Wholesale and distribution— where customer is king

*Move beyond ERP with Sage X3*

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The customer is king

The customer is king. This is the reality for all distributors and wholesalers in the modern economy. Today's distributors face multiple challenges, mainly driven by the impact of online sales and new delivery channels.

Distributors face:

- **A rise in customer demand and expectation.** As the e-commerce experience improves for shoppers, the more likely it is for a customer to be online and the better service they expect.

- **Tough competition.** Businesses are entering new markets and expanding their operations, which means that it's becoming necessary to modernize business processes, become more efficient, and use resources more effectively. The top performers need to get the right products, at the right price, to the right customers, when they need them.

- **Technical issues.** Distributors often need the know-how to deal with specifying and sizing components, efficiency improvements and troubleshooting. They need to engineer and source solutions for complex problems—and this needs money, talent and the right participants in the value chain.

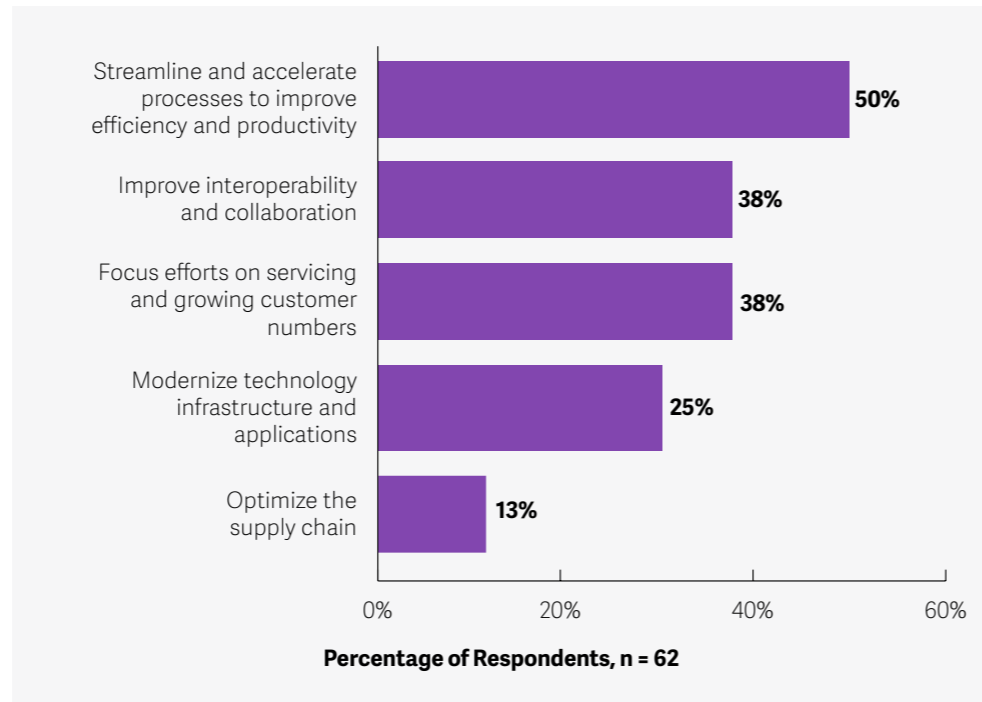According to Aberdeen Group, the top wholesale and distributions challenges are the need to reduce costs, manage growth expectations, cope with customer needs and increased competition, and prevent delays in decision-making due to a lack of timely information.
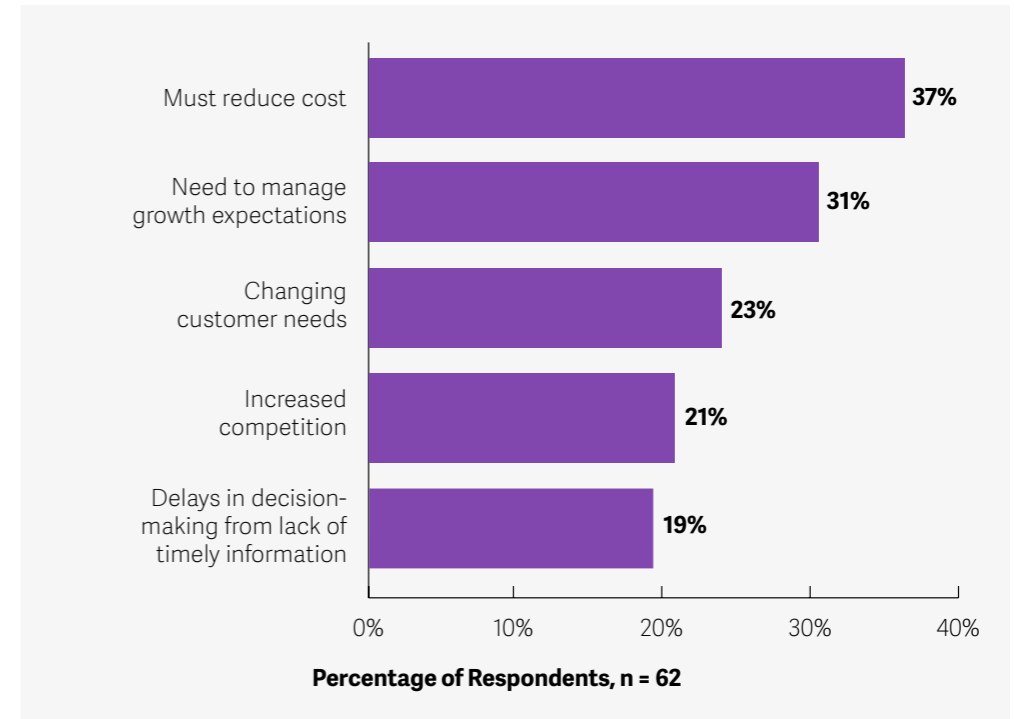
Percentage of Respondents, n = 62

Source: ERP in Wholesale and Distribution. Improve customer interactions at a lower cost. February 2017

What business strategies are distributors using?

Distributors and wholesalers need to lower costs, while improving communication with customers. Here are the strategies they're looking at:

Percentage of Respondents, n = 62

Strategy	Percentage
Streamline and accelerate processes to improve efficiency and productivity	50%
Improve interoperability and collaboration	38%
Focus efforts on servicing and growing customer numbers	38%
Modernize technology infrastructure and applications	25%
Optimize the supply chain	13%

Source: ERP in Wholesale and Distribution. Improve customer interactions at a lower cost. February 2017

To lower costs and improve margins, distribution leaders want to streamline processes and optimize supply chains so they can do more with lower resource impact—it helps distributors better manage inventory and keep prices under control.

To please customers and meet their demands, distribution leaders are also focused on improving collaboration and service. This means getting a better understanding of customer needs and developing new ways that customers can interact with the business. This can mean changing the way the organization delivers products through updates to workflows across the supply chain.

To achieve their aims of increasing efficiency, operability and development of new delivery methods, distributors need to modernize the technology they use in their operations. This is where technology such as Enterprise Resource Planning (ERP) comes in.

Why distributors look at ERP

Distributors can use ERP to provide better access to customer information, and make better decisions through integrated business analytics. Distribution leaders are 72% more likely to have analytics integrated into their ERP solution to make better, informed decisions, and more accurately plan demand. If ERP is cloud-based, employees can access information on-the-go, improving accuracy and allowing immediate response.

Some ERP solutions also integrate with technology that can support a distributor's goals. For example, distribution leaders are more likely to have Customer Relationship Management (CRM), e-commerce, and customer self-service portals integrated with ERP.
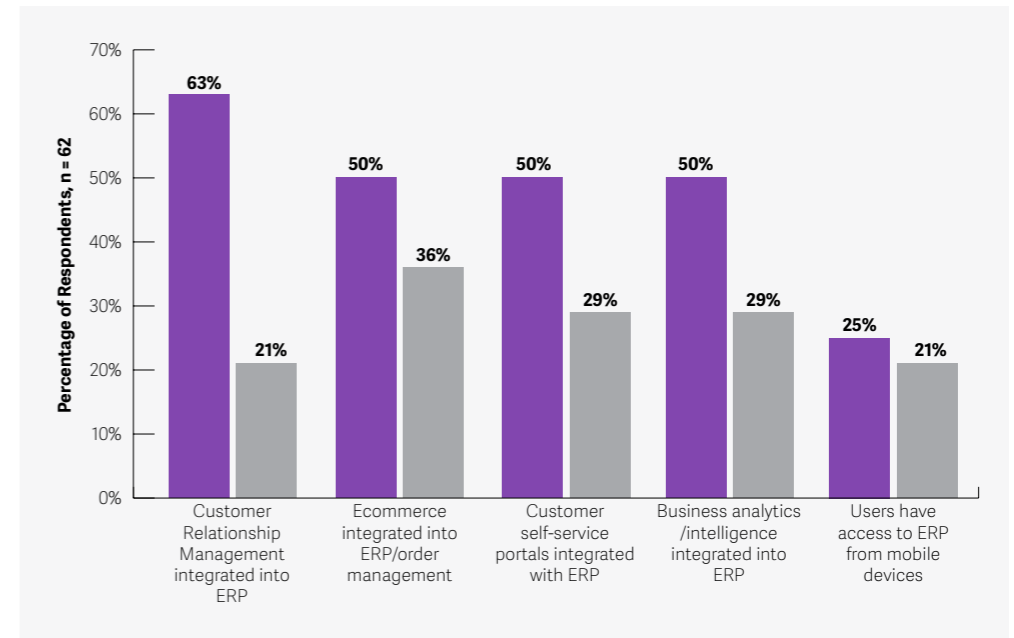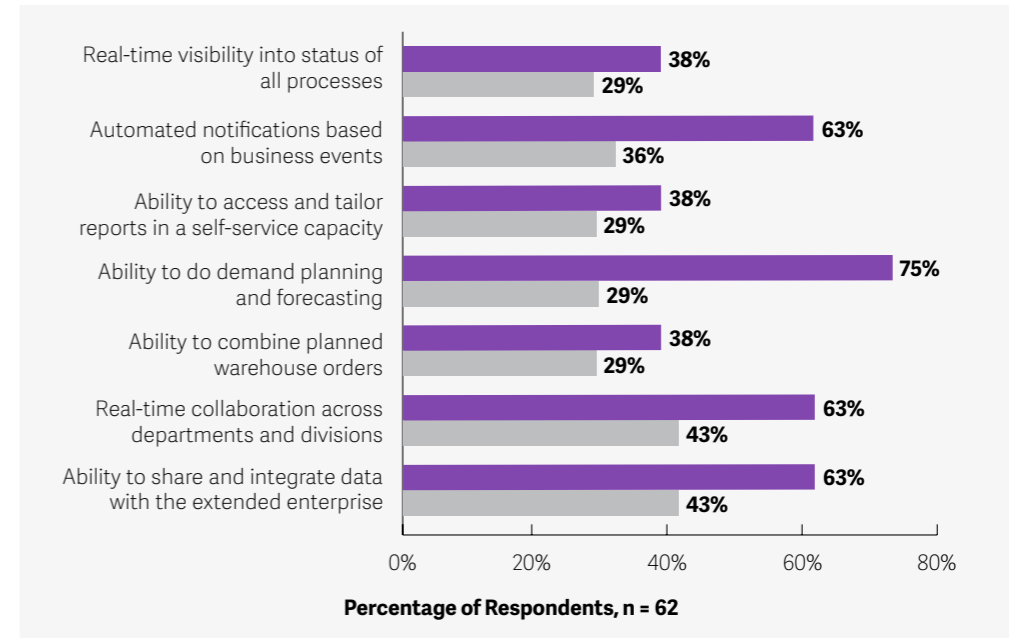

Source: ERP in Wholesale and Distribution. Improve customer interactions at a lower cost. February 2017

What leading distributors want from ERP

Leading distributors are 31% more likely than distributor followers to have real-time visibility into the status of all their processes and data to support management of the numerous moving parts and handling of logistics in an agile way. Automated alerts can inform actions based on changes in demand, while data analytics mean that distributors can plan and forecast demand for better customer service and cost reduction, as well as inform changes in workflow.

Leading distributors are also 46% more likely than distributor followers to have real-time collaboration across departments and divisions, connecting functions such as the supply chain, sales and finance. Leaders are more likely to share data with customers and suppliers, improving service, reducing costs and increasing margins.

	Leading	Followers
Real-time visibility into status of all processes	38%	29%
Automated notifications based on business events	63%	36%
Ability to access and tailor reports in a self-service capacity	38%	29%
Ability to do demand planning and forecasting	75%	29%
Ability to combine planned warehouse orders	38%	29%
Real-time collaboration across departments and divisions	63%	43%
Ability to share and integrate data with the extended enterprise	63%	43%

Percentage of Respondents, n = 62

Source: ERP in Wholesale and Distribution. Improve customer interactions at a lower cost. February 2017

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The problem with poor ERP

According to the 2016 Report on ERP Systems and Enterprise Software, Panorama Consulting Solutions said only 12% of corporate executives were "very satisfied" with their current ERP solution, and that 59% of global companies were "burdened" by them.

ERP is designed to move organizations away from working with Excel and spreadsheets for basic finance and accounting. ERP is meant to provide a centralized system that allows control of all relevant business processes, providing actionable data and insight.

Unfortunately, enterprises in different industry sectors have had problems with ERP, and there are numerous implementation horror stories – the enterprise software market can be complex and expensive, with lawsuits and litigation over failed rollouts a genuine risk.

Businesses in general have found that they are not achieving value from their ERP solutions. They understand the full benefits of having a more modern solution, and look for a partner that helps them with business innovation, as well as industry best practice and technology to help them scale.

Even if businesses are happy with the ERP solution they have, many are looking at new solutions that provide new functionality, are easier to use, and provide support to emerging technology.
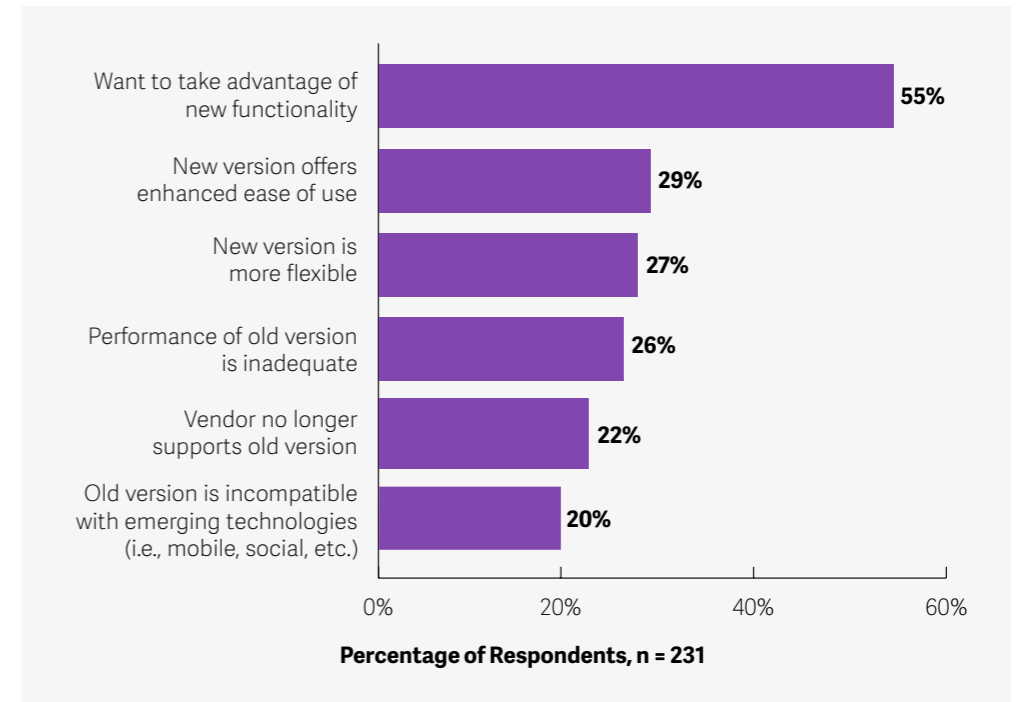
Source: The cost of doing nothing, why you can't afford to sit on a software decision

It's time to move beyond ERP

Industry analyst Forrester interviewed distributors in Europe, the United States and Africa where they found that organizations were:

- Outgrowing the capacity of their existing ERP software.
- Suffering inefficiency with legacy ERP systems that was undermining growth potential.
- Losing insight into operations due to organizational growth and loosely integrated management tools.
- Needing to stay competitive within a limited budget.
- Demanding more agility and flexibility in an ERP solution.

Forrester says that Sage enterprise management can help distributors:

- Consolidate their work systems into one solution.
- Achieve process and product consistency across varied operations.
- Gain real-time visibility and insight across the global supply chain.
- Accommodate future merger and acquisition activity.

Sage X3 is the answer. Distributors can now replace their legacy ERP systems with modern enterprise management solutions that meet their needs, increasing business efficiency and improving collaboration.

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What do Sage X3 distributors and wholesalers say?

Forrester interviewed various customers, who estimated value and benefit from:

Distribution management

"Project management allows the business to manage all aspects of a project across financial and/or distribution processes, from quoting to planning resources and material, tracking costs and schedules, invoicing, and analyzing profits."

Financial reporting

"You can easily design reports with intuitive Excel-based reporting capabilities integrated with Sage X3 financial management, and automate the running and distribution of reports to teams or individuals."

Supply chain management

"With e-commerce, you can build or customize a comprehensive webstore within days, and manage catalogs, pricing, inventory, customers, and all transactions as part of the Sage X3 core supply chain management processes"

Automated bank statements

"You can improve the efficiency of the financial process by automatically generating the transactions matching open items or unbalanced operations when importing bank statements."

Sage X3 for distributors

According to Forrester, there are important business benefits for distributors using Sage X3 functionalities:

- **Financial management:** Labor and time savings through the ability to report monthly company financials, along with consolidated financials using the local currency of the organization's HQ.

- **Purchasing:** The ability to standardize purchasing processes globally, with purchasing managers adhering to standards ensuring the best possible prices and volume discounts from suppliers. Sage X3 also supports a less labor-intensive purchasing process.

- **Sale management:** The standardization of sales processes, allowing account managers worldwide to operate under the same guidelines, using the same sales database. They can review customer activity globally, as well as monitor, manage and adjust discounts.

- **Inventory management:** Visibility into the entire inventory for all global sites, as well as the ability to adjust inventory levels.

- **Customer service:** Sage X3 functionality provides more visibility into customer service. There was an increase in customer service productivity and satisfaction thanks to changes in the way relationships were managed.

- **Distribution management:** Allows a move into a completely automated distribution process at most sites. In the past distribution analysts may have needed to regularly record production transactions and record physical inventory regularly. Now they can access transactions and inventory in real time and more accurately.

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Choosing the right enterprise management solution

You need the confidence of a solution that helps you achieve you unique business needs.

The right solution will enable you to:

- Scale and allow extension/integration as your business grows.

- Automate rigid, time-consuming, error-prone manual processes.

- Be agile enough to cope with changing needs.

Sage X3 is part of the Sage Business Cloud. Integrate the platform at any stage of your business, grow over time by adding new products as you need them, and future-proof your business.

Contact us for a business review:
https://www.sage.com/en-us/sage-business-cloud/sage-x3/

Request a demo today >

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