The company operates in many industries, including automotive, steel manufacturing, and food and beverage manufacturing, as well as offering travel, real estate, logistics, and distribution services.
  - Al Majdouie also operates retail bakeries and cafés across Saudi Arabia.

- Geography:**
- The head office is located in Dammam (Saudi Arabia), with other offices and factories for each of its industries and services throughout Saudi Arabia; associate offices are located in North America, Europe, the Far East, the Middle East, and Africa.

- Software Requirements:**
- Al Majdouie's custom-built legacy enterprise resource planning (ERP) and point of sale (POS) system was unable to accommodate the company's rapid expansion, and it was decided the company needed a new ERP system.
  - Al Majdouie's objective is to find and implement a tier-one ERP system that supports all possible functional requirements at all its locations and facilities, and that can integrate with systems used by government agencies in Saudi Arabia and the United Arab Emirates.

- Users:**
- After implementation, there will be approximately 500 to 1,000 users.

- Software Evaluation Project Needs:**
- To use an auditable and efficient methodology to reassess the request for proposal (RFP) data gathered from a previous software selection project, so that Al Majdouie could confidently determine which ERP software system was best for its needs.

**Software Evaluation Expert:**

- Al Majdouie engaged TEC to perform an impartial five-step evaluation methodology, comparing its extensive functional requirements with the functionalities offered by three tier-one vendors in TEC's Evaluation Centers.
- The results of the analysis were then summarized in a comprehensive research report comparing the three short-listed vendors in terms of their products' functional and technical abilities, licensing costs/total cost of ownership (TCO), and overall value.

**Benefits:**

- The detailed comparison report provided clear data that allowed Al Majdouie to compare the three tier-one vendors' products in terms of the functionality of each module, identifying any gaps between Al Majdouie's needs and the capabilities of the ERP solutions.
- The report also offered a detailed breakdown of TCO and the vendors' licensing schemes, further helping to drive effective decision making.
- A long-distance conference call between Al Majdouie and TEC allowed the company to gain a much better understanding of the precise functionality of each product.

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# Rapidly Growing Logistics Provider Outgrows Its Legacy ERP

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Established more than 40 years ago by founder Shaikh Ali Almajdouie as a simple land transport and logistics company, today Al Majdouie offers diverse logistics services such as heavy transport, container terminals and warehousing, and cross-border freight. Though logistics currently makes up the bulk of the company's business and revenue, Al Majdouie also has a strong presence in the automotive industry, and in the food and beverage industry with its Aryaf bakeries and Café Liwan coffee shop chain.

Al Majdouie was honored with the Best Road Hauler award at the Third Annual Middle East Logistics Association (MELA) 2009—the only privately owned company to win, according to Al Majdouie's ERP Manager, Nizar Abdulhadi. Abdulhadi also reports that, beginning in about 2005, Al Majdouie has been growing exponentially—both the number of employees and projects or clients.

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# First Software Selection Project

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As a result of Al Majdouie's exponential growth and the increase in projects, data volumes were also growing—and becoming increasingly difficult to manage and analyze. Many processes were being done manually to make up for the fact that the legacy system just wasn't keeping up with the business' growth. To maintain its success in logistics and distribution—and all other industries and services—as well as its potential for further growth, the company's president and son of the founder, Abdulla Ali Almajdouie, realized that the customized legacy enterprise resource planning (ERP) system would have to be replaced.

In 2006, the company initiated an ERP selection project. However, this initiative was protracted beyond expectation for a variety of reasons. One was that, as the company grew, employees needed to devote their time and effort to managing their increasing task loads in the face of the company's growth.

When Abdulhadi was later hired as ERP manager reporting to Al Majdouie's president, he assessed all the documentation from the previous project. With the consent of the company's ERP steering committee, he determined that a new approach to evaluating software was needed. Based on his recommendation, it was concluded that the new approach would be used to verify the previous project, rather than start from scratch.

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# TEC's Software Evaluation Methodology Uncovers Hidden Cost Benefits

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The reputation of TEC's software selection methodology clearly extends beyond the shores of North America. Prior to his joining Al Majdouie, Abdulhadi had been partner in a Saudi consulting firm and had a prior business initiative with Technology Evaluation Centers (TEC) and its patented decision engine. So, in his new role, Abdulhadi approached TEC's Selection Services team to discuss how TEC could help Al Majdouie reassess and realign its software selection project.

After discussing Al Majdouie's situation and software selection needs, TEC agreed to provide the company with services that included a five-step methodology. The methodology and its results were then summarized in a detailed report that clearly identified which of the three tier-one vendor solutions would be the best fit. Al Majdouie would be able to use the information provided in the report to analyze, score, and evaluate the three vendor solutions from the previous project.

As part of the first step, Al Majdouie provided TEC with a spreadsheet containing a list of each of the company's extensive functional needs. TEC verified that the three vendors concerned had received identical lists, and then loaded all functional needs into a hierarchical decision model.

The next step involved incorporating the level of support the solutions provided (supported, not supported, modification, customization, third-party support, or future release). This information was loaded into TEC's Evaluation Center, to be measured against corresponding requirements/criteria.

TEC then used its Evaluation Center to provide comparison data for each vendor at any and all levels of requirements/criteria. An overall score was then calculated—based on TEC's patented Weighted Average Composite Index (WACI), and taking into consideration the priority and the vendor responses. Finally, TEC asked the three vendors to provide a detailed cost breakdown that was developed to ensure an "apples-to-apples" comparison was possible. Pricing for software licenses, maintenance, implementation, and hardware was included in the cost breakdown.

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# Functional Match Is Not the Only Decision-making Factor

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The analysis and evaluation were conducted in a timely manner, and so in three months, Al Majdouie had the results it needed. With the report detailing the processes and the results gathered, Al Majdouie was able to see that one vendor stood out in terms of its match for the company's prioritized functional requirements. However, once cost and other factors were taken into consideration, another vendor proved to be a much better fit for Al Majdouie's overall functional as well as budgetary requirements.

Nizar Abdulhadi credits the report as contributing to the decision-making process. He notes that "the best aspect of the report was that it provided us with a clear comparison of the products on a modular level." But he also praises the report's gap analysis, which shows Al Majdouie precisely where a given solution is or is not able to meet functional requirements. Additionally, Abdulhadi states that the report was especially useful "for its breakdown of the price drivers and the vendors' licensing schemes."

The delivery of the report was enhanced by a long-distance follow-up call, during which the TEC project team fielded any questions Al Majdouie had and explained in even more depth the precise functionality of various modules. "It was very helpful for us to get a better understanding of these modules and to learn how we might better use the products," Abdulhadi says.

The company has yet to make its final decision, but the TEC report has helped Al Majdouie move forward into further contract attainment efforts with the vendors. "All around," Abdulhadi confirms, "TEC offered good guidance during the software evaluation project."



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