IT advisory case study

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Luminex: Integrating and transforming portfolio company IT systems

When two consumer goods companies with widely divergent sales and distribution channels merged, integrating and upgrading their IT platforms was a top priority. IT advisory teams from Crowe helped facilitate all phases of the effort, from initial IT due diligence to post-merger systems integration, ultimately managing a multiyear IT strategy and systems upgrade initiative.

Integrating highly divergent business models

Luminex Home Décor & Fragrance Holding Corp. was formed in 2016 by the merger of two global candle and home fragrance companies: Candle-lite Company and PartyLite. The objective of the merger was to create a leading global multichannel home decor and fragrance company with broad consumer reach across their two distinct sales channels.

Although the merger provided numerous opportunities for complementary strengths in the companies' research and development, product development, and manufacturing efforts, the two companies' divergent sales models, marketing strategies, and distribution channels required vastly different IT strategies and sales platforms. Candle-lite, which has been making candles in America since 1840, delivers its best-selling line of candles in food, drug, and mass retail stores throughout the United States, while PartyLite candles and decor products are sold online and through in-home parties via a network of almost 45,000 independent multilevel marketing (MLM) consultants in 24 countries throughout Europe, North America, and Australia.

The investment groups that organized the merger – the Carlyle Group and Centre Lane Partners LLC – turned to Crowe to perform initial IT due diligence to quantify both the IT challenges and opportunities arising from the proposed merger. Ultimately, the quality of the Crowe IT advisory team's analysis and performance led the merged Luminex organization to extend the Crowe engagement to encompass strategic IT planning post-merger, front-end system analysis and selection, and ongoing program oversight and execution support.

Project ReLite: Upgrading and replacing aging systems

The initial Crowe due diligence effort revealed numerous instances of duplicate technology platforms in combined Luminex operations. For example, the merged organization used six separate business applications in various countries, including two platforms whose vendors were no longer in business. As a result, the company had to maintain its own costly internal support capabilities for the defunct platforms. Moreover, the PartyLite legacy front-end systems were complex, aging, and disconnected – across both the company's various sales channels and its geographic markets.

Upon completion of the merger, Crowe immediately began developing a multiyear IT road map that prioritized the numerous individual initiatives, established critical project milestones, and identified required resources based on their expected business impact and the company's overall strategy. Crowe also actively managed all phases of the system selection and development process, including initial strategy, vendor qualification, contract and proposal reviews, and final selection recommendations.

The upgrade of the PartyLite technology platform was quickly identified as the most immediate priority by the Crowe IT advisory team. The upgrade initiative, known as Project ReLite, focused on establishing and optimizing three major IT component systems:

- **My Business MLM consultant portal.** This secure portal now employs a consistent interface across all markets, enabling PartyLite to present personalized marketing content to their consultants. Other critical features include customized widgets for tracking sales, order status, and reporting.

- **E-commerce site.** Linking to both the corporate website and consultants' personal websites, the e-commerce site opened a new channel for European markets. By accommodating multiple currencies, tax calculations, shipping options, and localized promotions, the new site offers an enhanced online shopping experience.
- **Direct sales platform.** A new party management and order entry system completely modernized the process of managing and hosting direct selling parties. The comprehensive system encompasses party creation, planning, and pre-event preparation, providing easy-to-use dashboard interfaces for both hosts and guests, along with order processing and payment tools.

Multiyear IT road map and program management

Using an agile development methodology, the Crowe team performed advanced IT program management and support functions for the upgrade effort, providing program administration and oversight across all workstreams. Major components of this work included project planning, resource management, and the development, implementation, and management of comprehensive project timelines. In addition to facilitating ongoing tracking of risks and decision points, Crowe facilitated a broad range of workshops involving both the IT and marketing functions to address issues ranging from requirements definition and business process development to training and change management.

Crowe also provided detailed project scorecard and status updates, along with steering committee presentations and executive updates. Additional assignments included providing support for ongoing rollouts of the new platforms in various countries, providing extensive business communication to board members and top executives, and onboarding new executive team members who joined the company during the course of the various projects.

Long-term results and a path for the future

When no single solution was found to be capable of adequately addressing both the e-commerce and MLM sales requirements, the Crowe team helped identify – and ultimately implement – an e-commerce platform that could be customized to address all sales channels. This facilitated the further integration of the Luminex front-end systems. Other significant results included:

- Reducing the number of independent software platforms from 29 to 17
- Eliminating costly custom support requirements for defunct software solutions and legacy software code
- Reducing the number of enterprise resource planning (ERP) platforms from six to two, with possible further consolidation in the near future
- Adopting a financial, business intelligence, and manufacturing framework that can accommodate potential future acquisitions
- Enabling the evolution of IT staff to a new functional and service-oriented organizational structure

"The Crowe IT advisory team has brought significant value to our organization. I personally value their client-focused approach, including the team's technical expertise and clear communications. They are genuinely committed to doing what's best for our company – making our work more effective and meaningful."

– Patrick Piccininno, Chief Information Officer, Luminex Home Décor & Fragrance Co.

Learn more

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